

**HIGH-LEVEL REGIONAL FORUM:  
REDUCING VULNERABILITY IN THE FACE OF CRISIS**

**Opening Remarks by  
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Your Excellencies Ambassadors and Permanent Representatives to ASEAN, ladies and gentlemen, friends

It is with great pleasure to welcome you all in this important gathering. I wish to recognise the key government officials joining us from abroad as well as representatives of international development agencies and civil society participating in the programme. My special thanks also to the Ministry of Finance of Indonesia for co-organising this Forum with the ASEAN Secretariat, and to our colleagues from the World Bank and the Governments of Australia and United Kingdom for sponsoring this event.

What began as credit turmoil in the United States has intensified into a global financial crisis, leading to protracted slowdown and severe financial deleveraging in many countries. Like other regions in the world, East Asia (which includes ASEAN and China, Japan and Korea) is not immune from this downturn. Since the crisis further deepened in September 2008, the region has been confronted with many challenges arising from slowing growth, tighter external financing conditions, volatile capital flows, and increased vulnerabilities. Faced by increasingly difficult external conditions, the economies of East Asia have slowed markedly in 2008. For example, preliminary figures for the first three quarters of 2008 suggest that ASEAN5 grew by 5.5%, down from 6.2% registered in 2007. In Japan and Korea, growth has been sputtering, while in China, the pace of deceleration is quickening on falling investment and export growth.

To be sure, the events of the past year – first, the food and fuel price shocks, and then the financial turmoil - remind us of the development challenges facing our region, particularly the social implications of these external shocks to our individual economies. Obviously, any slowdown in economic growth is always a cause of concern especially in Asia where more than 600 million people still live on less than US\$1 a day. For example, it was estimated that during the Asian crisis, around 50 million people were pushed into poverty. In Indonesia alone, poverty incidence rose from 15% in 1997 to 33% in 1998.

Today the social stability of our region is being challenged again as the social impacts of the current global financial crisis have started to rear their ugly heads. According to the Asian Development Bank, around 21 million people in some 24 developing Asian countries are likely to be mired in poverty, if economic growth this year and in 2010 continues to fall below that of last year. Recent signs are not good either with news of

mounting job losses and lay-offs in the region and around the world. The International Labour Organization has already warned that the crisis could put 50 million people out of work worldwide this year, with unemployment rates rising rapidly in most regions, including in East Asia. With sharp slowdown in economic growth, investment in critical sectors such as energy, climate change, urban development, education, health and sustainable development will also be affected adversely.

In this context, a key challenge to the region is not only to get us out of the crisis as rapidly as possible, but also not to lose sight of the negative impact of the crisis on the lives of hundreds of millions of Asia's poor and vulnerable groups. This is why the ASEAN Secretariat and the Ministry of Finance Indonesia have decided to organise this high-level Forum, and why I believe many of you are here today.

So far, countries in the region are not taking chances and remain committed to address the crisis and its vulnerabilities. Within ASEAN, various economic stimulus programmes, amounting to US\$69 billion, have been announced, targeting the low-income groups and economic sectors that are adversely affected by the crisis. In China, Japan and Korea, total stimulus packages now stand at US\$1.2 trillion, ranging between 3% and 18% of their respective domestic GDP. While stimulus measures vary across countries – from increasing purchasing power of the poor to providing liquidity for businesses – the underlying goal of sustaining the growth of the economy and promoting its social cohesion remains a priority.

Having learned the hard lessons from the Asian crisis, it is critical to realise that economic growth must be well-entrenched with the long-term objectives of inclusive development and poverty reduction. In the region, this is the goal that we are striving for as we build our ASEAN Socio-Cultural Community by 2015. Without significant improvement in the quality of life and incomes of a large proportion of the region's population, any sustained growth or recovery will not be meaningful. Without social stability and development, any growth is bound to be seriously impaired and less sustainable.

ASEAN is committed to supporting its Member States to attain the MDGs timely by 2015. Currently, across all developing Member States, disparities in the MDG target outcomes still exist, whether in health, education, poverty, nutrition, water and sanitation or the environment. The MDGs provide a firm basis for ASEAN to bridge social and economic gaps among its Member States. Therefore, it is important that the challenges of attaining the MDGs in ASEAN should be addressed by all Member States together and across sectors, especially during this difficult period we are facing now.

The current global financial crisis brings with it clear message that we may not know for sure how our future challenges would be like. The future would no doubt be more complex than what ASEAN is facing now. Regional concerns can no longer be confined by national borders or effectively addressed by single-sectoral strategies. Economic concerns are interlocked with social and political concerns. The impact of financial crisis needs effective cross-sectoral solutions. Out-of-the-box approaches should be explored.

I am very pleased to note that we have decision makers from various ministries and government agencies in the room. I am confident that, together, we could help each other in mitigating the impact of the current financial crisis.

I am sure the discussions over the next two days will help us gain a better understanding of the development challenges that confront us as we navigate the financial turmoil. More than that, I am also confident that the discussions will strengthen our resolve and capacity to initiate measures that will mitigate the impact of the crisis to improve the condition of the disadvantaged, marginalised, and poor.

In conclusion, I would like to take this opportunity again to thank you and to welcome all of you in this timely and important event, as well as our facilitators, sponsors and co-host. I also want to thank colleagues from the Human Development Unit and Finance and Macroeconomic Surveillance Unit of the ASEAN Secretariat for their hard work in organising this Forum.

Thank you very much.

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