



The Impact of COVID-19 Pandemic on Indonesia's Economy and Alternative Prospects for Untact Society*



Kyungchan Lee**

[*Abstract*]

This research is an attempt to understand the economic and social consequences that are occurring in Indonesia due to the spread of COVID-19. Indonesia, which has maintained solid economic growth since the inauguration of President Jokowi's government, is also experiencing difficulties to deal with unexpected COVID-19 pandemic as the global economic turmoil has had a very significant impact on its economy. The economic impact of COVID-19 can be felt, starting from the phenomenon of panic buying, the free fall of the stock price index, the depreciation of the *Rupiah* against the Dollar, sluggish activities in the processing industry, and ultimately it has an impact on slowing economic growth. Various policies and measures have been taken by the Indonesian government to minimize the negative impact caused by the COVID-19 pandemic on the economy. One such area is electronic commerce business or e-commerce that witnessed a vast increase of online and non-cash transaction amid rising voices that the country needs to prepare for the advent of a new economic system, the so-called New Normal era. The Covid-19 pandemic will

* This work was supported by Youngsan University Research Fund of 2021.

** Professor, School of Global Studies, Youngsan University. South Korea. klee@ysu.ac.kr

temporarily slow economic growth and delay some development projects and policy initiatives as the Indonesian government diverts capital from infrastructure development to help respond to the crisis. However, the Jokowi administration's efforts for continuous reform are expected to accelerate the transition to the digital economy.

Keywords: Indonesia, COVID-19, Economic impact, Untact society, New normal

I . Introduction

The COVID-19 pandemic which broke out in China and spread rapidly all over the world, is changing the life of the global village. Despite the effects of COVID-19 appearing in many ways, it is the economy and industrial sectors that are hit most directly and seriously. The evolution and economic effect of the disease is highly unpredictable, making it difficult for policymakers to devise an effective response to macroeconomic policies. Warwick and Roshen discussed seven different scenarios of how COVID-19 could develop in the coming years, and they concluded that even a controlled outbreak could have a major short-term effect on the global economy (Warwick and Roshen 2020). The International Monetary Fund (IMF) in its June 2020 World Economic Forecast also noted that, as the pandemic continues to sow chaos and companies across the world struggle to operate in the midst of the epidemic, the global economy will face an even greater decline than previously expected (IMF 2020). The forecast highlights the severity of the challenge that policymakers face as they try to dig out of what the institution has described as the most extreme economic recession since the Great Depression. While countries are beginning to reopen their economies, it is becoming increasingly clear that the recovery will be uneven and prolonged as cases continue to grow and consumers remain skeptical about resuming normal activity.

Indeed, almost every country and its people around the world, whether developed, underdeveloped or emerging economies, are affected by the epidemic. As trade flows and tourism have

evaporated due to the COVID-19 crisis, economic structures around the world have ground to a virtual halt. Indonesia, which has maintained solid economic growth since the inauguration of President Jokowi's government in 2014, is also experiencing difficulties to deal with unexpected COVID-19 pandemic as the global economic turmoil has had a very significant effect on its economy. The economic impact caused by the increased spread of COVID-19 can be felt, starting from the phenomenon of panic buying, the free fall of the stock price index, the depreciation of the Rupiah against the Dollar, sluggish activities in the processing industry, and ultimately it has an impact on slowing economic growth.

This research which is based on qualitative descriptive approach is an attempt to understand the economic and social consequences that are occurring in Indonesia due to the spread of COVID-19. More precisely, this paper's structure is as follows. Chapter 1 provides an introduction to the goal, substance and significance of the study which shall be followed by Chapter 2 examining the negative impact of the pandemic on Indonesia's economy and industry. Chapter 3 looks at the responses and policies of the Indonesian government to minimize the negative impact caused by the COVID-19 crisis on the economy. Chapter 4 analyzes the expansion of the untact or non-contact service in Indonesia amid rising voices that the country needs to prepare for the advent of a new economic system, the so-called New Normal era.¹ And finally, Chapter 5 summarizes the main contents discussed in this paper and concludes with the outlook on the various effects of COVID-19 on Indonesian economy and its future impact on Indonesian society.

