

# Indonesia's Economic Revival Behind the Lockdown of 59 Countries

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**Abstract**— Global economic recession is in sight due to Covid-19 in various countries, including Indonesia. A number of institutions predict that Indonesia's economic growth will decline and will have an impact on the increase in the number of poor people in the country. The weakening performance of the domestic economy has an impact on increasing the burden on government spending. This is in line with the increase in unemployment and poverty rates. As a result, the 2020 state budget deficit is estimated to widen to 5.07 percent. In addition, tax revenue is projected to decrease by IDR. 403.1 trillion of the APBN target. The handling of the impacts also made Indonesia's debt swell. The World Bank noted that Indonesia's debt ratio will increase from 28 percent to 31.4 percent of gross domestic product (GDP) in 2020. The International Monetary Fund (IMF) also projects that the current account deficit will widen to 3.2 percent of GDP.

**Keywords:** Economy, Locked-Down.

## 1 INTRODUCTION

As a result of the high number of Covid-19 cases in Indonesia as of September 2020, it has reached around 196,989 people. About 140,652 patients were declared cured and 8,310 people were declared dead (Bisnis Tempo / September 7, 2020). Currently, 59 countries have stated that they are closing their doors for Indonesian citizens to visit, and vice versa. Of the 59 countries that have declared Lock Down, Indonesia is almost all countries in the Southeast Asia region. Malaysia is a country that is very close to Indonesia, currently a neighboring country through the Director- General of Malaysian Immigration, Indera Khairul Dzaimie Bin Daud, whose country prohibits entry to foreigners from countries with more than 150,000 Covid-19 cases, one of which is Indonesia. This step was taken by the Malaysian government towards Indonesia after seeing that the spread of the Corona Virus had not shown any signs of a decline in cases until September 2020 (Kompasiana, 2020).

## 2 Indonesia's position in the ASEAN Community

Indonesia's dependence on several countries in the Southeast Asian region, especially Malaysia, is still high. This can be seen from the foreign exchange contribution given by Indonesian migrant workers abroad with a very fantastic figure because it has reached around 8 million people spread across various countries in the world, while the minimum wage they get while working outside is 10 million to 20 million. a year per person. In other words, they were able to generate foreign exchange that entered at least in

the range of IDR. 160 Trillion in one year. The Central Bureau of Statistics (BPS, 2020) noted that the Indonesian Migrant Workers working abroad has increased to reach 276,553 people in 2019. This number has decreased by 2.5 percent compared to the previous year (Karim, A. 2020).

Data on Indonesian Migrant Workers who work with official documents so that it does not include those who migrate abroad illegally or without complete documents. The total number of migrant workers from Indonesia, 69.15 percent, are women workers. Malaysia is the largest recipient country for Indonesian workers with a total of 79,662 people. Then Taiwan which accommodates as many as 79,574 Indonesian Workers or almost equal Malaysia. Meanwhile, the receiving country for Indonesian Migrant Workers is Hong Kong, which accommodates 70,840 people. Singapore 19,354 people, Saudi Arabia 7,018 people, South Korea 6,193 people. Then Brunei Darussalam 5,639 people, Italy 1,349 people, Kuwait 782 people, UAE as many as 578 people.

Based on the data on the order of countries that are the destination of Indonesian workers, almost all countries such as Malaysia, Taiwan, Hong Kong, Singapore, Saudi Arabia, South Korea, Brunei Darussalam, Kuwait, and the UAE from the total 59 countries that have locked-up Indonesia. It can be assumed that the discourse of the economic recession in Indonesia during the Pandemic Global Covid-19 is not just a discourse. On the other hand, the impact of the presence of 59 Locked-Down Countries, namely the reduc-

tion in State foreign exchange to the State Budget contribution originating from Indonesian Workers (Kompasiana, 2020).

### 3 GOVERNMENT POLICY IN NATIONAL ECONOMIC GROWTH

The existence of policies from some of these countries strongly strengthens the prediction that very small economic growth could be in the position of minus 0.4 percent. If there is no concrete effort taken by the government, then export and import activities will also serve as the basis for weakening national economic growth at macro and micro levels. So that from slowing economic activity, it causes foreign exchange and the exchange rate has the potential to weaken to IDR. 20,000 per USD.

