TOWARDS A $7 TRILLION ECONOMY:
OPPORTUNITIES & CHALLENGES

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"The global economy is entering a period of great churn. The key drivers of growth in the coming years will be talent, innovation and adaptability as the old export led growth model based on cheap labor is obsolete. Indonesia must be connected to the emerging new global networks that are driven by 5G, AI and Big Data. It needs a paradigm shift to achieve a $7 trillion economy by 2045."

Shoeb Kagda
The global economy is entering a period of great geo-political, technological and economic disruption; there is great churn in the world. The political discord in the US is reverberating around the world; while China is undergoing a fundamental economic restructuring. These global trends will have significant impact on Indonesia’s ambitions to build a $7 trillion economy, noted Shoeb Kagda, Founder, Indonesia Economic Forum, in his opening address at the 6th Annual Indonesia Economic Forum, held on the 20th November, 2019.

Mr Kagda reflected that the defining narrative for the next three decades will be the battle for technological and economic supremacy between the United States and China. According to him, the US and China are locked in a long-term competition that will redefine the global political and economic landscape. Both nations are the world leaders in what the World Economic Forum has described as the 4th Industrial Revolution. While the US is the dominant technological force on the global stage, China is rising fast as it strives to fulfill President Xi Jinping’s vision of making China a cyber superpower.

He also noted that, Indonesia’s vision of a $7 trillion economy cannot be achieved through a business as usual approach, i.e being satisfied with a steady rate of annual GDP growth of 5%. Indonesia must leverage on its competitive strengths.

One such key strength is Indonesia’s large young demographic, its millennial workforce. According to Mr. Kagda, Indonesia needs to focus on developing and integrating this workforce into the global knowledge grid, and not be restricted by national boundaries. By growing its own talent and by providing high calibre potential executives with opportunities to work for top international and global enterprises, it will ensure Indonesia’s citizens access to good paying jobs. He referred to a recent report by the World Economic Forum and stated that war for talent is now being waged with global enterprises insisting that high-potential executives gain global experience by working in other countries. Global giants such as Google, Microsoft, Alcoa, Coca-Cola, Pepsi and Pfizer have immigrant CEOs.

He also reflected on how things are different today in that in the past capital flows transcended geographical boundaries. But today, its talent that is not limited or restricted by national boundaries.

He stated that in order to benefit from this new paradigm, Indonesia must be connected to the global knowledge grid. Its universities must collaborate with other leading institutions of learning; its companies must form partnerships with global brands; the country as a whole must invest a lot more in R&D. The creation of an eco-system that includes leading universities, high-tech firms and research centres that are connected globally will help to create the right talent for the new age.

Mr Kagda noted that it is encouraging that the government has started to focus on skills development and computer literacy in schools. He said that in a recent roundtable on Skills for the Future, one participant noted that teaching English should not be considered a language but a skill. That is the type of paradigm shift in thinking that will help Indonesia achieve the US$7 trillion target.