¹ New Normal is a new economic term after the global financial crisis in 2008, when Fimco's CEO Mohamed El Erien pointed out low growth, low interest rates, low prices, and high unemployment rates as 'New Normal' after the crisis in his book, *When Markets Collide: Investment Strategies for the Age of Global Economic Change*. McGraw-Hill Education. (June 13, 2008).

II . The Impact of COVID-19 on Indonesian Economy and Industry

2.1 Impact on Indonesian economy

The impact of COVID-19 is quite significant on the Indonesian economy. Like other countries that were hit hard by COVID-19, major international organizations and global economic analysis institutions are looking at Indonesia's economic outlook darkly. In April 2020, the Asian Development Bank(ADB) lowered the forecast for Indonesia's 2020 GDP growth to 2.5% and the IMF 0.5% (ADB 2020). The World Bank projected a growth rate of 0% in its global economic outlook report released on June 8, 2020 which was significantly lowered from its original forecast for Indonesia (World Bank 2020). This is a result of analysis taking into account of the possible decline in prices of raw materials, a sharp decline in household consumption expenditure, and the possibility of prolonged quarantine measures due to the pandemic. Fitch Solution, a US credit rating agency, also lowered Indonesia's 2020 economic growth forecast to 4.7%(March 30), 2.8%(April 20), and -1.3%(May 6) (Fitch Solutions 2020). It even suggested negative growth, which is the darkest figure among the forecasts so far.

<Table 2-1> GDP Growth Rate by Country in Southeast Asia (%)

	2018	2019	2020 Forecast		2021 Forecast	
			IMA	ADB	IMF	ADB
ASEAN	5.1	4.4	Δ0.7	1.0	7.4	4.7
Brunei	0.1	3.9	1.3	2.0	3.5	3.0
Cambodia	7.5	7.1	Δ1.6	2.3	6.1	5.7
Indonesia	5.2	5.0	0.5	2.5	8.2	5.0
Laos	6.2	5.0	0.7	3.5	5.6	6.0
Malaysia	4.7	4.3	Δ1.7	0.5	9.0	5.5
Myanmar	6.4	6.8	1.8	4.2	7.5	6.8
Philippines	6.2	5.9	0.6	2.0	7.36	6.5
Singapore	3.4	0.7	Δ3.5	0.2	3.0	2.0
Thailand	4.2	2.4	Δ6.7	Δ4.8	6.1	2.5
Vietnam	7.1	7.0	2.7	4.8	7.0	6.8

Source: IMF, ADB (Requoted in KOTRA's Overseas Market News, [Southeast Asia] Post Corona, Promising Fields of Southeast Asian Market).

From the supply side, it is very likely that labor productivity, investment and financing activities decrease and the global supply chain would be disrupted. Meanwhile, since the start of the COVID-19 pandemic, it has been noted that people do not travel or carry out tourism activities, while anticipating restrictions on movement, increasing consumption of basic necessities considered important. As such, from the demand side, the condition of the COVID-19 pandemic clearly reduce the consumption sector, travel and transportation activities, and increase transportation and trade costs. Overall, the level of consumption would tend to fall due to distorted prices, high cost of transportation and logistics of goods. Since March 2020, when the impact of COVID-19 began in earnest, the Indonesian economy has been experiencing all-round stagnation, outflow of capital and a drop in stock prices. This is because household expenditure and investment decreased significantly compared to the same period of the previous year, and government expenditure also retracted (ASEAN-Korea Centre 2020).

