

**KEYNOTE ADDRESS OF H.M. JUSUF KALLA,
THE VICE PRESIDENT OF THE REPUBLIC OF INDONESIA
AT THE 9th WORLD CHINESSE ECONOMIC SUMMIT
Hong Kong, 13th and 14th November 2017**

**Honorable, Tan Sri Michael Yeoh, Chairman of World Chinese
Economic Summit and CEO of ASLI,**

Distinguished Guests, Ladies and Gentlemen,

I would like to convey my greatest gratitude for the opportunity to share ideas in this prestigious event.

This event is prestigious, not only because the topics is relevant for Asia, but also it involves important participants, including Chinese diasporas, who play major role in promoting economic collaboration across nations.

I wish I could meet you all in person. However, I hope this short video will help us connect and share our passion in pursuing a more peaceful and prosperous world.

Ladies and Gentlemen,

We are entering an interesting phase of world history. Critical changes occur in various areas. Some problems subside, several issues remain, and new challenges emit.

This year, we witness the growing tension in Korea Peninsula, the uneasy situation in South China Sea, the continuous conflict in the Middle East, and the humanitarian crises in Myanmar.

We also observe political dynamism in EU, the refugee crises in Europe, the growing concern on US policy, and the raising threat of global terrorism.

Despite the challenging political situation, the global economy shows positive signals.

In Asia, Abenomics has energized Japanese economy, ending the prolonged economic stagnation.

China's economy has been able to maintain its growth momentum, creating positive impact to its business partners, including Indonesia.

In Europe, Greece, Spain, Italy and Portugal debt crises has diminished. EU economic data shows a clear sign of recovery.

Despite of unclear negotiation prospect, the impact of Brexit has been anticipated by most countries in the region.

The positive economic sentiment has increased commodity prices; stimulating the economy of commodity producing countries, such as Indonesia, Australia and some Central Asia countries.

Ladies and Gentlemen,

I am quite optimistic with our ability to handle the above conventional challenges. However, our real challenge is the unconventional one. It is the technology advancement.

The accumulation of knowledge has reached a level that enable technology to play role as "global game changer".

We are entering the fourth industrial revolution, symbolized by the growing importance of artificial intelligence, robotic technology, and internet of things.

Similar with the 1st, the 2nd and the 3rd industrial revolution, the current industrial revolution would change global political and economic landscape. In fact, it might have much larger impact due to it bigger scale and stronger interdependence among nations.

Ladies and Gentlemen,

In the context of technology advancement, we would face several major challenges, which I would discuss some of the most obvious.

The first challenge is the increase unemployment. Nowadays, technology has replaced human being for some simple tasks. It is possible to run car, clothes or shoes factory with mostly robots.

The growing artificial intelligence would enable technology to become more analytical and adaptive. It could potentially take over most human's role. On the one hand, it could promote efficiency but on the other hand, it could reduce labor's income and create unemployment.

The second is economic domination by few players. Technology makes geographical location, culture, distance and time less burdensome. As a result, an efficient company could win competition and expand its domination across countries.

Currently, Google, Microsoft, Amazon, Alibaba, and Facebook are among global dominant players. Some have global market share of 90 percent or beyond; this is unprecedented phenomenon.

They are not only big, but also expand heavily. If this “winner takes all” system continues, this domination will become more extreme. As a result, it is almost impossible for new players to enter the market.

The third is the lack of government’s strategy and policy effectiveness. The technology advancement makes government’s policies obsolete.

Emerging countries’ strategy to develop labor intensive industries to provide jobs for the people might need adjustment, since cheap labor become a less important factor.

Automation technology enable producers to build efficient production facilities in advance economies, in search of better investment climate and closer location to their markets.

Governments need to modify their tax policies, system and technology, to enable them collect tax from complex cross-borders e-commerce transactions.

Some protective economic policies, such as tariff and quota, might be ineffective since on-line trading has made territorial borders irrelevant.

In parallel, the benefit of free-trade agreements and comprehensive economic partnerships are in question, since technology advancement might make them redundant or less beneficial.

Ladies and Gentlemen,

Most Asian countries did not participate in the 1st, the 2nd and the 3rd industrial revolution. Our role was more as spectators, due to the lack of qualified human capital and enabling environment.

In contrast, the 4th industrial revolution enable emerging economies, including Indonesia, to become important participants.

It gives us the opportunity to “leap frog”. In fact, nowadays some Indonesian startups become regional champions.

The direct effect of technology advancement are efficiency and productivity. However, it creates unintended consequence such as economic inequality, unemployment and supply-demand imbalance.

In this context, Government’s policies should promote the direct effect and mitigate the unintended consequence.

Ladies and Gentlemen,

Globalization is civilization in the making. We learn from history that civilization was shaped by the elites, which represent less than five percent of the population.

We are among those elites who hold the pen to draw the picture of our civilization. Let’s use this privilege wisely by thinking beyond narrow interest. Let’s think on behalf of humankind and our future generation.

Most challenges we face today are globally connected. We cannot solve them individually. We need a stronger collaboration among nations, and China should play more role in this effort. I hope the noble venture to create a better Asia will go beyond this summit.

The future generation will take note on what we have done to our civilization. I hope they will be proud of us due to our contribution in making the world’s history an inspiring story to tell.

I Thank you!