SUMMARY

RIZKI PUTRI NURDIATI. The Role of Indonesia in Electronic Global Value Chain. Supervised by RINA OKTAVIANI and SAHARA.

Developments in global value chain over the past decade had given many effects to the entire industries, including electronic industry. Indonesian electronics industry is one of the involved industry in global value chains. In Indonesia, the electronics industry has significant contribution to the national foreign exchange earnings. It is one of the ten main export commodities of Indonesia, besides textiles, rubber, oil palm, and other leading products.

Linking into global value chain can be considered as a challenge for the participating countries. Some literatures show that linking into global value chain may not bring gains automatically because of many involved countries in the value chain and value-added distribution is uneven. Therefore, it is necessary to analyze the share of Indonesian electronic industry, inter-sector linkages, and value-added distribution in electronic global value chains in order to enhance the role of Indonesia in the global value chain so Indonesia is able to compete in global market.

The purpose of this study were: 1) To analyze the share of Indonesian electronic industry toward global, 2) To analyze the linkage of Indonesian electronic industry with other countries, 3) To analyze the distribution of value added in electronic global value chain, and 4) To formulate managerial implications in enhancing the role of Indonesia in electronic global value chain. The scope of this study covered four categories of electronic products, that were other electrical equipment, electronic computing equipment, semiconductor and integrated circuits, and electronic and other electronic products. An input output analysis by using the Asian International Input Output Table 2005 was employed to analyze the share of each country in electronic global value chain, inter-sector linkages, value added, and also output and income multiplier.

The result showed that Indonesia had low participation in electronic global value chain. Indonesia’s output share was the lowest among all countries which resulted in low value-added acquisition. Indonesia played the role as the input user from the various sectors. It is suggested that Indonesia electronic manufacture sector should be integrated with the input supplier sectors. Electronic computing equipment sector can be the main priority in enhancing Indonesia electronic manufacture sector since it has the biggest effect to economic growth.

Keywords: electronic, global value chain, Indonesia, input output analysis