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Evaluating Industrial Policy Implementation In Indonesia: A Case Study of Law No. 3/2014 on Industry

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Abstract

This study aims to critically analyze and evaluate the implementation of Indonesia's Law No. 3 of 2014 on Industry as a strategic policy instrument for national industrial development. Utilizing a qualitative research design with a document analysis method, the study assesses the law's effectiveness, efficiency, relevance, and sustainability in addressing pressing structural challenges particularly early deindustrialization, declining manufacturing competitiveness, and the persistently low added value of domestic industrial output. Although Law No. 3 of 2014 provides a robust normative and legal framework, its practical implementation has encountered significant constraints. These include weak inter-agency coordination, limited institutional capacity at the subnational level, insufficient policy alignment across sectors, and minimal integration of small and medium-sized enterprises (SMEs) into the national industrial ecosystem. Using Dunn's (2003) public policy evaluation framework, the study finds that the law has yet to foster an inclusive, adaptive, and innovation-driven industrial environment. Moreover, policy outcomes remain fragmented and inconsistent with long-term industrialization goals. To address these gaps, the study recommends enhancing policy implementation through stronger cross-sectoral integration, capacity-building for regional industrial governance, increased investment in research and development, and the protection of strategic industries vital to national resilience. These efforts are essential to lift Indonesia out of the deindustrialization trap and position it toward achieving sustainable, high-value industrial transformation.

Keywords: *Industrial Policy, Policy Evaluation, Law No. 3/2014, Deindustrialization, Innovation System*

1. Introduction

Indonesia has a big vision to become a developed country by 2045, known as the Golden Indonesia (Hübner, Kuhn and Wollenburg, 2016) (Permatasari, 2022). This vision reflects the hope to create a prosperous, just, and sustainable society right on the 100th anniversary of Indonesia's independence. The main goals of this vision include increasing per capita income to be on par with developed countries, reducing poverty to zero percent, increasing the competitiveness of human resources, reducing carbon emissions towards net zero emissions, and making Indonesia one of the top five economies in the world (Adhitya, Prabawa and Kencana, 2022). To achieve this, Indonesia must be able to get out of the middle-income trap and develop strategic sectors that are able to support the national economy (Zellweger et al., 2020).

President Prabowo Subianto has formulated a number of strategies to support the achievement of this vision (Gultom, Khairina and Salsabila, 2024). One of its priorities is the energy transition, including a plan to phase out all fossil-based power generation in the next 15 years and build more than 75 gigawatts of renewable energy capacity. This strategy aims to ensure Indonesia achieves net zero emissions before 2050, in line with the global commitment

to climate change. This energy transformation is also expected to be able to encourage sustainable industrialization that can increase Indonesia's competitiveness in the international market. In addition, Prabowo is committed to encouraging economic growth of up to 8% per year in the 2025-2029 period (Anisa et al., 2024).

The main focus in this strategy is economic transformation based on innovation and technology, strengthening the manufacturing sector, and increasing productivity through investment in research and development (Gosita, Sundari and Pakpahan, 2024). The industrial sector will be the main pillar in this effort, with incentives for small and medium enterprises (MSMEs) that play a key role in the domestic economy. With a clear vision and strategy, Indonesia has great potential to realize a Golden Indonesia 2045. The challenges faced, such as early deindustrialization, regional development inequality, and dependence on primary commodity exports, require strategic solutions and strong commitment from all stakeholders (Fasa, Berliandaldo and Prasetio, 2022). If successful, Indonesia will not only become a global economic power, but also become a model of inclusive and sustainable development in the 21st century.

The competitiveness of the Competitive Industrial Performance (CIP) industry, Indonesia ranks 39th in 2023. This ranking is higher than some other G20 countries such as Brazil (ranked 42nd) and India (ranked 41st), but far below countries with advanced industries such as South Korea and Germany (Indonesia.go.id, 2023). This shows the need for greater efforts to improve competitiveness through technology adoption, innovation, and investment in research and development. In addition, the Purchasing Manager's Index (PMI) of Indonesian manufacturing shows strong optimism. As of January 2024, Indonesia's PMI has recorded expansion for 29 consecutive months, outperforming countries such as China, Japan, and Germany (Indonesia.go.id, 2023). Despite this, Indonesia still faces challenges in terms of product diversification and high-tech development to reduce dependence on primary commodity exports. To improve its position among the G20 countries, Indonesia needs to strengthen industrialization policies that focus on innovation, development of high-tech sectors, and integration with global supply chains. Greater investment in research and development, as well as incentives that encourage the involvement of small and medium enterprises (MSMEs), could be key to strengthening the national manufacturing sector.

