

## **The Economic Programs of the New Indonesian President**

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### **The 2024 Indonesian Presidential Election**

On 14 February 2024, Indonesians went to the poll to elect their country's new president. The current president Joko Widodo (Jokowi) was barred from running for a third term by the constitution. The Indonesian presidential election system is regulated by Law No. 7/2017 on General Election. In this system, a political party or a coalition of political parties which hold at least 20 percent of seats in the parliament can nominate a pair of presidential and vice-presidential candidates. If none of the candidates win more than 50 percent of votes, then the two pairs with the highest votes will compete in the second round of the election.

Three pairs of presidential and vice-presidential candidates contested the 2024 election. The first pair was Anies Baswedan and Muhaimin Iskandar. Anies is the former governor of Jakarta (2017-2022), while Muhaimin is the deputy speaker of the house representatives (1999-2009 and 2019-2024). The second pair was Prabowo Subianto and Gibran Rakabuming Raka. Prabowo is the defense minister (2019-2024), while Gibran is the mayor of Solo city in Central Java province (2020-2024). Finally, the third pair was Ganjar Pranowo and Mahfud MD. Ganjar is the former governor of Central Java province (2013-2023), while Mahfud MD is the former coordinating minister for political, legal, and security affairs (2019-2024).

Of the total 204 million registered voters, 168 million or 82 percent of voters turned up at the voting booths on the election day (Annur, 2024). The General Election Commission announced the official results on 20 March 2024. Among 164 million valid votes, the winner was Prabowo-Gibran with 96 million votes or 59 percent of total votes, followed by Anies-Muhaimin with 41 million or 25 percent of votes, while Ganjar-Mahfud was the last with 27 million or 16 percent of votes (Komisi Pemilihan Umum, 2024). Prabowo, a former military general who was defeated by Jokowi in the previous two presidential elections, and Gibran, a 37 year-old son of Jokowi, will be sworn in on 20 October 2024 as the President and Vice President of Indonesia for the 2024-2029 period.

During the election campaign, Prabowo-Gibran have promised to continue the policies of outgoing President Jokowi, including his economic programs. In particular, Jokowi's economic programs are industrialization through downstreaming of natural resources and infrastructure development programs. In addition, Prabowo-Gibran have also promised to develop green economy, blue economy, and creative economy programs (Subianto and Raka, 2023). Each of these programs is discussed in the following sections.

### **The Industrialization through Downstreaming Program**

Indonesia is a country endowed with abundant natural resources. It has the largest nickel deposit in the world, the second largest tin deposit, the sixth largest bauxite deposit, the seventh largest copper deposit, renewable energy potential of 437 gigawatts, sustainable capture fisheries potential of 12

million tons per year, and mariculture production potential of 50 million tons per year (Subianto and Raka, 2023). Currently, these commodities are mainly exported as raw materials.

One of the main economic programs of the Jokowi government is to process these natural resources domestically to create more value added. This program is popularly known as the “downstreaming” program. The program was started with nickel, firstly by banning its export and secondly by requiring the producers to build smelters to process nickel domestically. Nickel is a major element of battery, which is the main component of electric vehicles. Hence, the expectation is that Indonesia will become a major producer of electric vehicles in the world.

Prabowo-Gibran has promised to continue the downstreaming program. They intend to create a large number of employment opportunities through this program. So far, the program has increased economic growth in natural resource rich regions, especially in the poorer eastern Indonesia regions, hence improving regional economic equality. In addition to nickel, they will expand the program to bauxite, copper, tin, agricultural commodities, and marine products. Through the downstreaming of these commodities, they hope to create new economic growth centers (Subianto and Raka, 2023).

### **The Infrastructure Development Program**

Since the onset of Asian financial crisis in 1997-1998, which severely hit the Indonesian economy, infrastructure development in Indonesia was halted for an extended period. Consequently, the state of infrastructure in Indonesia was dilapidated and it became a binding constraint for Indonesian economic development (Hill, Khan, and Zhuang, 2012).

When Jokowi took over as the president in 2014, he made infrastructure development as his top priority. During 2014-2022, Jokowi constructed 31,410 km roads, 1,885 km toll roads, 28.2 gigawatts of electric power generation capacity, 10.57 billion meter cubic dam capacity, 1,502 ports, and 50 airports all over the country (Yanwardhana, 2023).

Prabowo-Gibran has stated that they have made a commitment to continue making infrastructure development as a priority to improve the connectivity of people, goods, and information. They intend to construct oil refineries, gas processing facilities, gas terminals, and gas distribution networks. They will also develop digital infrastructure all over the country to ensure that there are no villages that become internet blank spots. In addition to large scale infrastructures, they will also develop village, agriculture, and maritime infrastructures, such as village roads, dams, irrigations, and fishing ports (Subianto and Raka, 2023).

### **The Green Economy Program**

As an archipelagic country, Indonesia is prone to the impact of climate change. Therefore, Indonesia actively contributes to the efforts to tackle climate change. Indonesia’s nationally determined contribution (NDC) has set to achieve net zero emissions (NZE) by 2060. To achieve this target, the government of Indonesia has launched an energy transition program, aiming to replace carbon energy sources, such as fuel and coal, by renewable energy sources, such as solar, wind, hydro power, and geothermal (Kementerian Koordinator Bidang Perekonomian, 2023).

