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When Made in Indonesia No Longer Solely Means Made in Java

**Invigorating Manufacturing Beyond Java As A New Engine of
Growth in Bridging Indonesia's Development Gap**

**Dimas Muhamad
Harvard Kennedy School of Government**

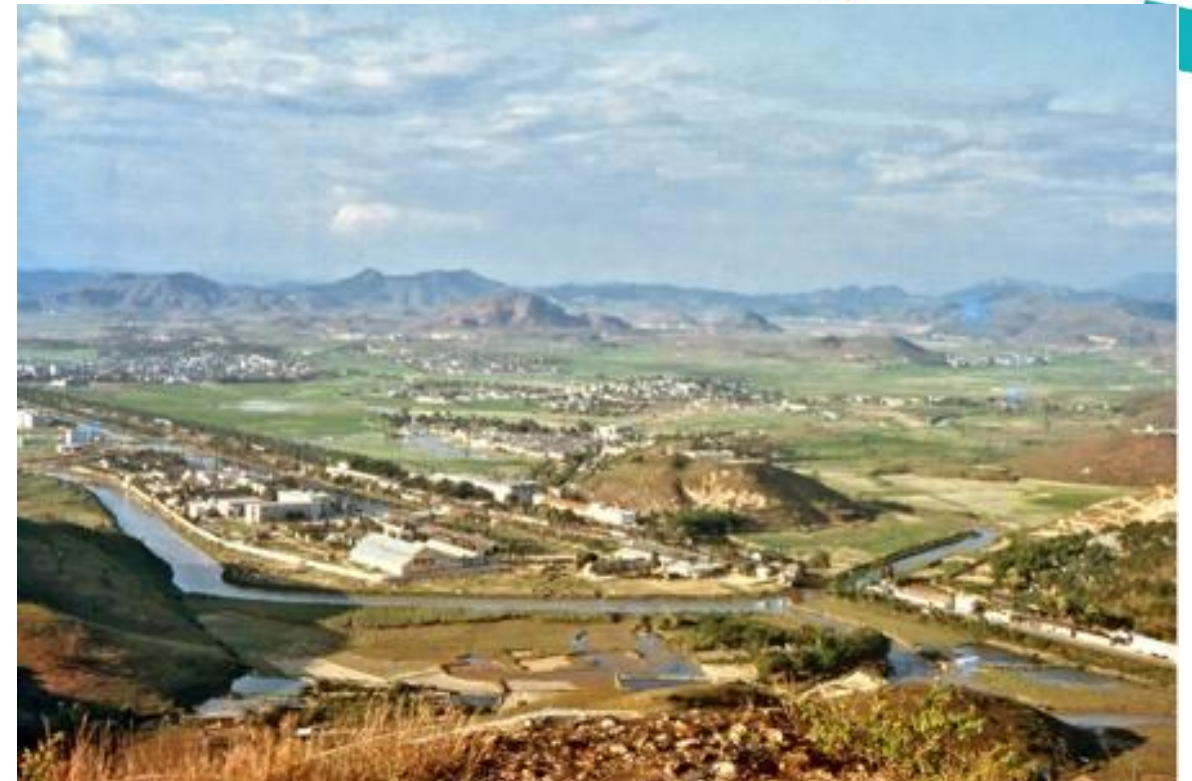




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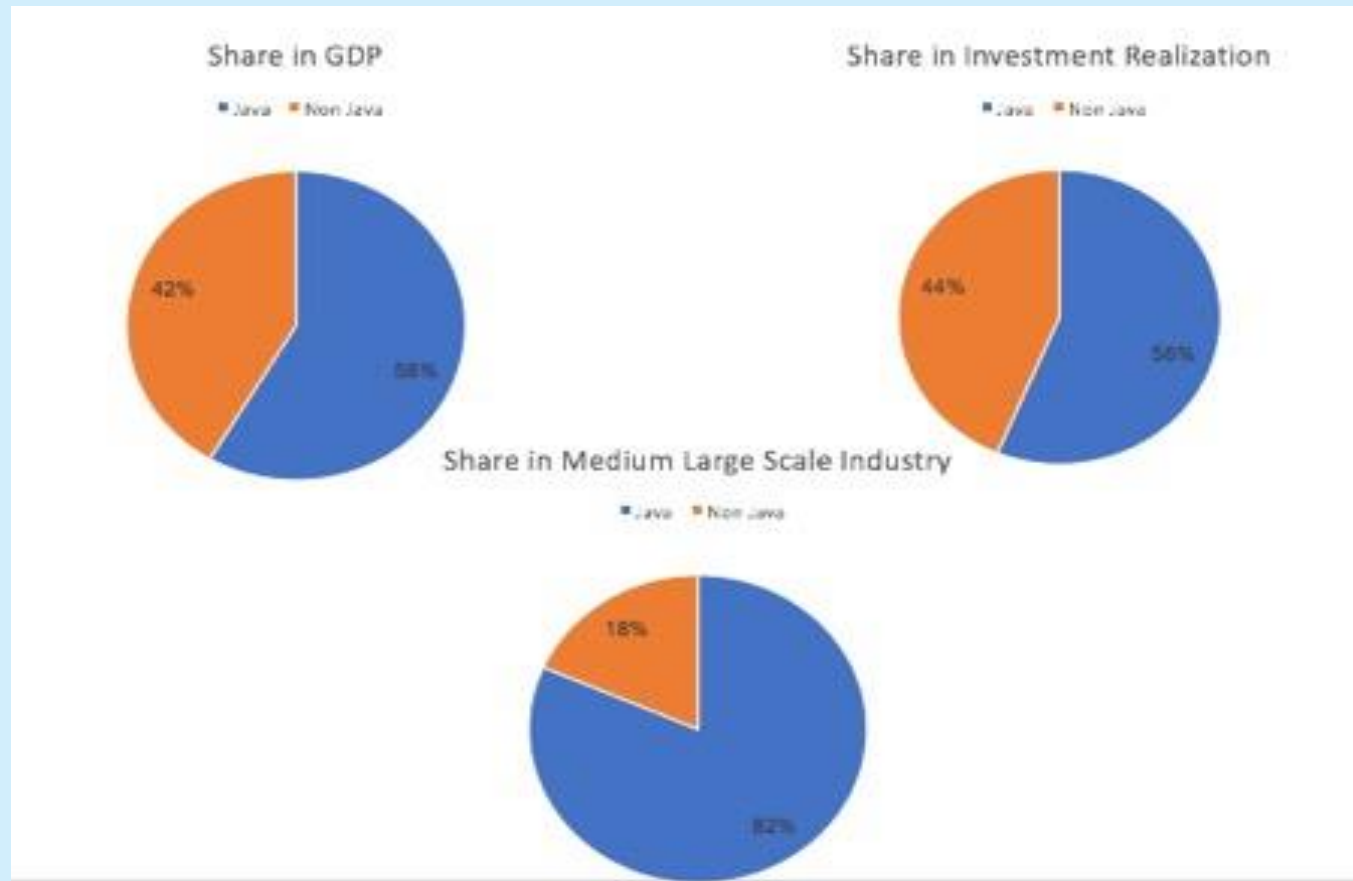


Shenzhen VS Sei Mangkei ?





Unequal and Going Backward: A Snapshot of Indonesia's Current Economic Challenges