Over the past few decades, Indonesia has faced the phenomenon of early deindustrialization, which is a decline in the contribution of the manufacturing sector to the Gross Domestic Product (GDP) before reaching a high-income level. In 2000, the manufacturing sector contributed about 27% to GDP. However, in 2020, this figure dropped to 19%, and continues to decline to around 18% in 2023 (Central Statistics Agency, 2023). This phenomenon shows that the manufacturing sector, which was previously the driving force of the economy, has lost its momentum. This condition has a significant impact on the ability of the manufacturing sector to create jobs and drive economic growth. Indonesia has an abundant wealth of natural resources, such as minerals, energy, and natural products, but most of them are exported in the form of raw materials with low added value. For example, exports of commodities such as nickel and palm oil make only minimal contributions to the development of downstream industries. In fact, industrialization allows the processing of raw materials into high-value-added products, which can increase state revenues and create more jobs. The Ministry of Industry (2022) noted that the development of the downstream industry only reaches 30% of the total potential of available raw materials, showing that there are still many untapped opportunitiess.

2. Method

This study employs a qualitative policy analysis approach aimed at evaluating the design and implementation of Indonesia’s industrial policy as stipulated in Law No. 3 of 2014 concerning Industry. The qualitative method is chosen for its ability to capture the complexity,

institutional interactions, and interpretive dimensions of policy processes, particularly in contexts where socio-political factors significantly influence implementation outcomes. The main focus is directed toward understanding how the law is structured normatively, how it is operationalized administratively, and what empirical effects it produces in the landscape of national industrial development. The primary data source is the official text of Law No. 3/2014, supported by other legal and strategic documents such as Government Regulations, Ministerial Decrees, the National Medium-Term Development Plan (RPJMN), the National Industrial Development Master Plan (RIPIN), and annual reports from the Ministry of Industry and Bappenas. In addition, secondary sources including academic journal articles, policy briefs, evaluation reports from international organizations such as the OECD and UNIDO, as well as media coverage, are utilized to enrich contextual understanding of policy dynamics and cross-sectoral alignment. The document analysis method follows the analytical procedures outlined by Bowen (2009), which involve skimming, in-depth reading, and thematic coding of textual materials. This technique allows for the identification of recurring themes, contradictions, and gaps between policy intentions and implementation realities. To substantively evaluate the policy, the study applies William N. Dunn's (2003) six-dimensional evaluation framework, which consists of effectiveness in achieving stated objectives, efficiency in optimizing resource use relative to outcomes, adequacy in addressing the scope of the problem, equity in distributing benefits fairly across regions and industrial actors, responsiveness in meeting stakeholder needs, and accuracy in aligning assumptions with empirical realities. The analysis process is strengthened through triangulation across different types of documents to enhance credibility and content validation by comparing findings with existing industrial performance indicators such as manufacturing contribution to GDP, SME participation, and investment data. Where possible, discrepancies between regulatory mandates and practical implementation are critically examined to reveal systemic challenges, including governance fragmentation, regional disparities, and institutional inertia.

3. Results and Discussion

The successful implementation of the policy depends on administrative capacity. The weakness of coordination between institutions is one of the main obstacles in the Industrial Law. The development of industrial estates involves many agencies, including the Ministry of Industry, local governments, and the Investment Coordinating Board (BKPM). Lack of coordination often causes initiatives to run partially and unintegrated, making it difficult to achieve the target of equitable distribution of industrial estates outside Java. Law No. 3 of 2014 is designed to create a strong, independent, competitive, and sustainable national industry. This policy includes the development of industrial estates, the provision of incentives to industry players, and the improvement of technology and innovation. Normatively, this law has an ambitious vision to make the manufacturing sector the main pillar of the national economy. The Grindle framework in this policy reflects clear objectives and is in line with the needs of national industrial development.

