

The Knowledge Sector in Indonesia:

Manufacturing Performance

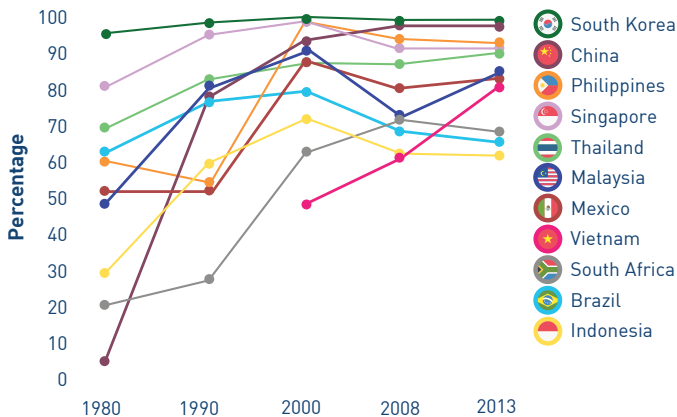


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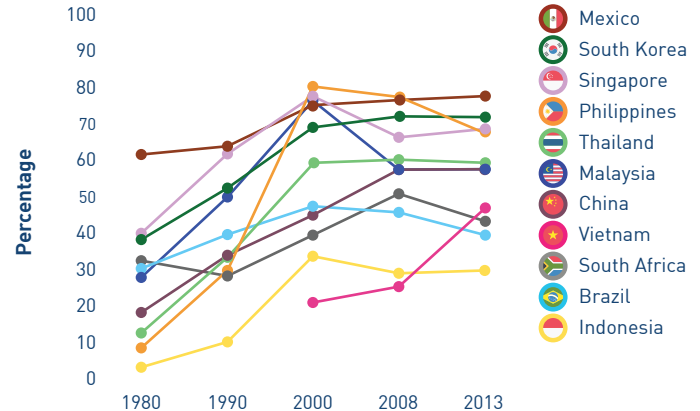
The Threat of De-industrialisation in Indonesia

Indonesia's share of manufactured products in total exports (MPS) and high-tech products in total manufactured export (MHT) has increased dramatically between 1980 and 2000, however this increase did not close the gap with other ASEAN countries.

The Share of Manufactured Products in Total Export (MPS)



The Share of Medium- and High-tech Products in Manufactured Export (MHT)



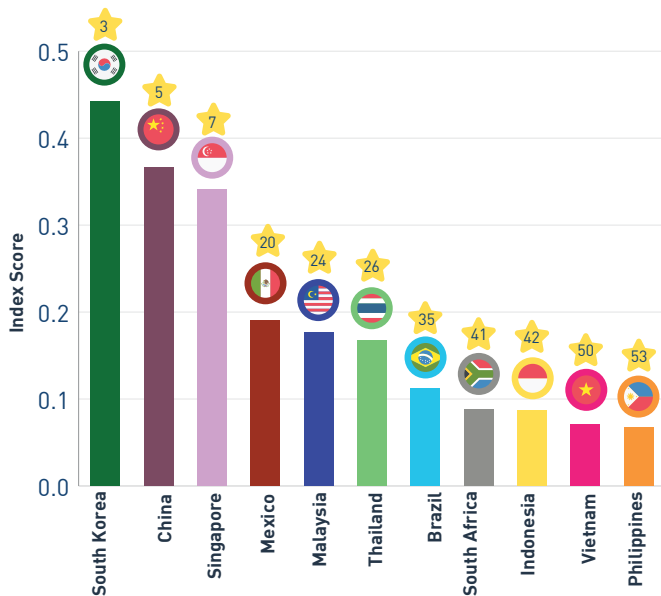
Source: UNIDO, Industrial Development Report 2016

Indonesia remains among the lowest of the middle-income G20 economies in terms of manufacturing performance. The decrease in both MPS and MHT between 2000 and 2013 could indicate de-industrialisation in Indonesia.

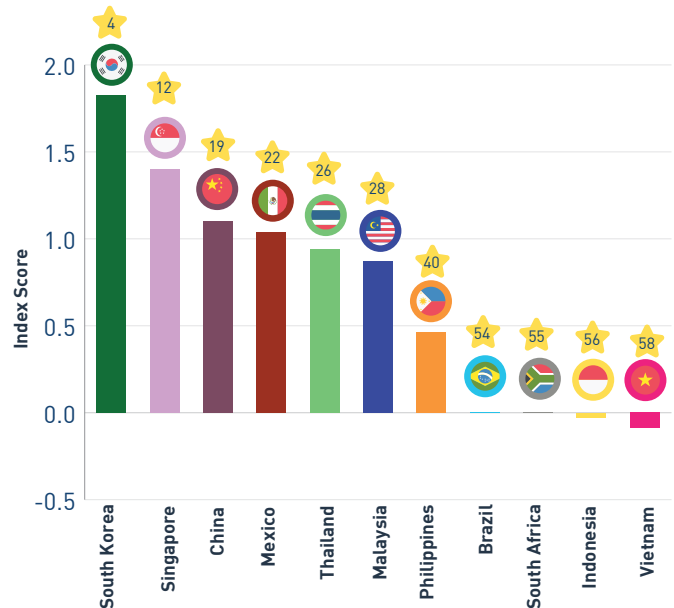
The Low Competitiveness of Indonesia's Industry

Indonesia ranked **42nd** in terms of competitive industry, alongside Brazil, South Africa, Vietnam and the Philippines.

Competitive Industrial Performance (CIP) rankings



Economic Complexity (EC) rankings



Source: Competitive Industrial Performance UNIDO, Industrial Development Report 2016;
Economic Complexity www.atlas.cid.harvard.edu/rankings/

Indonesia has a very low economic knowledge capacity, measured by the Economic Complexity Index. Indonesia is second lowest, above only Vietnam. This limits Indonesia's ability to produce complex products with higher added values. Targeted government investment in education and the manufacturing sector could help to minimise the risk of de-industrialisation.

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The Knowledge Sector Initiative (KSI) is a joint program between the governments of Indonesia and Australia that seeks to improve the lives of the Indonesian people through better quality public policies that make better use of research, analysis and evidence.



Knowledge Sector Initiative

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