

## Bappenas and ERIA Launched the Indonesian Manufacturing Sector Review

**Jakarta, 17 November 2021:** The Ministry of National Development Planning/National Development Planning Agency, Republic of Indonesia, in collaboration with the Economic Research Institute for ASEAN and East Asia (ERIA) launched a book titled 'Kajian Sektor Manufaktur (Manufacturing Sector Review)', which discusses the urgency of industrialisation as a part of redesigning Indonesia's economic transformation. The book shares critical insights regarding policy choices and strategies for undertaking structural transformation in the manufacturing sector. This transformation must consider the need to accelerate the improvement of human capital, expansion of innovation and adoption of advanced technology, and cost reduction supported by access to a competitive input market, especially for energy. All these strategies need to be strengthened by a conducive financial system for manufacturing investment, integration and improvement of the quality of industrial infrastructure, as well as facilitation for manufacturers to expand exports.

Numerous industrial policies have been listed in the 2020-2024 National Medium-Term Development Plan and will continue to be assessed through structural transformation driven by the manufacturing sector. 'The strategy is, first, to increase investment in human resources to get us ready to face industry 4.0. Second, the development of new industries, including those related to the production of medical or pharmaceutical devices. Third, to strengthen product and process technology for small and medium enterprises (MSMEs) as supporting industries,' said Minister of National Development Planning/Head of National Development Planning Agency, Dr Suharso Monoarfa, Wednesday (17/11).

ERIA President Professor Hidetoshi Nishimura stated that 'This book highlights several success stories or opportunities for improvement. This study finds that Indonesia maximized the ASEAN-Australia and New Zealand FTA (AANZFTA) trade agreement facilities and increased its participation in the global value chain for the automotive industry'. Prof Nishimura on this occasion also expressed ERIA's strong commitment to support the Indonesian Presidency in next year's G20.

This book launch presents constructive views from national economic and industrial experts: ERIA Senior Economist, Dionisius Narjoko; ERIA Chief Economist and Professor at the Faculty of Economics Keio University Fukunari Kimura; Professor at Bandung Institute of Technology, Prof Dradjad Irianto; lecturer and researcher at the Department of Economics Padjajaran University, Dr Maman Setiawan; and Chief Executive Officer of Asakreativita, Dr Vivi Alatas. Strategies listed in the book covers the future development in global value chains (GVCs), especially for the post-COVID-19 pandemic. 'The impact of the COVID-19 pandemic in the industrial sector is also one of the bases for analysis to ensure that various strategies are carefully formulated to support the acceleration of re-industrialisation, including the acceleration of economic recovery. We hope that this study will be a good start for the efforts of Bappenas and the Indonesian government, where re-industrialisation is also an important part of the efforts of the six major strategies of Indonesia's economic transformation, Towards Indonesia's Vision 2045,' concluded Dr Amalia Adininggar Widyasanti, Deputy for Economic Affairs at the Ministry of National Development Planning/Bappenas.

# Press Release

for immediate release

## **About ERIA**

*The Economic Research Institute for ASEAN and East Asia (ERIA) is an international organisation based in Jakarta. Since its founding in 2008, ERIA, through its research, supports the regional economic integration process among ASEAN member countries. As the leading economic think tank in the region and the Sherpa institution for the East Asia and ASEAN Summit process, ERIA's research and policy recommendations have influenced the policymaking process in the region.*

*ERIA ranked number nine out of 85 top International Policy Think Tanks in the 2020 Global Go To Think Tank Index (GGTTI) conducted by the University of Pennsylvania's Think Tanks and Civil Societies Program (TTCSP). It is also also ranked number five in the category of Top Think Tanks in Southeast Asia and the Pacific and recognised as one of the top Energy and Resource Policy Think Tanks.*

*ERIA's research projects are categorised under three pillars:*

- *Deepening economic integration*
- *Narrowing development gaps*
- *Sustainable development*

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