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"**Emerging nations** are surprising for their **resilience, not their fragility**, and the world is likely to start taking notice in the coming year."

RUCHIR SHARMA

"Ruchir Sharma: top 10 trends for 2024," *Financial Times*

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Danantara Indonesia Investor Relations Team

Building Blueprints For Indonesia's Comeback

Trump's tariffs may dominate headlines, but the real story for Indonesia is at home: deregulation, investment, and growth before time runs out.

Millions of people around the world are so obsessed with US President Donald Trump that Ruchir Sharma has a rule for dinner parties at his house: "We will discuss Trump for the first half an hour, and then we will not discuss Trump."

Sharma (center) speaking at the Jakarta event / Photo credit: Verdhana Sekuritas

Sharma had stopped by Jakarta for a talk organized by Indonesia's National Economic Council, co-hosted by Danantara Indonesia and Verdhana Sekuritas. He didn't bother dressing things up.

The US is losing ground, China's weight is undeniable, and the rest of the world suddenly finds itself with an opening.

The problem? Opportunities don't last forever.

Sharma is not new to making these calls. As chairman of Rockefeller International, he has spent decades tracking the rise of emerging markets. He has penned five bestselling books, built a 25-year career at Morgan Stanley Investment Management, and continues to write regular columns for the *Financial Times.*

So when he took the stage — alongside former ministers Luhut Pandjaitan and Mari Pangestu, who now lead the National Economic Council — the city's financial elite paid attention. Heads tilted forward, pens at the ready, as if this roomful of bankers forgot the markets were open.

Sharma's reputation as a master of emerging-market cycles preceded him. And we can all heave a collective sigh of relief: Sharma's recent bullish voice on emerging markets is like an oasis in a desert of bears.

But this time, he also had a sharp take: don't overthink the Trump tariffs — they may actually be a good thing.

Taking a long-term view

The US dollar still dominates globally, and American markets remain a magnet.

Sharma called it a "blackhole of global liquidity," having pulled in more than US$4 trillion in capital since 2019.

AI is America's latest bet, with China making big strides. But most emerging markets risk being buyers, not builders.

For Indonesia, that means pragmatism in the short term — after all, exports to the US totaled US$26.5 billion in 2024 — but preparation for the long term.

As Sharma put it: tariffs are a reminder we can't lean on America forever. Growth has to come from within, and from stronger regional ties.

Luhut Pandjaitan (right) giving opening remarks beside Heriyanto Irawan (left) / Photo credit: Verdhana Sekuritas

The real work starts at home

For Indonesia, that reality check couldn't come at a better time.

For over a decade, we've reaped the rewards of a demographic dividend: a large, productive-age population propelling growth. But that edge won't last. By 2045, one in five Indonesians will be over 60.

The upside is that we still have a window to act.

For us at Danantara Indonesia, we believe the answer begins at home. If it's raining outside, there's nothing we can do to stop it, but we can make sure our roof doesn't leak.

That means deregulation as a given, not a debate. It means treating ease of doing business as the bare minimum, not the end goal.

Sharma also recommended cutting taxes over higher public spending, and even somewhat copying the Trump administration's Department of Government Efficiency (DOGE).

None of this is new. Economists have been making the same case for years. The real question is whether Indonesia finally has the courage to follow through.

Sharma argued that the "China Plus One" strategy — in which multinationals keep their China base but expand to countries like Indonesia, Vietnam, or India — sounds appealing on paper. It promises diversified supply chains, risk hedging, and a share of growth with other markets: certainly something Indonesia should capitalize on.

In reality, though, the shift often leaves Chinese factories with surplus output, which then floods nearby markets like Southeast Asia. The result: domestic industries already under strain face even greater pressure.

Still, China's playbook can be a model for us, pointed out Reza Siregar, Danantara's Managing Director and Chief Economist.

Sharma (center) with the Danantara Indonesia team / Photo credit: Verdhana Sekuritas

Indonesia currently runs at roughly 52% to 53% private consumption and just over 30% investment. In the late 1980s, China's economy looked a lot like ours today, but after joining the WTO in 2001, it flipped the script.

Consumption dropped to around 40%, investment rose to 40%, and growth leapt to 7–9% a year.

ASEAN holds the key

Once things are tidy at home, then we can look outward. Because ASEAN can no longer sit on the sidelines.

It's worth remembering that through agreements like AFTA, ASEAN is almost entirely tariff-free. But when Trump rolled his out, member states scrambled individually — rather than negotiating as a bloc.

If the world is throwing up barriers, then our region should dismantle them for each other.

ASEAN has no Brussels dictating policy. But Trump's tariffs hit us all the same. That should be the wake-up call.

Mari Pangestu (left) closing the event / Photo credit: Verdhana Sekuritas

Of course, ASEAN has its limits. There's a reason exporters chase the US, the EU, and China: those markets are flush with cash, and the profit margins are irresistible.

And it's not like the bloc hasn't dreamed big before. In the 1980s, ASEAN even dreamed of a joint car project, but clashing agendas killed it.

This time, though, the stakes are higher. Failure doesn't just mean a lost project — it means losing ground altogether. Even if the path isn't clear yet, ASEAN has to try.

Danantara Indonesia can help turn this vision into reality.

We're not the government. But we can stay fixated on Indonesia's people, read global currents, and act boldly when the timing is right.

Think of Danantara Indonesia as the country's economic wingman — opening doors, starting conversations, and ensuring Indonesia isn't just in the room, but taken seriously.

As former finance minister Chatib Basri likes to say: "Bad times make for good policies."

Indonesia has a choice: let the clock run out, or pick up the tools.

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Did You Know?

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At the very first ASEAN Summit in Bali in 1976, leaders wanted a symbolic gesture of equality, mutual support, and "hands across borders." The solution: the ASEAN handshake.

Each leader crosses their right arm over their left, then clasps the hands of the people on either side — a kind of diplomatic criss-cross.

The result is rarely photogenic: shorter leaders stretch, taller ones stoop, and someone almost always looks tangled. But the chain embodies ASEAN's motto of "unity in diversity," binding very different nations together, hand in hand...literally.

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__Danantara Indonesia Diaries__ is a newsletter produced by Danantara Indonesia's investor relations team.