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Venue :
Date :
Title :

Your Excellency President Susilo Bambang Yudhoyono,
President of the Republic of Indonesia;

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The Hon. Tun Musa Hitam,
Chairman, World Islamic Economic Forum Foundation;

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Pak Tanri Abeng
Co-Chairman, Indonesian National Organising Committee;

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Excellencies, Distinguished Guests,
Ladies and Gentlemen,

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Assalamualaikum, and a very good morning to all of you.

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Alhamdulillah, all praise be to Allah, by whose grace and blessings, that we are all
able to gather here this morning in this beautiful capital city of Jakarta for the 5th World
Islamic Economic Forum.

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2. As Patron of the W.I.E.F, it gives me great pleasure to see this huge gathering
of prominent leaders and members of the business community at this annual Forum.

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3. Let me begin by extending my heartfelt thanks and gratitude to His Excellency
President Susilo Bambang Yudhoyono, the government and people of Indonesia for
the generous hospitality and warm reception accorded to me and participants of the
World Islamic Economic Forum.

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4. I wish to commend the W.I.E.F Foundation, together with the Indonesian
National Organising Committee, for their relentless effort in ensuring the success of
this Forum. I am gratified to see the growing acceptance of the Forum as an
important platform for the promotion of business collaboration within the Muslim world,
including the participation of businesses from non-Muslim countries. Indeed this is
what the W.I.E.F was established for.

5. Since our last Forum in Kuwait in May 2008, the global economic landscape has turned from bad to worse. We are now saddled with grave uncertainties on issues related to energy, food and the financial system. The choice of the theme for this 5th W.I.E.F, which is "Food and Energy Security & Stemming the Tide of The Global Financial Crisis" is indeed most apt.

6. Let me touch on the global financial crisis. It is obvious that the conventional financial system has collapsed with serious implications on the global economy. Numerous countries are struggling to overcome internal recession. Massive funds are being pumped to revitalise their respective economies. Through lack of choice, we have inherited a system where people can trade what they do not own. The resulting inflationary pressures in the global market have caused immense damage to the economic wellbeing of the world's poor. Such is the impact of unbridled greed in a financial system with no accountability on money lending. The question before us now is: how do we turn this huge adversity into an opportunity for the Muslim world?

7. I have noted some encouraging signs. For example, the world is beginning to appreciate the need for alternative arrangements to the current international financial system. There is much discussion about the need for regulations and prudence in the management of the financial system. At the same time, Islamic finance is gaining credibility as an alternative. Islamic finance is fundamentally based on the principle of "no risk, no reward". Only those who decide to take risks would stand to benefit. This is a huge departure from conventional finance where considerable gains can still be made on zero-risk. Such a system has opened the door to irresponsible lending where greed has been allowed to take control. The sub-prime mortgage crisis is a classic case in point.

8. I do believe that Islamic finance has a bright future in the global financial system. This is something that we can capitalise upon. However, many challenges need to be overcome by practitioners and stakeholders of the system.

9. The first challenge is the need to harmonize Islamic banking and finance standards. We need to address this as a matter of priority. As long as our markets remain divided by different jurisdictions and interpretations of Syariah standards, Islamic finance is unlikely ever to grow beyond the shores of the Muslim countries. It is therefore imperative upon every decision-maker in the realm of Islamic banking and finance to work hard for a harmonized standard which can be accepted and adhered to by the Islamic banking community as a whole.

10. The second challenge is for us to be continuously innovative in coming up with fresh Islamic finance products. To be competitive, we need to develop products which can set themselves apart from their conventional counterparts. We need to explore ways to create attractive financial packages without having to resort to the enticements of credit and risk-free undertakings. Indeed this is a daunting task. But I am confident that, with collective effort and dedication, this would not be beyond our

means to do.

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11. I would like to urge the Muslim countries to pool their resources and attract more young and bright practitioners to enter the Islamic finance industry. Such practitioners are crucial for developing the intellectual capacity to meet the challenges such as those which I have briefly outlined. To enlarge the pool of intellectuals in this field, we must encourage more students to embark on professional studies in Islamic finance. More academies such as the International Centre for Education in Islamic Finance (INCEIF) in Kuala Lumpur should be established in Muslim countries. I suggest that the Islamic Development Bank (IDB) can play a pivotal role in this matter.

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12. The Muslim world must also capitalize on the urgent need for greater investment in the development of agriculture and food industry. The harsh economic, social and political impact of the food crisis on the world's poor are well documented. The number of undernourished people have increased from 842 million in 1990 to 963 million in 2008. Even before the latest crisis hit the poor, 160 million people were already living in abject poverty, on an income of less than 50 cents per day. About 15% of the world's population, the largest number being Muslims, remains gravely undernourished.

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13. The financial crisis has further eroded the purchasing power of the poor who spend 50% to 70% of their income on food. Growth in agricultural productivity has been stagnating due to underinvestment in agricultural technology and rural development. Global cereal production which experienced an average of 3% growth in the 1960s and 1970s plummeted to 1% since 2000. Increasing volatility in the climate further jeopardizes productivity growth. If this trend continues, the Muslim world will not be able to feed its growing population in the near future.

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14. The high food prices should have provided incentives for policymakers, farmers and investors to pump funds to increase agricultural production and productivity. To a certain extent, this has been done. But due to the credit crunch, investors have become reluctant to invest more in food due to the extreme volatility of prices. Farmers who expanded production when prices were high subsequently suffered huge losses when prices fell thereafter. Currently, agricultural production in developing countries is at an all time low.

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15. The onus before us therefore is to establish effective public-private sector partnership as a way forward in meeting the food crisis. It is crucial to get investments back into agriculture but it is also important to protect the wellbeing of the farmers. We need to use technology to boost production. At the same time, we need to ensure that farmers have better access to national market centres so that they not overwhelmed by more organized retail businesses. The Muslim world can take a lead in ensuring that the produce of farmers are guaranteed a place in the competitive marketplace, and be duly rewarded.

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16. I have been speaking about two possibilities of turning an adversity into an

opportunity to benefit the Muslim world. I am sure there are many other opportunities waiting to be discovered. I hope this Forum in Jakarta will be able to contribute to such new discoveries. We must do our part to make a difference to the lives of millions of people, particularly the Muslims, around the world. We can certainly begin to do that here in Jakarta.

Thank you.

