

## **PREFACE**

This volume is the outcome of the 1997/1998 Joint Research Project between the Institute of Developing Economies (IDE) and Indonesian scholars, entitled "Industrial Analysis in Indonesia (II) : Changing Industrial Structure and Corporate Strategy". This is the second outcome of a two-year series of an attempt to present an in-depth industry-wide analysis of the manufacturing industry in Indonesia, covering five industries. Last year's volume, co-edited with Mari Pangestu, has already been published with the title, "Waves of Change in Indonesia's Manufacturing Industry" by IDE. This year's volume is the tenth of a series by the Project in Indonesia, and the forty-seventh publication of the Joint Studies on Economic Development Policies in ASEAN and Neighboring Countries, which have been conducted by the IDE since 1988.

At present, Indonesia is in the midst of an economic crisis. When we published last year's volume in March 1997, no one could forecast that the value of the Rupiah would depreciate to a quarter of its existing value after one year and that the Indonesian economy would fall into decline in such a short period. In the situation of deepening crisis, the members of this Project, prominent researchers with much experience in industrial analysis, have also been involved in extraordinary changes in their respective professions. However, despite these adverse circumstances, every member has firmly and steadily completed their study and analysis on the respective industries. I am deeply indebted to them for their valuable contributions.

In the field survey and discussion on each industry, the members of the Project have been provided with a great deal of input by the related business circles and governmental authority. I would like to acknowledge the kind cooperation of all these people. For the textile and garment industry, we are indebted to the Board Members of the Indonesian Textile Association (API) and the Association of Indonesian Apparel Manufacturers (AAMI); for the pulp and paper industry, to the Directorate of Pulp and Paper Industry in Ministry of Industry and Trade and the Board Members of the Indonesian Pulp and Paper Association (APKI); for the pharmaceutical industry, to the Board Members of the Association of Pharmaceutical Producers (GP Farmasi); for the steel industry, to the Directorate General for Metal, Machinery and Chemical Industries in the Ministry of Industry and Trade and the Members and Associations under the Federation of the Indonesian Iron and Steel Manufacturers Association (GAPBESI); and for the machinery component industry, to the Board Members of Yayasan Dharma

Bhakti Astra, the Directorate for Transport Equipment Industry in Ministry of Industry and Trade and the Board Members of the Association of Indonesian Motorcycle Assemblers and Manufacturers (PASMI). Without mentioning individual names, I appreciate all the support and comments given to the members. However, it is needless to say that each member of the Project alone is responsible for the views and interpretation of the facts and figures for the industry analyzed.

I am very grateful to the Institute for Economic and Social Research (LPEM) headed by Dr. Komara Djaja, in the Faculty of Economics, University of Indonesia, which was generous in making its facilities available and in providing me with much support. As for English editing, I tender my heartfelt thanks to Mr. Jeff Pulice, Ms. Monique Adhyatman-Pulice and Ms. Listijani Sasmito, who read though all the manuscripts and edited the whole volume despite the tight schedule. Last but not least, I wish to thank the staff at the International Exchange Department of the IDE in Tokyo, who have taken on the troublesome administrative work of this Project.

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