

# A post Davos look at the world

By Jassmyn Goh



Shoeb K. Zainuddin, Hendrik Weiler, Tanri Abeng, Gita Wirjawan, James Castle, Tigor M. Siahaan and Sachin Gopalan

**W**ith Indonesia's GDP set to reach the \$1 trillion mark soon, the country is widely seen as one of the most promising of the emerging markets. Yet, many challenges still lie ahead for Indonesia despite this positive figure.

Issues such as trade, multilateralism, education, labor law and others were on the table at *GlobeAsia's* exclusive breakfast with Minister of Trade Gita Wirjawan with the topic of "Post-Davos: Trade and Investment Prospects for Indonesia."

Joining Gita as panelists for the event were economist Chatib Basri; Hendrik Weiler, Indonesia country manager for Zurich-based ABB; and the chief country officer for Citibank Indonesia, Tigor M. Siahaan.

The event was planned for 60 attendees but in the end attracted more than double that number as key issues and possible solutions for the economy were examined.

Indonesia began the year with promise. Investment upgrades, a growing economy and strong fiscal direction propelled enthusiasm about the country's position. Despite concerns and crisis in both the eurozone and the United States, Indonesia has been able to avoid succumbing to the negative impact.

"We need to continue the positive momentum we have today. We need to ensure that Indonesia is doing enough economically, policy-wise, and in terms of improving the investment climate," said *GlobeAsia's* editor-in-

chief, Shoeb K. Zainuddin.

Gita supported the sentiment that Indonesia is a country to watch. "Indonesia is looking a lot sexier than most economies in Western Europe, the US and some other Asian countries" he said.

Gita also advocated the idea of multilateralism to encourage more successful and fair business undertakings. "Multilateralism is the only way to go by a long shot as it ensures the principle of a single undertaking. This ensures fairness and equality for everybody as nothing is agreed upon until everybody agrees. Unlike bilateralism where somebody always benefits more than the other," he said.

## Critical role of education

The theme of education was also a running topic, with all participants in agreement that this is an area where Indonesia needs to improve its performance to be able to compete with neighboring countries such as China and India. "In every single sector of the economy, everyone wants the same quality of talent," noted Gita.

“Education channels job creation; the right jobs. These jobs will then increase our business which will then increase our purchasing power. Local consumption is key,” added Tigor.

With talk of better regional education and higher tertiary education, each speaker declared this to be a crucial factor that Indonesia needs to address to become more competitive and thereby more acknowledged on a global and regional scale.

“Until and unless we elevate ourselves in terms of education, we’re not going to be able to climb up the value chain. We’re just going to be making shoes and garments, we are only going to be selling coal, palm oil, and that is not the kind of future we want for our kids and grandkids,” said Gita.

The last issue the trade minister raised was the Labor Law. The current law is extremely rigid and is seen as needing careful revision to create a more positive depiction of doing business in Indonesia among foreign companies.

Currently standing at 129th in terms of ease of doing business in the World Bank rankings, Indonesia has a golden opportunity to take advantage of growth and should utilize this positive outlook by enacting more suitable legislation on labor, the meeting agreed.

With the approaching reality of becoming one of the top five economies globally by



Gita Wirjawan and Shoeb K. Zainuddin



Chatib Basri, Tigor M. Siahaan, Shoeb K. Zainuddin and Hendrik Weiler



2030, Indonesia needs to not only maintain this winning streak but also to ensure that the predictions for its advancement are actualized.

“I still can’t believe that this can be the near future but it’s a very high possibility that many analysts around the world are predicting. That’s the possibility, we just need to make sure that those possibilities become real,” said Gita.

The event also introduced *GlobeAsia’s* business summit, to be held annually starting from June this year, which is expected to attract companies and CEOs from around the region.

We would like to thank you all participants, sponsors and partners for making the event a success. GA

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# The future is Asian

**A**lexander Stubb, Finland's Minister for European Affairs and Foreign Trade, presented a guest lecture on January 25 at an occasion hosted by *GlobeAsia* in collaboration with the Embassy of Finland and Paramadina University.

The lecture, "Will Europe Survive the Current Crisis?" also featured Ambassador of Finland Kai Sauer, EU Ambassador Julian Wilson, executive director of the Center for Strategic and International Studies Rizal Sukma and Paramadina University Rector Anies Baswedan.

Stubb's view was that Europe would most certainly survive its current crisis, whose severity he said had been exaggerated. Europe had experienced many worse situations and survived, including the aftermath of World War I and the Great Depression.

In facing the current crisis, he pointed to three factors that EU countries needed to address. First, they should stimulate internal markets. Second, the temptation to resort to protectionism should be avoided, with the emphasis maintained on free trade. Third, government debt should be kept within 60% of GDP.

He acknowledged, however, that the crisis is a signal of the decline of Europe as a global power, with the result that the world would be forced to find a new balance of power. Already, world politics were no longer dominated by the US and the EU, but a multipolar world was emerging with powerful countries such as China, India, Indonesia, Brazil, South Africa, South Korea, Japan and Russia playing bigger roles.

Learning from the current crisis, several important points needed to be considered by every country. First, every government needs to



control debt. Second, recognize the inevitability of free markets. Third, recognize that the future is in Asia, so working together with the emerging markets in the area represents the best strategy. Fourth, recognize that economic problems are always global problems, while political problems are local problems. Last but not least, the EU and US have to be act responsibly and resist the tendency toward protectionism.

In his opening remarks, Paramadina's Anies Baswedan said that for many years after the 1998 crisis, Indonesia had focused on domestic reform. The current crisis, he said, had changed the balance of global politics and economics and Indonesia was now in a stronger position to play a constructive role within ASEAN when facing Europe and the US. 6A



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Poppy Darsono



Alexander Stubb

**Alexander Stubb**  
Finland's Minister for European Affairs and Foreign Trade