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Challenges To Indonesian Small and Medium Enterprises' Participation in The Electric Vehicle Industry

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Abstract

Indonesia has the world's largest nickel reserves and stopped exporting in 2020. This strategic intent attracted foreign electric vehicle (EV) manufacturers to localize their battery production in Indonesia. This paper examines the economic value captured by Indonesian small and medium enterprises (SMEs), a significant contributor to its GDP (about 10%), and employing over 90% of its population. This research focuses on the concept of liability of smallness to assess Indonesian SMEs' competitive strengths and weaknesses to partake in the EV value chain. Indonesian SMEs must collaborate with local and foreign firms to increase their competitive ability. The Indonesian government will also need to support the development of Indonesian SMEs so that they can grow and expand their businesses in the EV value chain, as well as benefit from the opportunities.

Keywords: ASEAN; Entrepreneurship; Investment Liability Of Smallness; Trade