

MEMO

From: APCO Worldwide
Date: 16 February, 2024
Subject: 2024 Indonesia Election: Results & Implications for Business

KEY TAKEAWAYS

Former general and current Minister of Defense **Prabowo Subianto won the Indonesian presidential election held on February 14th in a landslide**, securing an absolute majority and winning more votes than the combined total of his two competitors—Ganjar Pranowo and Anies Baswedan.

- **Continuity won the day:** Indonesian voters do not want change. Prabowo won the election in large part because he was endorsed by the current president Joko Widodo (Jokowi) and seen as the candidate that will best continue and preserve Jokowi’s agenda.
- **Feared instability issues a nonfactor:** Despite a heavily charged election campaign and some democratic backsliding, the Indonesian political system proved stable. It’s worth noting that none of the candidates ran campaigns that aimed to benefit from issues of identity, religion or ethnicity.
- **Pragmatism will continue to define Indonesian politics:** Following the election results, there will be a reshuffling of political parties to form ruling coalitions. Unlike most democracies in the region and across the world, Indonesia’s democracy is not defined by strong ideological divides that hinder the ability for rule making and governance.
- **Prabowo’s promises:** The president-elect has made increased social welfare spending, the protection of the environment and increased military spending part of his manifesto. Achieving these will be the core challenges of his presidency. Companies that can support in these endeavors are well placed.
- **Business as usual:** Prabowo is set to continue the Jokowi era policies of improving Indonesia’s business environment for foreign investors. This includes further standardizing and more fairly implementing industry rules and regulations. Nonetheless, ongoing downstream requirements on local content and efforts to boost Indonesian industry will persist.
- **Indonesia to hedge on its foreign relations:** Prabowo will continue his predecessor’s legacy on U.S.-China relations, pragmatically navigating between the two superpowers without picking sides.

OVERVIEW

Prabowo wins in a landslide

The initial count for Indonesia’s February 14th general election indicates a landslide win for presidential candidate Prabowo Subianto, Minister of Defense under current President Jokowi. Alongside the president-elect is Gibran Rakabuming Raka, the Jokowi’s firstborn and now vice president-elect.

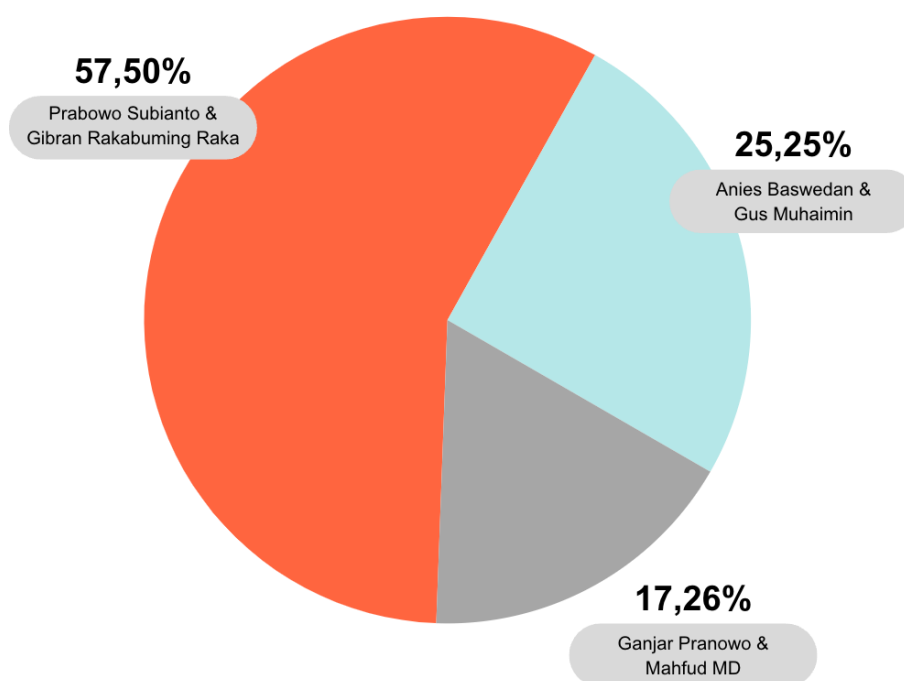
While vote recapitulation officially ends March 20th, current polling results are expected to remain in place as a final tally is made. The Prabowo-Gibran pair has secured a definitive majority of the votes, at approximately **58%**. Prabowo’s pair of opponents trail significantly behind the presumptive president-to-be. Former Governor of Jakarta Anies Baswedan and his running mate

Muhaimin Iskandar sit at **25%** of the vote, with former Governor of Central Java Ganjar Pranowo and Mahfud MD having secured around **18%**.

