

# Services Industry Has Potential to Contribute to Economic Growth

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Former Tourism and Creative Economy Minister, Mari Elka Pangestu, said that service industry has big potentials to increase Indonesian economic growth. It can contribute to the national GDP, job creation, and poverty alleviation.

“Services industry has the potential to flourish in Indonesia, moreover if it is managed well, it will make huge contributions to Indonesian economy,” said Mari on Thursday (14/4) at Faculty of Economics and Business UGM.

The service industry contributed to the national GDP from 45 percent in 2010 to 55 percent in 2012. It also created as high as 21.7 job opportunities between years 2000-2010.

“Unfortunately, appreciation to this sector is still very low,” she said.

In her opinion, the service industry can be the main source for Indonesian economy through many forms, such as tourism, logistics, and transportation. There are still barriers, however, to develop this sector, including the low competitive power of players due to policy and regulation that limit growth opportunity.

Mari further said the current government policy has supported this growth. Indonesia’s stance that had agreed Asean Framework Agreement on Services (AFAS) has opened opportunities for domestic service sector to flourish in the country and regionally without discrimination and barrier.



During the *CEO Talk The Walk* event themed *The Services Sector as a Driver of Change: Indonesia Experience in the ASEAN Context*, Prof. Chris Findlay from University of Adelaide was also present. Findlay said that services industry was able to minimise poverty rate in Indonesia due to the income it generated in this sector.

Findlay explained the services industry became an important source of job for female Indonesians with more than workers (52%) in this sector are female.

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