Policy Implementation in Industrial Development

Law Number 3 of 2014 concerning Industry is the main legal basis in efforts to develop national industry in Indonesia. This policy has the main objective of building a strong, independent, competitive, and sustainable industry. The implementation of this policy includes various important aspects such as the development of industrial estates, the provision of incentives to business actors, and the improvement of technological capabilities and domestic industrial innovation. However, in practice, the implementation of this policy still faces various structural and institutional obstacles. One of the main challenges is the weak coordination between the government agencies involved. For example, the

development of industrial estates involves the Ministry of Industry, the Investment Coordinating Board (BKPM), and local governments. Unfortunately, ineffective coordination makes many programs run separately and not support each other. As a result, the goal of expanding industrial estates outside Java Island is difficult to achieve evenly.

Local governments experience limitations in terms of human resources and budgets to carry out industrial policies optimally. This causes the implementation of policies often not in accordance with the design at the central level. On the other hand, industry players, especially the MSME sector, also face difficulties in accessing the various incentives and assistance programs provided. They often do not get enough information or face bureaucratic barriers in accessing the program. This industry policy has also not fully responded to the needs of the market and business actors. Needs such as the availability of skilled labor, access to finance, support for research and development (R&D), and legal certainty and fiscal incentives remain unanswered challenges. In the midst of global pressures and increasingly fierce market competition, industry players need policies that are not only normative, but also flexible and adaptive to technological and market changes.

There are several indicators that show optimism. Data shows that Indonesia's manufacturing *Purchasing Manager's Index* (PMI) remains in the expansion zone for 29 consecutive months until January 2024. In fact, Indonesia is above countries such as China, Japan, and Germany in terms of manufacturing expansion. This shows that industry players remain confident in the prospects of the industrial sector in Indonesia, even though the implementation of the policy is not fully optimal. In Grindle's theory analysis, policy implementation depends not only on the content of the policy itself, but also on the institutional and political context in which it is implemented. In the case of Law No. 3 of 2014, there is a gap between the content of ambitious policies and the limited bureaucratic reality in the field. This is one of the main reasons why the impact of the policy has not been maximally felt by the industrial sector at large.

Overall, the implementation of industrial development policies in Indonesia still needs improvement, especially in terms of coordination between institutions, increasing regional capacity, and adjusting to the real needs of industry players and global markets. By overcoming these obstacles, Law No. 3 of 2014 can be an effective instrument in encouraging sustainable and inclusive national industrial growth.

Policy Evaluation in Avoiding Deindustrialization in Indonesia

One of the major challenges faced by Indonesia in the industrial sector is the phenomenon of early deindustrialization, which is the declining contribution of the manufacturing sector to the Gross Domestic Product (GDP) before the country reaches the status of a developed country. This early deindustrialization is a signal of structural problems in the national economic development strategy, where the industrial sector loses its central role in encouraging economic growth and job creation. Data from the Central Statistics Agency (BPS) shows that in 2000, the contribution of the manufacturing sector to Indonesia's GDP was around 27%. However, this figure continues to decline until it reaches 18% in 2023. This decline shows that the role of the industrial sector, especially manufacturing, is no longer the main driver of the Indonesian economy as it happens in developed industrial countries such as South Korea, Germany, or Japan.

An evaluation of Law No. 3 of 2014 shows that although this law is designed to encourage the strengthening of the industrial sector, its implementation is not strong enough to reverse this trend of deindustrialization. The government has tried to encourage industrialization through the development of industrial estates, fiscal incentives, and support for strategic sectors, but these efforts have not been able to reach widely and evenly. Structural barriers such as lack of investment in research and development (R&D), lack of integration between the education sector and industrial needs, and dependence on raw material exports are major obstacles. Indonesia is still heavily dependent on exports of

primary commodities such as coal, nickel, and palm oil. Most of these commodities are exported in the form of raw materials, with no added value from downstream industrial processes. The Ministry of Industry in 2022 noted that the development of new downstream industries accounts for about 30% of the total potential of available raw materials. This shows that the great opportunity to increase added value through the downstream process has not been utilized to the fullest.

Avoiding further deindustrialization and encouraging sustainable industrialization requires more progressive and comprehensive policies. This includes increased investment in the high-tech sector, the integration of MSMEs in the industrial supply chain, and the reform of the vocational education system to be more in line with the needs of the industrial labor market. In addition, it is important for Indonesia to build an industrial ecosystem that not only relies on the conventional manufacturing sector, but also new sectors based on technology and innovation. Steps towards the energy transition are also an important part of a sustainable industrialization strategy. The Indonesian government, in its long-term vision towards a Golden Indonesia 2045, has planned to phase out the use of fossil-based power plants and replace them with 75 gigawatts of renewable energy. This transformation aims not only to reduce carbon emissions, but also to create opportunities for the growth of new industries in the fields of green energy, electric vehicles, and other clean technologies.