Barring any contestations, the Prabowo-Gibran ticket will be inaugurated into office by October 2024 and their new cabinet will likely be announced soon after.

Leading up to the first round of voting, speculation persisted over whether Prabowo-Gibran could secure the 50% threshold to bypass a second-round runoff. Given the ease with which Prabowo won, Anies-Muhaimin and Ganjar-Mahfud have insinuated foul play and intend to work together to investigate fraudulent voting practices.

2024 Indonesia Presidential Elections *Quick Count Results*



Source: [Bisnis](#)

In the legislature, the ruling party that backed Jokowi’s rise, Indonesian Democratic Party of Struggle (PDI-P), still holds the highest share of votes at 16%. That said, the party held a lower share compared to the last election, as Jokowi’s allegiance to the party diminished over time. It is now likely that we will see a Prabowo-Gibran administration with a strong opposition voice from PDI-P and those coming from Anies-Muhaimin’s coalition.

Prabowo as Jokowi’s chosen successor

With an approval rating hovering around 80%, Jokowi’s role in the election was significant from the start. Under his ten years in office, Indonesia saw economic growth and stability as well as impressive infrastructure developments and consistent social welfare programs. Since he was inaugurated in 2014, Indonesia has seen an average of 5% annual growth to its economy—barring 2020. It is then not a surprise that presidential candidates’ alignment with Jokowi is of paramount importance for the voters.

While driven by his own vision and inability to defeat Jokowi in the past two presidential elections, Prabowo now positions himself as a purveyor of continuity to the Jokowi era; Gibran's participation stands as a testament to that. Moreover, Jokowi's allies have publicly stated the president's support for Prabowo's political agenda, further cementing this narrative of alignment.

Gibran's foray into the race was paved by Jokowi's complex regulatory maneuvering—which many suspected is aimed to maintain his political legacy. Notably, the president's actions to support Gibran have been condemned by opposing coalitions and more discreetly by some the ministers in his cabinet as of late.

A test for democracy

Considering Jokowi's alleged nepotism and suspicions of Prabowo's involvement in human rights violations, questions now arise about how Indonesia's democracy will fare under the incoming administration. However, the milestones achieved during Jokowi's administration—such as the infrastructure developments in Indonesia's oft-neglected eastern regions—and the successes of his two-term leadership are hard to dismiss as significant drivers behind Prabowo's victory.

If the General Election Commissions' vote count sustains the current unofficial count, it will be the first time since President Susilo Bambang Yudoyono's administration (2004-2014) that PDI-P (which stands for Indonesian Democratic Party of Struggle) is thrust into the opposition. This will set a shift in the dynamics of the government and policymaking, where an opposition party holds a majority of the legislative seats.

Indonesia will continue to balance itself between the U.S. and China

Very little is expected to change in Indonesia's posture towards the U.S. and China. Indonesia under Prabowo is expected to adhere to its guiding principle of foreign policy to be a 'friend to all' and enemy of none. Tensions in the South China Sea and extended pressure from the U.S. will present challenges for president-elect Prabowo. Despite some campaign rhetoric of a more strident foreign policy, Prabowo will ultimately be limited by his coalition backers and family affiliations.

Business as usual

Prabowo and Gibran's victory suggests Indonesia's overarching policy direction will not drastically change from the past decade. The country is likely to continue to open itself up to foreign direct investment (FDI) and the policies that have delivered stable growth over the past decade will remain. However, the business environment remains challenging, especially downstream. And as such, global entities should continue to monitor Indonesia's policies with regard to rising protectionism and its impact on the international supply chain through halal certification mandates and local-content requirements (TKDN).

Jokowi's recent political maneuvering could see business shift closer to government, including local conglomerates and businesses. Looking forward, policies under the new President-elect will likely provide continuity with Jokowi's era, such as the construction of the new capital city, transformation of the Indonesian health system through the Health Omnibus Law, and continued digital infrastructure development.

Economic stability is of key importance to Indonesian society and a strategic objective for the Indonesian government given the 2045 Golden Indonesia roadmap. According to forecasts by the Organization for Economic Cooperation and Development (OECD), Indonesia's gross domestic product is projected to grow to become the fourth-largest in the world by 2045, driven by its demographic bonus in 2030–2040. It is now contingent on the next President and his cabinet to uphold the progress delivered for the next five years, while fostering a welcome climate for foreign investors.