



DEWAN PERWAKILAN RAKYAT REPUBLIK INDONESIA

OPENING SPEECH

By His Excellency DR. H. Marzuki Alie

The Speaker of the Indonesian House of Representatives

**“Asia Emerging Economy
Toward Global Economic Integration”**

**THE 13th MALAYSIA INDONESIA CONFERENCE ON ECONOMICS,
MANAGEMENT, AND ACCOUNTING (MIICEMA)
PALEMBANG - SOUTH SUMATERA,
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***Bismillahirrahmanirrahim.
Assalamu'alaikum warahmatullahi wabarakaatuh.
May peace be upon us.***

- *Honorable Governor of South Sumatera, Ir. H. Alex Nurdin, SH.,*
- *Honorable Mayor of Palembang Municipality, Ir. H. Eddy Santana Putra, MT.,*
- *Honorable Deputy Rector of Sriwijaya University, H. Anis Sagaf, MSCE, Ph.D.,*
- *Honorable Chairperson of Malaysia – Indonesia International Conference on Economics, Management and Accounting (MIICEMA), Prof. DR. Noor Ghani,*
- *Honorable Deans of Faculties of Economics,*
- *Honorable Participants of the Conference,*
- *Honorable Directors of State-owned Banks and Sponsors,*
- *Distinguished Guests,*
- *Ladies and Gentlemen,*

First of all, I would like to express my gratitude to the Sriwijaya University for hosting this important forum. I am pleased and honored to be invited to speak here to this distinguished audience under the theme of “Asia Emerging

Economy toward Global Economic Integration”. I do believe that the theme is of our increasing concern particularly in the context of the pressing global economic problems, among other things, indicated by the intractable Eurozone economic crisis.

I am of the view that the global economic integration becomes an undeniable phenomenon as the world are increasingly becoming thoroughly interconnected. As such, the global economic integration also barely needs at any certain degree a robust economic resilience from all continents. Unless properly managed, the current developing economic situation particularly in Eurozone would be at risk for the global economic integration as Europe will remain the epicentre of the global economic slowdown.

Asia now becomes the new locomotive of economic growth and that it could strengthen the lever for the global economic growth. And of course this is not something that is fully exaggerated. Let us see the following current global economic growth. From the latest IMF-World Bank meeting in Tokyo shows that the global economic growth slowed from 5.1% in 2010 to 3.8% in 2011. For this year, the latest IMF estimate is 3.3% global growth, with developed countries barely growing

by 1.3% while developing countries expand by 5.3%. Of course, this 2012 forecast is optimistic as it assumes the United States and Europe will resolve their problems in economic policymaking.

Due to the sharp decline of exports to Europe, however, the major emerging market are also slowing down significantly. The latest IMF forecast is of GNP growth in 2012 for China of 7.8% (from 10.4% in 2010), India 4.9% (10.1% in 2010) and Brazil 1.5% (7.5% in 2010). I have to honestly say that Indonesian case is little bit different. Indonesia's economy growth increases significantly at the time the Asian emerging market economic growth slowed down. The huge of Indonesia's domestic consumption and its experience facing earlier crisis has so far made Indonesian sustainable economic growth for the past two years at over 6 percent. The National Investment Coordinating Board underlined that investment in Indonesia has grown progressively. While foreign direct investment reaches US\$ 3.882 billion for the second three-month of 2012, portfolio investment is at US\$ 3.789 billion. From the fiscal perspective, Indonesian economy is also on the track wherein for the past 7 years, fiscal deficit is about 1 percent, a record

which is below the maximum limit for the fiscal deficit set at 3 percent.

Honorable guests,

Ladies and gentlemen,

Together with some other Asian emerging economies, this situation eventually places Asia as an important spoke to the global economic integration. To be seen from the ASEAN perspective, this would also strengthen our commitment to promote ASEAN Economic Community by 2015.

Overall, we have to honestly say that the global economic integration remain to be seen in the near future. At least we see it from the latest sobering message on global economic prospects emerging from the just-concluded 2012 meeting of the World Bank and International Monetary Fund in Tokyo. IMF-World Bank meetings in Tokyo, Japan end with heightened anxiety on global situation. Developing countries' Finance Ministers and Central Bank officials voiced their concerns on the failure of developed countries to deal with their economic situation and on the policy and political paralysis preventing solutions. The IMF-World Bank meetings were held in the shadow of expectations of deterioration in the global economic

condition. The IMF cut its growth projections for most major countries indicated this expectation.

Honorable Guests,

Ladies and Gentlemen,

As the Asia is the most robust economic region, however, I am quite optimistic that we still can play an important role to achieve what becomes our concern toward a more integrated global economy. To this end, of course, there are some global homeworks that must be resolved in a good and comprehensive manner between the developed and developing countries based on common respect and understanding leading to a reconciled interests. In this regard, I would like to address the importance of the following things:

First, an integrated global economy barely needs a truly economic global governance through which conflicting interests among economies can be reconciled for the benefits of all parties concerned. In this regard, the world agenda to make fairer and more inclusive global economic regimes is barely needed. The missing of the deadline to resolve the issue of altering the quotas of the IMF with the aim of providing developing countries with a higher overall share, to improve

their say over the policies of the institution at the latest IMF-World Bank meeting in Tokyo would be alarming to all of us. This also represents an important setback of any global efforts to make such a fairer and more inclusive global economic regimes.

Second, in a globalised world where we find no boundaries anymore between countries and the diplomacy is no longer becoming an exclusive rights of the government and an increasingly important civil society, we need to further encourage second- and/or third-track diplomacy. Under second-track diplomacy, strengthening parliamentary diplomacy in the remaking of a fairer and inclusive global economic regimes would certainly help pave the way for the conclusion of any economic global issues wherein the issue of global economic integration is important indeed. With noble mandate as representative body of people, I strongly believe that interparliamentary contacts, exchanges and diplomacy among parliaments may provide a link between parliaments and governments and thereby to duly enrich the deliberation of political process done among governments. With that in mind, as the Speaker of the Indonesian House of Representatives, I fully support to promote the parliamentary diplomacy to

promote regional economic integration as an integral part of achieving a more integrated global economy. As the growth engine of the world economy, I strongly believe that Asian emerging economies would be able to play the role to the promotion of the global economic integration in the near future.

Third, as an integral part of the global economic integration, maintaining the momentum of the Asia economic performance is important indeed. With that in mind, we have to keep committed to the efforts to achieve regional economic integration. In ASEAN context, we have seen considerable moves towards ASEAN economic integration as set out in a series of formal declarations. Under the Roadmap for the ASEAN Community 2009-2015, the ASEAN Community comprises three pillars: political security, economic and socio-cultural. The ASEAN Economic Community (AEC) includes an ambitious commitment by ASEAN member states to establish a single market and production base, with free flow of goods, services, investment, capital and skilled labor by 2015. In turn, the AEC incorporates three ASEAN Integration Schemes: on trade, investment, services. As we are approaching to the deadline of the time frame target, more efforts shall be devoted.

Honorable Guests,

Ladies and Gentlemen,

In spite of the challenges of the global economy, I am optimistic that this meeting may alternatively offer practical and insightful knowledges on how to promote the global economic integration process. Let us work together towards mainstreaming that such an integration shall be, in turn, devoted to the welfare of all the people of all nations. I strongly believe that through collaborative actions among us as the robust emerging economic region, achieving an integrated economy in Asia and the world will be successfully met.

Thank you.

Wassalamu'alaikum warahmatullahi wabarakaatuh.

Palembang, 18 Oktober 2012

**KETUA
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REPUBLIK INDONESIA**

Dr. H. Marzuki Alie