Likewise, analysts at CSIS Indonesia tried to project the impact of COVID-19 on Indonesia's economic growth in their report applying both internal and external factors as we can see at Table 2-2 (Yose and Fajar 2020). According to the report, if there continues the effects of the ongoing global economic slowdown and inadequate handling of the spread of COVID-19 in the country, the most likely scenario in 2020 is a pessimistic outlook with economic growth ranges from 0~1.99%. However, if what happens is stagnation or the status quo of global and domestic conditions, the possibility of Indonesia's economic growth in 2020 was estimated in the range of 2.0~3.99%. Finally, if there is a positive trend from the global and domestic situation, Indonesia's 2020 economic growth was predicted in the range of 4.0~4.99% (Ibid.).

<Table 2-2> Indonesian Economic Growth Projection Scenario, 2020

	Pessimistic	Status Quo	Optimistic
Global	<ul style="list-style-type: none"> - Decreased economic growth in 5 countries / regions (US, China, Japan, India, EU) - Decreasing trend of the commodity price index and trading volume - Strong protectionism and trade wars - Increasing spread of COVID-19 - Unstable political and security situation 	<ul style="list-style-type: none"> - Stagnation of economic growth in 5 countries / regions (US, China, Japan, India, EU) - Stagnation of the commodity price index and trading volume - Continued protectionism and trade wars - Stagnant spread of COVID-19 - Uncertain political and security situation 	<ul style="list-style-type: none"> - Increased economic growth in 5 countries / regions (US, China, Japan, India, EU) - Increasing trend of the commodity price index and trading volume - Less protectionism and trade wars - Decreased spread of COVID-19 - Stable political and security situation
Domestic	<ul style="list-style-type: none"> - ¹⁾ Structural reforms are not working - ²⁾ Bureaucratic reform does not work - Poor performance of ³⁾fiscal and ⁴⁾monetary regime - Declining growth in household consumption, poor investment climate, contraction in the manufacturing industry - Poor handling of COVID-19 and lack of transparency 	<ul style="list-style-type: none"> - Structural reforms are running less than optimal - Bureaucratic reform is not running optimally - Less optimal performance of fiscal policy - Stagnation of growth in household consumption, bad investment climate, contraction in the manufacturing industry - The handling of COVID-19 is not good and lacks transparency 	<ul style="list-style-type: none"> - Structural reforms are running optimally - Bureaucratic reform is running optimally - Optimal performance of fiscal and monetary regime - Increased growth in household consumption, poor investment climate, contraction in the manufacturing industry - Handling of COVID-19 is good and transparent
	Economic growth 0-1.99%	Economic growth 2.0-3.99%	Economic growth 4.0-4.99%

Source: CSIS Commentaries DMRU-015 (26 March 2020).

- 1) Structural reforms: competitiveness and productivity, industrialization, digital economy, access to finance
- 2) Bureaucratic reforms: bribery, corruption, bureaucratic inefficiency, synergy and weak coordination
- 3) Fiscal policy: budget deficit, tax ratio to GDP
- 4) Monetary regime: inflation, exchange rates, interest rates

The economic slump is expected to increase unemployment and widen the gap between rich and poor. In reality, as of mid-April 2020, more than 2.8 million people lost their employment as a result of plant closures and sluggish sales, which caused companies to

substantially cut their purchasing and production operations. The Ministry of Manpower and the Workers Social Security Agency estimates that COVID-19 could result in an additional 2.9 million to 5.2 million unemployed people.² Indeed, the unemployment rate in Indonesia surged to 7.07% in the third quarter 2020 from 5.28% in the same quarter a year earlier, amid the economic downturn caused by the Covid-19 crisis.

Given the fact that external variables are virtually uncontrollable, Jokowi government needs to try to improve the domestic sector to overcome the economic crisis. The question remains on how serious the Indonesian government is in carrying out structural reforms, particularly in relation to increasing competitiveness, productivity, reindustrialization, increasing access to finance, and most importantly increasing the capacity of the digital economy. In addition, bureaucratic reform also needs to be a priority for improving domestic economic performance. The implementation of fiscal and monetary policies to support economic growth is also very crucial in maintaining the consumption, investment and government spending.