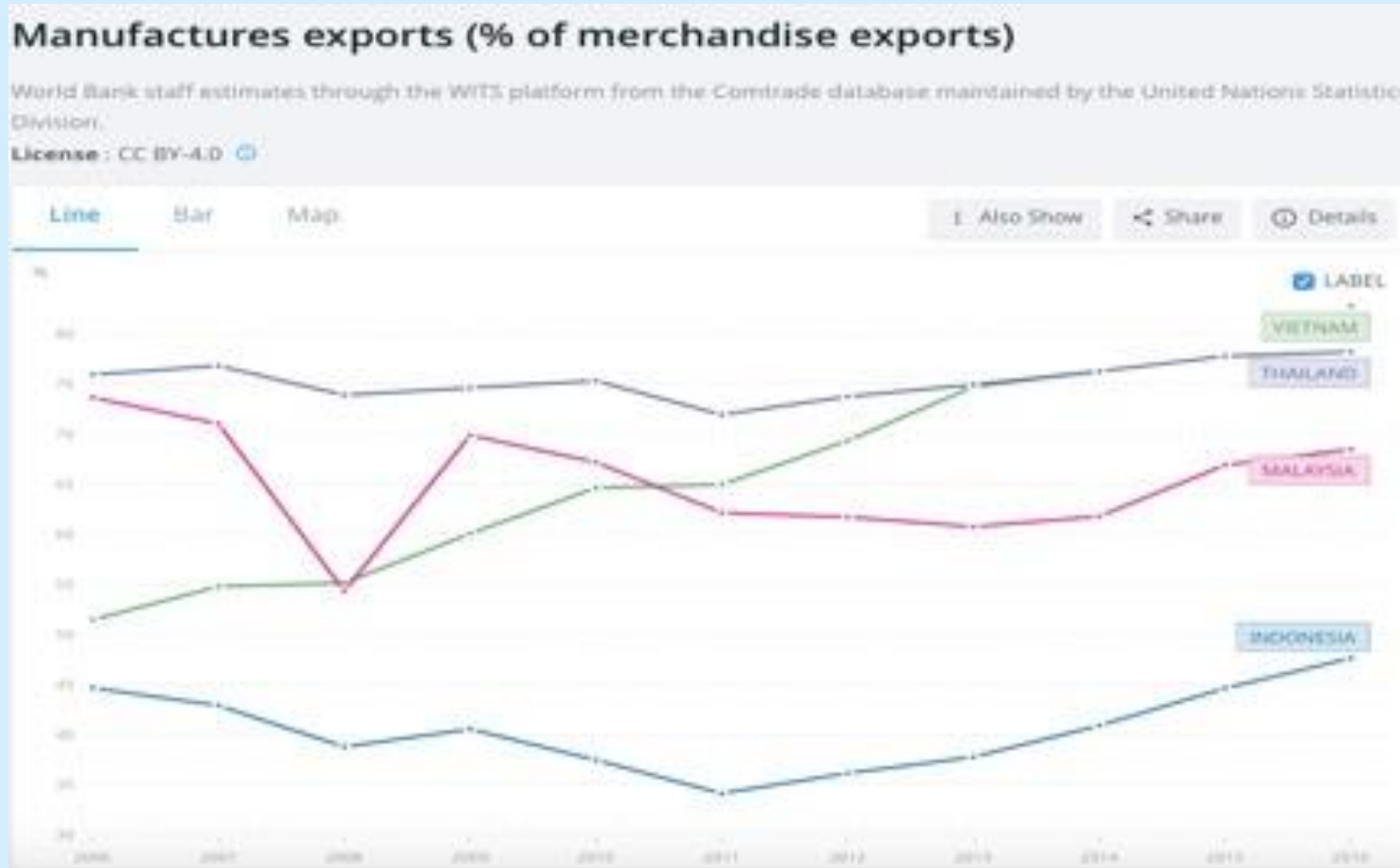


Unequal and Going Backward: A Snapshot of Indonesia's Current Economic Challenges





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How shenzhen Became Shenzhen





UPGRADE: The Way Forward for Indonesia

- **U**nderstanding that Manufacturing Beyond Java is Possible
- **P**urpose of the Strategy should be Industrial Upgrading
- **G**ranting Utmost Incentives for Investment
- **R**esolute on Technology Transfer
- **A**mplifying Export is Critical
- **D**omestic **E**nterprises **MUST NOT** be Overlooked



UPGRADE: The Way Forward for Indonesia

Lessons Learned	What China did in Shenzhen	What we can do In Sei Mangkei
Understanding that Manufacturing Beyond Java is Possible	<ul style="list-style-type: none">● Shenzhen was an economic backwater	<ul style="list-style-type: none">● Sei Mangkei is Shenzhen 30 years ago● It is actually competitive



UPGRADE: The Way Forward for Indonesia

Lessons Learned	What China did in Shenzhen	What we can do In Sei Mangkei
Purpose of the Strategy Should be Industrial Upgrading	<ul style="list-style-type: none">● Skyrocketing Industrial Output in Shenzhen	<ul style="list-style-type: none">● Shift to Higher Value Manufacturing



UPGRADE: The Way Forward for Indonesia

Lessons Learned	What China did in Shenzhen	What we can do In Sei Mangkei
Granting Utmost Incentives for Investors	<ul style="list-style-type: none">• Tax rate in Shenzhen is less than half of national average	<ul style="list-style-type: none">• Offering more generous incentive on tax and infrastructure



UPGRADE: The Way Forward for Indonesia

Lessons Learned	What China did in Shenzhen	What we can do In Sei Mangkei
Resolute on Technological Transfer	<ul style="list-style-type: none">● Local content and joint venture regulation	<ul style="list-style-type: none">● Local content and joint venture Requirement



UPGRADE: The Way Forward for Indonesia

Lessons Learned	What China did in Shenzhen	What we can do In Sei Mangkei
Amplifying Export is Critical	<ul style="list-style-type: none">● Incentive to turn Shenzhen into EPZ	<ul style="list-style-type: none">● Incentive and exploiting competitiveness



UPGRADE: The Way Forward for Indonesia

Lessons Learned	What China did in Shenzhen	What we can do In Sei Mangkei
Domestic Enterprises Must Not Be Overlooked	<ul style="list-style-type: none">● Huawei, ZTE, Tencent	<ul style="list-style-type: none">● ADVAN



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“What we learn from history is that people don’t learn from history”

Warren Buffett



Shenzhen VS Sei Mangkei ?

