

**“Prediction Manufacturing Industry Potential Output and Growth: Case Study
Indonesia’s Manufacturing Industry 2000-2021”**

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Submission of a manuscript to the Jurnal Ekonomi & Studi Pembangunan

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Dear Editor of Jurnal Ekonomi & Studi Pembangunan,

I wish to submit an original research article entitled “Prediction Manufacturing Industry Potential Output and Growth: Case Study Indonesia’s Manufacturing Industry 2000-2021e” for consideration by Jurnal Ekonomi & Studi Pembangunan.

I confirm that the paper is my own work with the support from the Ministry of Industry of Republic of Indonesia.

The analysis of the output gap has been a focal point of my research. Understanding the disparity between actual and potential output is paramount in assessing a country's economic position, and I firmly believe that this knowledge serves as a crucial diagnostic tool for policymakers. The insights gleaned from such analysis provide an in-depth understanding of the current state of a country's business cycle, enabling the formulation of effective policy scenarios. As highlighted in my recent research, I had the privilege of conducting a comprehensive analysis on the estimation of potential output and output gaps within Indonesia's non-oil and gas processing industry sector. Employing three robust methodologies, namely the HP (Hodrick-Prescott) Filter, the BP (Band-Pass) Filter, and the Production Function Approach, my study revealed valuable insights. It indicated that the non-oil and gas processing industry in Indonesia experienced a slight deviation below its potential between 2020 and 2021. This finding underscores the importance of policymakers taking this aspect into account, both in the short and long term. In the short term, my research demonstrated that the positive output gap brought about inflationary pressures, necessitating swift and effective measures to control inflation. It highlights the need for timely policy interventions to address economic imbalances and ensure stability. In the medium term, I firmly believe that continued structural reforms are essential to enhancing potential output. These reforms include strategies to increase labor force participation, promote sustainable investments for capital factors, and improve human capital quality and technological expertise for enhanced productivity.

Thank you for your consideration of this manuscript to be published on Jurnal Ekonomi & Studi Pembangunan.

Sincerely,



Tirta Wisnu Permana