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MACROECONOMIC DEVELOPMENT OF INDONESIA

Abstract: the article describes the main trends of macroeconomic development of Indonesia. Most of the economic growth of the country has resulted from two main sectors: agriculture and oil and mining, of which agriculture has been the most significant. The Indonesia as shown a steady GDP growth from 2000 - 2019, with a growth rate averaging 1% in that period. The development of the Indonesia has shown us how a very big country threatened by lack of natural resources can propel itself to become a middle-income country even through the risks and difficulties it has faced.

Key words: macroeconomic development, Indonesia, GDP

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МАКРОЭКОНОМИЧЕСКОЕ РАЗВИТИЕ ИНДОНЕЗИИ

Аннотация: в статье описаны основные тенденции макроэкономического развития Индонезии. Большая часть экономического роста страны обусловлена двумя основными секторами: сельским хозяйством и добычей нефти и полезных ископаемых, из которых сельское хозяйство - наиболее значимый. Индонезия показала стабильный рост ВВП в период с 2000 по 2019 год, причем в этот период темп роста составлял в среднем 1%. Развитие Индонезии

показало нам, как очень большая страна, которой угрожает нехватка природных ресурсов, может стать страной со средним уровнем дохода, даже несмотря на риски и трудности, с которыми она столкнулась.

Ключевые слова: макроэкономическое развитие, Индонезия, ВВП.

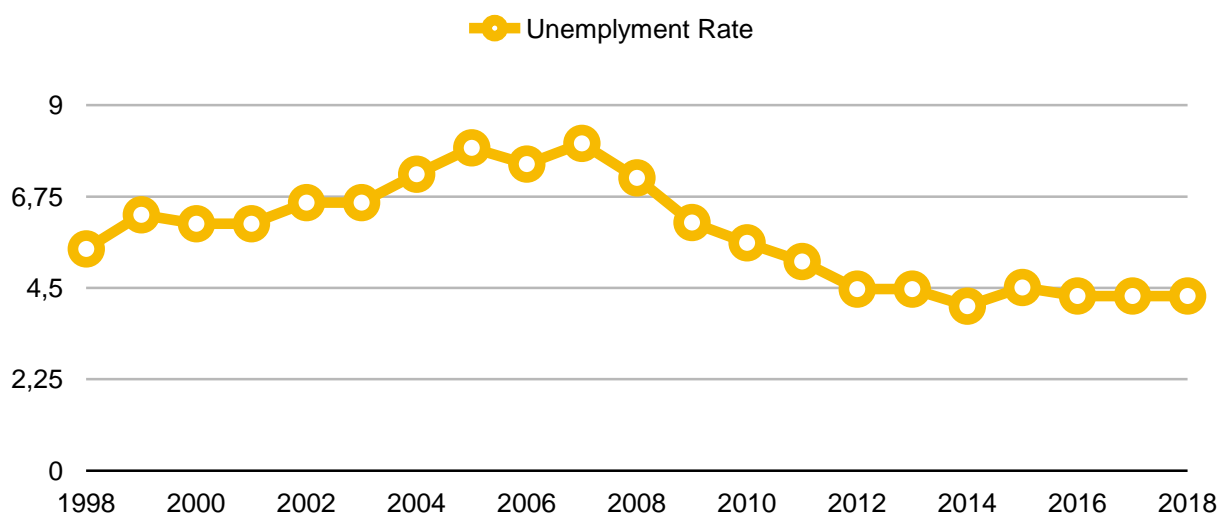
Indonesia is the largest country in Southeast Asia, with a maximum dimension from east to west of about 3,200 miles (5,100 km) and an extent from north to south of 1,100 miles (1,800 km). It shares a border with Malaysia in the northern part of Borneo and with Papua New Guinea in the centre of New Guinea. Indonesia is composed of some 17,500 islands, of which more than 7,000 are uninhabited [1]. Indonesia is a market economy in which the state-owned enterprises (SOEs) and large private business groups (conglomerates) play a significant role. There are hundreds of diversified privately-held business groups in Indonesia (a tiny fraction of the total amount of companies active in Indonesia) that - together with the SOEs - dominate the domestic economy. As such, wealth is concentrated at the top of society (and not unoften there are close links between the corporate and political top of the country) [2]. Indonesia become a middle-income country in between 2009-2013 and had a per-capita income of about \$ 3 440 at the time [3].

Most of its economic growth has resulted from two main sectors: agriculture and oil & mining, of which Agriculture has been the most significant. Indonesia has been the most to export its harvest to other major countries such as China and Singapore and the country has taken advantage of its spacious and wide land to dedicate it to agriculture. Unfortunately having such a large portion (14.4%) of its GDP depend on a single industry can have its downside. Agriculture is a volatile industry and simple things such as climate change or natural disasters can have a negative impact on agriculture . A good example of this is, the tsunami in 2004, with over \$15 billion in financial damages excluding environmental costs, which is over 4% of the country's GDP at the time [4].

The other sector which has been a main component in Indonesia economy is

Oil & Mining, which employs around 20% of the work force and produces 8% of the GDP. Indonesia is a country that focuses heavily on the environment and is an advocate of luxury goods and oil. Indonesia has greatly expanded its production of coal, to become one of the world's leading exporters. The sale of liquefied natural gas is also increasingly important. The country is one of the world's largest producers of tin, deposits of which are found on the islands of Bangka, Singkep, and Belitung and off the southwestern shore of Kalimantan. Bauxite is mined mostly on the Riau Islands and in western Kalimantan and is processed at an aluminium smelter—the first in Southeast Asia—at Kualatanjung in northern Sumatra. Celebes, Halmahera and other islands of the Moluccas, and Papua are sources of nickel. Manganese is present in central Java and on Sumatra, Kalimantan, Celebes, and Timor. Major copper deposits are mined in the Jayawijaya Mountains of Papua; smaller deposits have been found in Sumatra, Java, Kalimantan, and Celebes. Most of Indonesia's gold comes from Papua. [5].

Throughout the first decade after the Asian Crisis, the industry sector underwent a period of recession in which foreign investors lacked appetite to invest. After 2008, however, foreign companies and investors have regained confidence in this sector due to robust domestic demand brought on by a growing middle-class, low wages and the promising perspectives of the mining sub-sector. One indicator that shows investors' appetite for Indonesia's industry sector is the significant rise in hectares of industrial land that was taken up in the Greater Jakarta area from 2010



onwards.

Figure - Indonesia's unemployment rate 1998-2018

Indonesia has shown a steady GDP growth from 1998 – 2018, with a growth rate averaging 7% in that period. And a little curve downwards between 2012-2014.

Indonesia's economy has seen major improvements over the past years, and the country is one of the frontrunners here as well: Estimated to be around 856 billion U.S. dollars, Indonesia had one of largest gross domestic products worldwide in 2014. As a result of the prospering economy, unemployment in the country is rapidly decreasing. as can be seen above. Between 2005 and 2014, the unemployment rate in Indonesia decreased by more than 5 percent.

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