



U.S. and Indonesia: Working Together for a Prosperous Future

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Thank you, Joe, for that kind introduction. And thanks to the members of the American and Indonesian Chambers of Commerce for jointly hosting this gathering. The private sector plays a leading role in the relations between countries like ours, and we appreciate the work you do every day to promote strong ties between our nations.

It is a pleasure to be in Jakarta and to see this beautiful country. Indonesia and the United States are natural partners with many areas of deep ties and cooperation.

Our Presidents have met several times, including last week at the APEC summit. Our leaders share a commitment to a strong and productive relationship. And, as those of you in this room attest, our ties are strong not only at the political level, but also between economic and business leaders.

Perhaps no country in the world has made more progress in political and economic reform in the past 10 years than Indonesia. Reductions in fuel subsidies, the ongoing campaign against corruption, and improved fiscal policies have led to solid economic growth. Progress on fighting corruption and promoting health is being supported with a Millennium Challenge Corporation threshold program that is bringing \$55 million in assistance.

As Indonesia continues to implement economic reforms, it will be important to attract greater foreign investment. In today's world, no country--not the United States, not Japan, not China, not India, or any other country--can achieve its full economic potential without outside investment. Attracting more investment will help this country create the opportunities needed for a growing population.

As leaders of the business community, you play a pivotal role in working for further reforms. You are the entrepreneurs taking risks and navigating the difficulties posed by barriers to trade and investment. Your voice, therefore, is crucial in helping Indonesia realize its full potential.

One way the United States can contribute on this would be through a Bilateral Trade and Investment Framework Agreement between our countries. This would give our governments a regular forum for discussing ways to strengthen trade and investment.

Another area where the U.S. and Indonesia are already working together closely is energy security. This was a topic our Presidents discussed last week at APEC. At home, the United States has been working to improve energy conservation and efficiency, and to diversify energy supplies and fuel types. Globally, we are working with partners to increase the mix of supplies, routes to market, and cooperation to harness new technologies that can protect the environment.

We see a shared interest with Indonesia in working together on energy security in a way that promotes both economic growth and a clean environment. This is a challenge for all countries, including established, major economies. But it is a special challenge for large and growing economies like Indonesia and the United States.

As the President remarked in Sydney, the United States recognizes and appreciates Indonesia's leadership on this issue. The United States is hosting a Major Economies Meeting in Washington in September to engage those in government and the private sector who are at the forefront of the energy security and climate change. We view this as a complementary and integrated part of global efforts to achieve a consensus on climate change. We also look forward to sending a delegation to the Conference on Climate Change meetings hosted by Indonesia in Bali in December.

Indonesia, like the United States, has abundant natural resources, both carbon-based and in the agricultural sector. Indonesia's ambitious plan to invest in biofuel production--with a goal of producing 200,000 barrels of fuel per day, plans to reduce fossil fuel use by 10 percent by 2010. This project has great potential to diversify Indonesia's energy supply while also creating jobs, particularly in rural areas.

However, it is important that biofuels are produced in an environmentally sustainable manner. As you well know, a large amount of Indonesia's carbon emissions are linked to deforestation and forest fires. The oceans, coral reefs and forests in this country are a critical national resource. These resources should be managed to ensure the economic future of the country as well as environmental integrity for the next generation.

The United States is ready to be a partner in meeting these challenges. When they met in Bogor last November, and again last week at APEC, our two Presidents pledged more cooperation on these fronts, and we are moving quickly to fulfill those promises.

Another environmental project--the largest public-private partnership between our countries--is the "Sustainable Forest Management through Combating Illegal Logging" initiative. This project brings over 30 organizations together and leverages \$24 million from the private sector to promote sustainable logging.

Last year, the United States signed a bilateral agreement with Indonesia to stop illegal logging and associated trade. This agreement will ensure that Indonesia's legally produced timber and wood products continue to have access to U.S. markets.

Finally, we have agreed to open discussions on a debt redirection agreement under the U.S. Tropical Forests Conservation Act. Once complete, this agreement will redirect nearly \$20 million of Indonesia's sovereign debt into programs that protect Indonesia's forests.

These projects show how cooperation between our countries can boost economic growth in a sustainable, environmentally-respectful way.

Our nations are also cooperating on a range of regional issues. We work together to combat terrorism and to improve maritime security. Indonesia's waterways are among the most important in the world. The entire region's economic well-being is linked to the security and integrity of commerce in these areas.

We appreciate the leading role Indonesia plays in ASEAN. ASEAN provides an important framework for increased regional cooperation on political, economic and social issues. The United States is actively engaged on ASEAN priority areas: economic cooperation; health; the environment; disaster mitigation; scholarships; information technology; and energy.

As we celebrate 30 years of dialogue between the United States and ASEAN, and the 40th anniversary of ASEAN itself, we can look forward to ever greater cooperation, and to Indonesia being a key part of this relationship.

Let me close with a few thoughts on the importance of economic relations in the region, and why we think that this group--as representatives from the private sector--is critical to future prosperity and peace in the East Asia and Pacific region.

As we look back on the past few decades, one cannot help but note the spread of peace and freedom in this region. A region that previously struggled with great conflict and turmoil has transformed itself into a neighborhood of economic and political cooperation.

Peace and prosperity are supported by commerce between nations, and it is our hope that this trend will continue with the support of the private sector and business community.

Working regionally through ASEAN and APEC, and bilaterally between the U.S. and Indonesia, we can improve conditions in our own countries and, more broadly in the region, by focusing on trade, investment, energy security, and a healthy environment.

So, as you in the private sector continue your essential work, let us keep in mind that this is about more than business alone--you are helping to build a more peaceful and prosperous future for Indonesia and the region.

Thank you for listening, and I look forward to working with you.

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