Adjusted BPS data as of August 2020, The National General Wholesale Price Index (IHPB) fell by 0.07 percent against July 2020. The highest decrease in IHPB occurred in the Agricultural Sector by 1.12 percent. Several commodities that experienced a decline in prices in August 2020 include chicken, carrots, onions, tomatoes, cabbage, broiler chicken, and sugar. The change in IHPB in the 2020 calendar year is 0.61 percent and the change in IHPB from year to year is 0.75 percent. The IHPB for Building Materials / Construction in August 2020 increased by 0.29 percent from the previous month, partly due to the increase in commodity prices for concrete iron, cement, industrial diesel fuel, steel roof trusses, and steel construction.

The Indonesian economy based on the amount of Gross Domestic Product (GDP) at the current price of the second quarter of 2020 reached IDR. 3,687.7 trillion and based on constant 2020 prices reaching IDR. 2,589.6 trillion. The Indonesian economy in the second quarter of 2020 against the second quarter of 2019 experienced a growth contraction of 5.32 percent. From the production side, the Transportation and Warehousing Business Field experienced the highest growth contraction of 30.84 percent. From the expenditure side, the components of goods and services exports and imports of goods and services experienced a growth contraction of 11.66 percent and 16.96 percent, respectively. The Indonesian economy in the second quarter of 2020 against the previous quarter experienced a growth contraction of 4.19 percent. From the production side, the Transportation and Warehousing Business Field experienced the highest growth contraction of 29.22 percent. Meanwhile, from the expenditure side, the Components of Goods and Services Exports and Imports of Goods and Services experienced a growth contraction of 12.81 percent and 14.16 percent respectively. (BPS, 2020).

### 4 THE REVIVAL OF THE NATIONAL ECONOMY IN REGIONAL ECONOMIC

The Indonesian economy in the first semester of 2020 against the first semester of 2019 experienced a contraction of 1.26 percent. From the production side, the biggest contraction in growth occurred in the Transportation and Warehousing Business Field, amounting to 15.07 percent. Meanwhile, from the expenditure side, all components contracted, with the highest contraction occurring in the Component of Consumption Expenditure for Non-Profit Institutions Serving Households (PK-LNPRT) by 6.44 percent. The spatial structure of the Indonesian economy in the second quarter of 2020 was dominated by the group of provinces in Java Island at 58.55 percent, with economic performance experiencing a growth contraction of 6.69 percent. Meanwhile, the Maluku and Papua Island groups achieved the highest growth of 2.36 percent, even though their contribution was the smallest (less than three percent) compared to other island groups (Aneta, A., Panigoro, M. H., Nawawi, J., Musa, C. I., & Rahmat, A. 2020).

It is time for the Indonesian government to prepare various strategies to strengthen economic growth towards reviving the national economy. After the Locked-Down, 59 countries, including all countries in the ASEAN Community, took action simultaneously because Indonesia was deemed incapable of handling the Covid-19 case. One of the effective steps is how the government mobilizes all potential elements of the nation to participate actively and productively in strengthening regional economic growth. It is time for the Central Government to conduct a structured study in the utilization of all aspects of regional potential that can contribute to driving the economy and supporting national economic growth.

### 5 CONCLUSION

Utilization of local economic potential in encouraging national economic growth which must be the government's priority scale to be developed. Because this can implement the slogan of love for domestic products. Innovation is the key to the revival of the national economy through regional economic growth that will be able to escape from various obstacles and limitations. In the midst of the current Covid-19 pandemic, a number of regional heads have proven to be courageous in making strategic breakthroughs in order to immediately rise up to improve the welfare of their people. As the capital of innovation, the weaknesses faced by the regions will be easier to map and unravel. Regional heads are also able to run the government effectively and efficiently by prioritizing the collaboration of various parties. Through the involvement of

many of these groups, public participation in development programs in the regions in supporting the revival of the national economy.

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