2.2. Impact on Indonesia's trade performance

The decline in Indonesia's economic performance as well as the global economy certainly affects Indonesia's trade performance negatively. While most sectors in Indonesia is unexceptionally affected by the spread of COVID-19, one of the most badly affected is the manufacturing industry. The contribution of this sector is quite significant to the Indonesian economy (19~20%) and products originating from the manufacturing industry also contribute significantly to Indonesia's total exports, which is above 70%. The performance of the manufacturing industry in Indonesia slowed down in line with the increase in COVID-19 cases. The sluggish performance of the manufacturing industry, accompanied by the global economic slowdown which has an impact on lower demand,

² Adrian Wakil Akhlas. Millions to lose jobs, fall into poverty as Indonesia braces for recession. The Jakarta Post. (April 15, 2020). <https://www.thejakartapost.com/news/2020/04/14/millions-to-lose-jobs-fall-into-poverty-as-indonesia-braces-for-recession.html> (Accessed August 6, 2020).

will automatically reduce Indonesia's export performance.

Given the fact that the Indonesian economy is highly dependent on the Chinese economy, as illustrated in Table 2-2, it is clear that the downturn in China's economy will surely have a negative impact on Indonesia's economic development and trade performance.³ Above all, in a situation where there is concern about disrupted world supply chain due to the distorted Chinese economy which has been the factory of the world, Indonesia will have to find sources of raw materials or capital goods from other countries, although it is not easy and the price is more expensive.

<Table 2-3> Percentage of Indonesian imports from China, 2018

Types of Goods	Percentage
Capital goods	39.33
Semi-finished goods	23.14
Engine parts and components - Parts and components of electrical equipment / devices - Parts and components of office equipment and communication devices - Motor vehicle parts and components	36.27

Source: CSIS Commentaries DMRU-015 (March 26, 2020).

As a result of the decline in economic growth in many of its export destination countries, Indonesia's total exports are expected to decline by 3~14% due to the economic downturn in major exporting countries. On the other hand, imports are likely to increase between 1.1~6.2% due to decreased local production while demand may increase.⁴ According to the above-mentioned CSIS analysis, it was forecasted that the largest decline would occur in the main export destination countries in the Asia and Pacific region including Japan, the United States and China while exports to ASEAN and European countries would also experience a decline,

³ In their recent paper, Dito and others predicted that 1% slowdown in Chinese economy would have an impact of 0.09% on Indonesia's economic growth. Dito Aditia Darma Nasution, Erlina dan Iskandar Muda, Dampak COVID-19 Terhadap Sektor Ekonomi Indonesia, *Jurnal Benefita*, 5(2): 219-220. Juli 2020.

⁴ Using McKibbin and Fernando's model, Yose and Fajar(2020, 5-8) estimates the size of Indonesia's exports and imports in 2020. Requoted from Warwick and Roshen, *ibid*.

although not as deep as the decline in the major markets. In terms of the decline by export items the biggest decline is likely to occur in the manufacturing sector, including textiles and textile products.

2.3. Impact on major industries

(1) Industrial sector

According to the Indonesian Ministry of Finance statement released in April 2020, hotels and restaurants, mining, manufacturing, and transportation were the sectors most affected by COVID-19 in the first quarter of 2020. Manufacturing, which accounts for 19% of Indonesia's GDP as of 2019, faces unprecedented challenges due to temporary suspensions in production and extreme consumption contractions. Car sales, a vital economic sector that accounts for 1.8% of Indonesia's GDP, plunged drastically as a result of the unexpected decline in demand and factory closures by major automakers such as Toyota and Honda. The Indonesian Automobile Industry Association (GAIKINDO) predicted that car sales in Indonesia would only reach 600,000 units, a half from 1.1 million units in the previous year, and exports would only reach 175,000 units from 350,000–400,000 units. Meanwhile, though retail sales of new cars dropped by 15% in March, wholesale sales of new cars, a leading indicator of market trends, fell by a whopping 90.6% in April, with just 7,871 units sold. As such, the decline in domestic sales and consumer sentiment is evident.