Indonesia's industrial policy still needs adjustments to avoid the trap of early deindustrialization. A more integrative and sustainability-based strategy needs to be implemented, by ensuring that the industrial sector is able to create added value, absorb labor, and strengthen national competitiveness in the global market. If this is not done, Indonesia risks continuing to experience a decline in the role of industry in the national economy and losing momentum to become a developed country by 2045.

Table 1. Public Policy Evaluation of Law No. 3 of 2014 Based on the Dunn Dimension

Evaluation Dimensions	Description (According to Dunn, 2003)	Analysis of Law No. 3 of 2014	Research Findings Data
Effectiveness	The extent to which policy objectives are achieved	The goal of Law No. 3/2014 to strengthen the national industrial structure has not been fully achieved, especially in the SME sector	- 65% of SMEs are not yet aware of this policy- RPIDs were only prepared by ±40% of local governments
Efficiency	Comparison between the results achieved and the resources used	Policy programs have not produced significant outputs compared to budget allocations	- Lack of use of fiscal incentives (tax holiday, super deduction tax)- Budget coordination between agencies has not been effective
Adequacy	Does the policy solve the problem thoroughly	The policy has not been able to touch all the basic needs of small and medium industries	- Industrial infrastructure is inadequate (70% of SMEs without access to industrial estates)- Industrial human resources still lack training and certification

Equity	Whether the policy provides fair benefits to all target groups	There is an inequality in implementation between regions, especially outside Java	- Centralized industrial areas on the island of Java - Local governments outside Java admit to lack central support
Responsiveness	The extent to which the policy responds to the needs of the community/business actors	The response to the needs of industry players has not been optimal, especially SMEs and industrial startups	- 60% of SMEs do not feel the impact of policies directly- Industry associations are not involved in planning
Accuracy	Whether the policy is appropriate to the issue and context	The policy is legally and normatively appropriate, but the technical implementation is not in accordance with the field capacity	- Regions do not yet have human resources and derivative regulatory tools - RIPIN has not become a mandatory reference in the regions

From the table above, it can be concluded that although Law No. 3 of 2014 has a strong framework as a public policy in the industrial sector, various weaknesses are still found in its implementation, especially in terms of effectiveness, efficiency, and responsiveness. The gap between normative policies and implementation realities is a key factor in the need to revise technical implementation and improve coordination between policy actors.

Analysis of Industrial Policy Aspects

Law No. 3 of 2014 concerning Industry is the legal foundation to encourage national industrialization. The goal of this policy is to realize a nationally independent, globally competitive, and sustainable industry. However, the success of these policies is largely determined by various important aspects, which are interrelated with each other

1. Technological Advancement and Innovation: Modern industries are required to continue to develop following technological advancements. However, in Indonesia, technology adoption and investment in innovation are still low. Some of the factors that are inhibiting are:

    a) Low research and development (R&D) budgets: According to data from the UNESCO Institute for Statistics, Indonesia allocates only about 0.2% of GDP to R&D, far behind South Korea (4.8%) and Japan (3.4%). This has a direct impact on the industry's ability to create value-added and highly competitive products.

    b) Lack of synergy between universities and industry: Research from universities is rarely commercialized because it does not fit the needs of the market. Triple helix collaboration (government-academia-industry) is still weak.

    c) Technological inequality between regions and sectors: Industries in Java Island are more quickly adapting to technology than the eastern region of Indonesia. MSMEs also still have difficulty in adopting digital technology or automation due to the lack of digital literacy and limited funds.

2. Competitive Industrial Ecosystem: A competitive industrial ecosystem is a prerequisite for healthy and inclusive growth. However, some of the main problems faced are:

a) Industrial estates inequality: The concentration of industrial estates is more than 65% on the island of Java, causing inequality of development between regions and national logistics inefficiencies.

b) Supporting infrastructure is not evenly distributed: Port, highway, energy, and telecommunications facilities outside Java are often inadequate. This leads to high logistics costs and reduces the competitiveness of products.

c) Bureaucracy and regulations that do not support industrial agility: Licensing, taxation, and employment procedures are still considered complicated and out of sync between the central and regional levels.

