

Growing Big, Indonesian Manufacture Industry


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YOGYAKARTA - The Indonesian economic growth which is number three in the world after China and India is not merely rumours but a fact. This is proved by the increased number of middle class in Indonesia which amounts to 36 millions, not to mention the rise of manufacture industry that most have dominated world market shares. Therefore, the strength of the economy has become an asset for Indonesia to enter the ASEAN Economic Community in 2015.

Thus was said by an independent commissary of BCA and Unilever Indonesia, Dr. Cyrillus Harinowo, in a discussion on the rise of Indonesian manufacture industry in Faculty of Economics and Business UGM, Monday (13/5). In the discussion moderated by Dr. Tony Prasetyantono, Harinowo said the rise did occur, even surpassed the figure stated by the Statistics Bureau. He mentioned that food and beverage industry has casually grown by double digits. "At present, Indofood, Wings, Mayora, Garudafoods, ABC, Dua Kelinci, Teh Sosro, Ultra Jaya are local players that are growing big," he said.

Machines and electronics automotive industry have also grown above 20%. Harinowo, however, wonders how the Statistics Bureau has reported the timber, pulp, paper and printed matter, whilst in fact this industry cannot be possibly negatively growing as it is driven by food and beverage industry, textile, electronics and pharmaceutical industry for packaging purposes. Harinowo admitted timber industry outside Java has declined, but in Java it's quite the opposite. "For example, the sengon (*Albizia chinensis*) industry has progressed rapidly for plywood and hardboard production," he said.

Harinowo gave the example of Sinar Mas that operates in palm oil, pulp and paper, property and financial industry has expanded to China and established 21 pulp and paper factories in Hainan and Guangxi. "Most of the pulp is imported from Indonesia. Under Asia Pulp and Paper (APP), they are number one player in China. They also have four factories in Canada, and one in the U.S., France and Germany," he said.



In terms of textile industry, Harinowo points out Sritex that has established garment factories and spinning mill units. Currently, Sritex has 123 units of spinning mill, that each costs at least Rp400 billions. The company sells thread to foreign countries. “China orders thread from Sritex. Sritex also produce military uniform for NATO and Dutch troops,” he said.

Further, Harinowo told the success story of a customer of BCA Bank by the name of Hadi Rahardja who has established Indonesian largest corrugated board factory. In 1992 he was compiling used corrugated board from thrash collectors. To be able to increase production capacity up to 650 tonnes each day, he bought a bankrupt corrugated board factory in Italy. “The sale value of the company has grown from Rp500 billion to Rp 1 trillion per year,” he explained.

The alumnus of Accounting Department of UGM said that it’s time for businessmen and economic observers to spread optimism about the future of Indonesian economy. “Never underestimate the power of Indonesian business,” he concluded.

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