Like the automobile industry, the situation in the garment industry is also worrisome. More than 70% of the clothing factories in Indonesia will be forced to permanently close as cash-flow problems emerge, according to the Indonesian Filament and Fiber Producers Association. For similar purposes, textile firms have also suspended operations. When orders were cancelled due to lockdowns in major importing countries and the closure of retail outlets, about 2.1 million workers in the garment industry, most of them women, were affected (Clean 2020).

(2) Service sector

The growth rate of the service sector is also showing a marked decline. The impact is particularly noticeable in the tourism

industry, which accounts for about 10% of Indonesia's GDP. According to tourism statistics from the Indonesian National Statistical Office (BPS), the number of foreign tourists visiting Indonesia in the first quarter of 2020 was 2.6 million, a 31% decrease from 3.8 million in the same period last year. In particular, the number of foreign tourists in March fell by 64% compared to the previous year, mainly due to a sharp decline in Chinese tourists, which accounted for about 13% of foreign visitors to Indonesia previous year (Yose and Fajar 2020: 214). Tourism revenue in 2020, according to an announcement by the Ministry of Tourism, is expected to fall by about 10 billion USD, accounting for only about half of the previous year's tourism revenue, which reached about 20 billion USD.

The hospitality and food service industries, such as hotels and restaurants, are no exception, which are directly affected by the decline of incoming tourists. The Indonesian Hotel & Restaurant Association (PHRI: Perhimpunan Hotel dan Restoran Indonesia) reports that since January 2020, hotel occupancy rates have been around 30~40%, much lower than the average of 50~60% during this period before the pandemic, and since the infection cases were reported in March, the occupancy rate has further dropped to the level of 20% which affected the worsening hotel profits by up to 40%. Weak tourism growth also has a negative impact on the retail industry and micro, small and medium business sector (Iswahyudi 2016; Saidi et al. 2017).

(3) Primary industry

Indonesia's exports of primary products such as palm oil and coal declined significantly as the pandemic brought global economy to a halt. Consumption of palm oil has declined globally as demand in the food and hospitality industry has decreased in some of the key Asian markets and logistical interruptions and delays have reduced import demand during lockdown periods. In particular, the domestic lockdowns in China and India, Indonesia's largest palm oil import markets, caused significant drops in demand. The decline of palm oil demand in India would hit Indonesia even harder as an agreement was reached to reduce the rules for importing Indian sugar in return for its access to palm oil exports (Dekker 2020).

Indonesia is the world's largest coal producer and dry fuel contributes to 14% of the country's exports. It is also home to the world's largest copper and gold mine, employing thousands of workers in the province of Papua. The coal industry have been hit hard due to the global decline in industry activity, especially in India. Likewise, drop in tin demand has been caused by the decline of activity in electronic goods, with state-owned tin producer PT Tima decreasing its output by 30%. This has largely been caused by a drop in demand from China, a key market for Indonesian tin.

III. Policy Responses by the Indonesian Government

3.1 The spread of COVID-19 and health policy response

The spread of COVID-19 that has been controlled in several countries, including China and South Korea, is different from what happened in Indonesia. At a time when the curve starts to slope, indicating a slowdown in the growth of COVID-19 patients, conditions in Indonesia show a significant increase in the growth of active cases. In terms of the mortality rate, the data available as of July 7, 2021 shows a fairly high percentage when calculated from the ratio of the number of COVID-19 patients who died (61,140 people) to the number of positive cases (2,313,829 people) in Indonesia, which is 2.76%. According to the latest Worldometers data on COVID-19, this figure is higher when compared to the ratio of the number of COVID-19 patients who died (4,001,736 people) to the number of positive cases of COVID-19 (184,969,547 people) in the world, which is 2.16%.⁵