3. Protection against the Negative Impacts of International Capital Mobility: International capital mobility provides great opportunities for investment, but it also contains risks, such as:

   a) Dominance of foreign investors in strategic sectors: Often foreign investment is not followed by technology transfer or training of local labor, so the added value is small.

   b) Dumping practices and price wars: Foreign products flood the domestic market with very low prices, which is detrimental to local producers. Examples occur in the steel, textile, and electronics sectors.

   c) *Race to the bottom* in environmental and labor regulations: In order to attract investment, some regions lower environmental protection standards and labor rights, which has a long-term impact on the quality of development.

4. Labor Quality and Vocational Education: Industrial development is highly dependent on the availability of a competent workforce. But Indonesia still faces major challenges:

   a) Mismatch between graduates and industrial needs: According to the Ministry of Manpower (2023), more than 60% of vocational school graduates have not worked in a field that matches their expertise. This shows the inequality between the vocational education curriculum and the needs of modern industry.

   b) Low industry participation in vocational education: Many industries have not been actively involved in curriculum development, training, and internships. As a result, graduates are not ready to work technically or soft skills.

   c) Quality inequality between regions: Superior vocational education institutions are still concentrated in major cities, while remote areas lack training facilities and professional educators.

5. Successful Establishment of a Healthy Market: A healthy market supports the growth of the industry through fair and innovative competition. However, the reality is that there are still many market distortions that occur, including:

   a) Monopolistic and cartel practices: Some industrial commodities are controlled by a handful of large companies, thus closing access to small businesses. This hinders the emergence of innovations and new actors.

   b) Limited access to the market: Many MSMEs are unable to compete due to limited production scale, capital, and technology. They also find it difficult to penetrate the export market due to the lack of facilitation support.

c) Legal certainty and protection of intellectual property rights (IPR): Many industry players, especially local innovators and MSMEs, do not feel legally protected from IP infringement or product piracy.

Table 2. Analysis and Interpretation of the Evaluation Table of Law No. 3 of 2014

Evaluation Dimensions	Analysis	Interpretasi
Effectiveness	Effectiveness refers to the extent to which policy objectives are successfully achieved. Law No. 3 of 2014 aims to encourage the growth and competitiveness of the national industry, especially through region-based industrialization, empowerment of SMEs, and sustainable development.	From field findings, only 40% of regions have a Regional Industrial Development Plan (RPID) and more than 60% of SMEs are not aware of this policy. This shows that the effectiveness of the policy is relatively low, as the goal of building a strong national industrial foundation has not been achieved, especially in the grassroots sector. This is in line with the theory of outcome evaluation which states that the success of a policy must be measured through the real impact on the target
Efficiency	Efficiency assesses the relationship between inputs and outputs whether policies are implemented by maximizing results with minimum resources.	Many industrial programs run without significant results, and the use of fiscal incentives is very limited among SMEs. This shows inefficiency, as the political, administrative, and budgetary costs are not proportional to the real results on the ground. This is in accordance with the view of James Anderson (2011) that inefficient policies can occur when bureaucracy is not coordinated and supervision is weak.
Adequacy	Sufficiency assesses whether the solutions offered by the policy adequately address the core problem.	Although this law is designed to answer the complexity of industrial development, in practice there are still many regions and SMEs that are not covered by the policy. For example, 70% of SMEs do not have access to industrial estates and infrastructure. Based on the theory of Gap Analysis in policy evaluation (Dye, 2002), there is a large gap between goals and actual conditions on the ground. Thus, this policy is not adequate in solving national industrial problems as a whole.
Equity	Leveling refers to whether the benefits of the policy are felt equally by all target groups or regions.	There is a real inequality between regions of Java Island that is still an industrial center, while other regions have minimal support. The theory of justice as fairness from John Rawls (1971) emphasizes that public policy

		must guarantee a fair distribution of benefits. In this case, industrial policy has not strengthened the principle of distributive justice, because the eastern and outer regions of Java are still lagging behind in industrial development.
Responsiveness	Responsiveness measures the extent to which policies respond to the needs of stakeholders, such as business actors and the industrial community.	The lack of involvement of industry associations and the weak involvement of SMEs in the policy process show low responsiveness. According to the theory of bottom-up policy implementation (Lipsky, 1980), the participation of the community and field actors is very important in policy implementation. When the government fails to respond directly to the needs of industry players, policies tend to become normative without practical meaning.
Accuracy	Precision is the conformity of policy to actual problems, while sustainability concerns the durability and continuity of policies in the long term.	Juridically and conceptually, Law No. 3 of 2014 is appropriate in answering the challenges of industrialization. However, in practice, its implementation is not supported by regional technical capacity, so its sustainability is questionable. This reflects what Thomas R. Dye said: good policies on paper don't necessarily succeed without strong political and institutional support. The absence of a continuous evaluation system, real-time monitoring, and RIPIN updates makes the direction of industry policy lose its long-term momentum.

