

Foreign Direct Investment in Indonesia's Automotive Industry

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Abstract

The impact can be seen in erosion, flooding, destruction of breeding fish habitats and population movements. ASEAN has been one of the world's largest markets for the automotive industry, among which Indonesia is the largest domestic market of automotive sales. ASEAN countries have implemented newer foreign trade policies and it affects the increase in industrial competition. So does Indonesia's automotive industry. This research aims to explain the importance of Foreign Direct Investment (FDI) and its effects on the ASEAN automotive industry competition that benefits the Indonesian economy. Neo-classical economic theory was reviewed to observe FDI. The method applies a qualitative-quantitative approach, i.e. SWOT (Strength, Weakness, Opportunity & Threats). The result of the analysis shows that the current FDI policy impacts the increase of Foreign Trade Agreements to expand domestic production. In conclusion, Indonesian Automotive Industry would develop with the support of relevant FDI.

Keywords

Foreign Direct Investment, Automotive Industry, ASEAN, Joko Widodo, Neo-classical Theory, policy, productivity.

Biographies

Moch Faisal Karim is an Assistant Professor within International Relations Department at Bina Nusantara University. He is currently a managing editor of the Journal of ASEAN Studies. His research has been published in Contemporary Politics, Third World Quarterly, Australian Journal of International Affairs, Pacific Review, Asian Journal of Social Science, European Journal of East Asian Studies, Journal of International Migration and Integration and Journal of ASEAN Studies. Faisal holds PhD from the University of Warwick.

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