Prabowo-Gibran have committed to develop green energy to achieve sustainable growth without environmental degradation. They will accelerate the decarbonization plan to achieve NZE through

carbon sink and carbon offset efforts. They aim to reduce the dependence on fossil energy sources and make Indonesia the largest green energy producer in the world through the developments of biodiesel and aviation biofuel from palm oil, bioethanol from sugarcane and cassava, and other green energy from water, wind, solar, and geothermal. They target to achieve the biodiesel B50 and bioethanol E10 programs by 2029. They also will evaluate the special economic zones and adopt the green economy concept in such zones (Subianto and Raka, 2023).

In addition, Prabowo-Gibran have pledged to prevent pollution, environmental degradation, and forest burning and to protect the biodiversity of flora and fauna. They will take firm action against illegal logging and mining practices that damage the environment and support the efforts to restore and rehabilitate the degraded environment. They also will continue with the plan to retire coal-fired power plants (Subianto and Raka, 2023).

### **The Blue Economy Program**

The sea area makes up about 70 percent of Indonesia's territory. This sea area contains a wealth of marine and fisheries resources, which can be utilized for economic development. However, the utilization of sea area needs to maintain the sustainability of natural resources in the sea. Therefore, the utilization of marine and fisheries resources needs to be based on appropriate business models (Ambari, 2020).

Prabowo-Gibran have committed to develop the marine resources, popularly called as the “blue economy”. They will increase the added value of coastal resources such as capture fisheries, shrimp cultivation, salt cultivation, seaweed cultivation, and lobster cultivation through a sustainable industrialization process. They will also increase the productivity of fisheries and maritime products through the provision of supporting infrastructure, community-based institutions, increasing competence and capability, fishing gear, and other infrastructure. Furthermore, some special economic zones will be developed based on the blue economy development (Subianto and Raka, 2023).

In addition, they will build a fishing fleet to serve the seas in the Exclusive Economic Zone (EEZ), a people's sea transportation fleet to serve remote islands, and a transshipment node port as the backbone of infrastructure development connected to logistics nodes in the eastern region of Indonesia. They will also support innovation and research activities to support inland fisheries cultivation techniques, seed procurement, feed technology, fish seed procurement, and disease control techniques (Subianto and Raka, 2023).

An EEZ is an area of the ocean extending up to 200 nautical miles (370 kilometers) immediately offshore from a country's land coast, within which the coastal nation retains exclusive rights to the exploration and exploitation of natural resources. Indonesia's EEZ is the sixth largest in the world, covering an area of more than six million km<sup>2</sup>, which is rich in marine resources, including fisheries and potential oil and gas reserves. Therefore, the EEZ allows Indonesia to manage and exploit marine resources, which are vital for the country's economy and supporting industries such as fishing, shipping, and energy production (Kurnia and Martinelli, 2016).

### **The Creative Economy Program**

Creative economy is a concept which builds on the interplay between human creativity and ideas and intellectual property, knowledge, and technology. It is the knowledge-based economic activities upon

which the 'creative industries' are based. The creative industries include advertising, architecture, arts and crafts, design, fashion, film, video, photography, music, performing arts, publishing, research and development, software, computer games, electronic publishing, and TV/radio. Creative industries are among the most dynamic sectors in the world economy, providing new opportunities for developing countries to leapfrog into emerging high-growth areas of the world economy (UNCTAD, n.d.).

The creative economy in Indonesia has experienced rapid development in recent years. Fashion is the highest contributor to the creative economy, followed by crafts and culinary. The rapid development of digital technology has also spurred other creative sub-sectors such as film, animation, visual communication design, and video. During the pandemic period in 2021, the value of Indonesia's exports from the creative economy reached USD 24.15 billion, an increase of 27.31 percent from 2020. With technological developments and creativity continuing to grow, the creative economy in Indonesia has great potential to continue to grow and make a positive contribution to the national economy (Setiawan, 2022).

Prabowo-Gibran have pledged to increase the creative economy in Indonesia through developing art, music, film, and other creative industries to create new jobs and increase economic growth. They will facilitate the development of new startup businesses based on technology and innovation. In addition, they will improve Indonesian tourism promotion management. These will be supported by enforcing the implementation of laws and regulations regarding copyright and other intellectual rights, so that the rights of artists, musicians, artisans, art workers, book writers, and researchers are protected, and hence their welfare will be improved (Subianto and Raka, 2023).

### **Concluding Remarks**

In the 2024 presidential election, the Indonesian people have voted Prabowo Subianto and Gibran Rakabuming Raka as the next president and vice president of Indonesia for the 2024-2029 period. This choice indicates that the Indonesian people prefer continuity rather than change to the policies of the outgoing Jokowi administration. In terms of economic policies, this means that the policies of industrialization through downstreaming of natural resources and infrastructure development will be continued in the next five years. In addition, Prabowo-Gibran will also implement the green economy, blue economy, and creative economy development programs.

The implementation of some of these economic policies will face difficult challenges. In particular, as the experience with nickel downstreaming has shown, the downstreaming of natural resources will require large investments. Similarly, the infrastructure development programs also need large investments. Attracting these investments will not be an easy task for the Prabowo-Gibran government. Meanwhile, the green economy development program will face the challenge of ensuring that the conversion from non-renewable to renewable energy sources does not cause a net job loss, especially among the poorer population. Finally, the development of creative economy will face the hurdle of widespread piracy of intellectual properties, which over the years have proved very difficult to be eliminated.

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