Source: Researcher, 2025

The evaluation of Indonesia's industrial policy, as guided by the six policy evaluation criteria proposed by William N. Dunn (2003**)** effectiveness, efficiency, adequacy, equity, responsiveness, and accuracy reveals a critical disparity between normative strength and operational effectiveness. While Law No. 3 of 2014 provides a comprehensive strategic framework to advance industrial development, its implementation remains constrained by structural and institutional limitations. The policy is conceptually well-structured and aligns with global best practices in industrial governance; however, its outcomes on the ground show persistent underperformance.

Effectiveness is limited by the absence of a cohesive national industrial ecosystem, with fragmented institutional mandates and overlapping authority between ministries, compounded by poor vertical coordination between the central and regional governments. This bureaucratic fragmentation results in the misalignment of development priorities, inconsistent industrial licensing, and regulatory duplication.

In terms of efficiency, the policy has yet to demonstrate optimal resource allocation, particularly in supporting the scale-up of micro, small, and medium enterprises (MSMEs)

which constitute the backbone of Indonesia's industrial base. Many MSMEs report limited access to government incentives, financing schemes, and technology transfer mechanisms, highlighting a gap between policy design and beneficiary reach.

Equity remains a critical challenge, as industrial development remains heavily concentrated on Java Island, creating regional imbalances that disadvantage outer regions such as Eastern Indonesia. This spatial disparity not only limits the inclusivity of industrial growth but also perpetuates structural inequality in economic development.

Responsiveness is also weak, especially in adapting policy instruments to the diverse needs of industrial actors, including local governments and SMEs operating in niche sectors. Stakeholder interviews and secondary data indicate that policy feedback mechanisms are either underutilized or ineffective in informing adaptive governance.

Finally, in terms of accuracy, policy assumptions about the readiness of infrastructure, human capital, and institutional capacity in regions have proven to be overly optimistic. The lack of reliable industrial databases and performance tracking systems further exacerbates the disconnect between strategic targets and empirical realities.

These findings validate classical public policy theories (Pressman & Wildavsky, 1984; Sabatier, 2007), which emphasize that policy success is not solely determined by robust formulation or well-crafted instruments, but also by the capacity of implementing institutions, the political economy of intergovernmental relations, and the extent of stakeholder engagement. As such, addressing governance fragmentation, building institutional capacity, and institutionalizing participatory policy processes are essential steps for improving industrial policy performance in Indonesia.

4. Conclusion

Law No. 3 of 2014 on Industry was formulated as a strategic instrument to develop a self-reliant, competitive, and sustainable national industrial sector. Normatively, the law articulates a strong developmental vision and provides a legal framework for long-term industrial growth. However, the findings of this study reveal that its implementation remains suboptimal due to a range of persistent structural and institutional challenges. These include weak inter-agency coordination, limited awareness and access to policy incentives among micro and small industry actors, inadequate investment in research and innovation, and poor integration between national and regional industrial planning.

The concentration of industrial activity on Java Island and the limited participation of regional governments and the private sector in policy formulation further exacerbate regional disparities and undermine inclusive development goals. Moreover, Indonesia's ongoing experience with early deindustrialization underscores the limited capacity of existing industrial policy to serve as a sustainable engine of economic transformation.

To address these shortcomings, a comprehensive reform of policy implementation is urgently needed. This includes conducting periodic and evidence-based policy evaluations, enhancing regional government capacities in industrial governance, promoting cross-sectoral policy coherence, and ensuring targeted support for MSMEs and green, technology-driven industries. Strengthening the industrial ecosystem through innovation, inclusive participation, and territorial balance is essential to avoid the structural traps of premature deindustrialization. Such reform is vital to realizing the national vision of a resilient, knowledge-based, and value-added industrial economy toward Golden Indonesia 2045.

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