Meanwhile, the ASEAN region has more than 124,000 people infected with the virus, with all its 10 member states having recorded outbreaks of COVID-19 since the first confirmed case on January 13, 2020. The CFR (Case Fatality Ratio) in the region ranges from as low as 0.06(Singapore) to as high as 2.76(Indonesia) for the affected countries. Although the most recent epidemiological curve

⁵ Worldometers is a reference website that provides counters and real-time statistics for diverse topics including COVID-19. <https://www.worldometers.info/coronavirus/> (Accessed July 7, 2021).

in the ASEAN region shows that there are some countries with a slowing rate of transmission, there is still a serious risk of infection and reinfection.

<Table 3-1> COVID-19 Outbreak in ASEAN Countries

2021.02.05.

Country	Cases	Deaths	Cases per Million	Case Fatality Ratio(%)
World	104,502,416	2,271,277	13,398	2.17
Indonesia	1,123,105	31,001	4,191	2.76
Philippines	531,699	10,997	5,069	2.07
Vietnam	1,957	35	20	1.79
Thailand	22,058	79	318	0.36
Myanmar	141,104	3,146	2,644	2.23
Malaysia	231,486	826	7,419	0.36
Cambodia	467	0	29	-
Laos	45	0	7	-
Singapore	59,624	29	10,624	0.05
Timor Leste	80	0	61	-
Brunei	180	3	420	1.67

Source: Center for Strategic and International Studies (CSIS), “Southeast Asia Covid-19 Tracker”.

The Indonesian Government has introduced various containment measures, including temporary bans on domestic and international air and sea travel, screening at ports of entry, school closures and other restrictions on public events. First, from April 2, the government implemented measures to ban all foreigners from entering and transiting Indonesia. However, long-term residence permit(KITAS/KITAP) holders, diplomatic and official visa holders, visitors for humanitarian aid purposes such as medical and food assistance, land/port/air transport workers, foreign national workers participating in national strategic projects, etc. were allowed as an exception to the country, but took thorough quarantine measures.⁶

Accordingly, all foreigners entering Indonesia must have a health certificate proving the negative PCR result issued within 7

⁶ German-Indonesian Chamber of Industry and Commerce, COVID-19 developments in Indonesia, EKONID Insight. (04/02/2021).

days prior to the departure date. And those entering the country who do not have a health certificate and those with a negative PCR result after 7 days should conduct a rapid diagnostic test at the arrival hall, and if the result is positive, transfer them to a designated hospital. On the contrary, if the result is negative, they are quarantined in a special facility for 14 days and then conduct the PCR test again. In addition, as a cautionary measure, self-isolation is mandatory for all entering people for 14 days after entry into the country and the local health authorities monitor them closely, but the effectiveness of such measures was considered insufficient. The government also banned Indonesia's traditional annual exodus for Muslim holidays during Eid al-Fitr celebrations in May in an effort to curb the spread of the virus from Jakarta and other high-risk regions.

In June 2020, Indonesia started to ease some containment measures. On June 5, the city of Jakarta began a transition process from large-scale social constraints and further relaxed restrictions on malls, parks and recreation areas. However, in the absence of a persistent decrease in daily new cases of viruses, the city of Jakarta extended the transition process from large-scale social constraints to September 10, 2020. On September 9, the governor of Jakarta Anies Baswedan announced that the large-scale social controls would be further tightened to curb the transmission of the virus⁷.

3.2. Economic policy responses

(1) The nature and characteristics of the COVID-19 economic crisis At an invitational seminar entitled "Re-imagining the Future of Indonesia's Economy" held by the Jakarta Post, Indonesia's largest English daily newspaper on August 19, 2020 Finance Minister Sri Mulyani said Indonesia has successfully overcome the past two financial crises⁸. She stressed that Indonesia was responding

⁷ <https://www.csis.org/programs/southeast-asia-program/southeast-asia-covid-19-tracker-0> (Accessed 05 February 2021).

⁸ Adrian Wail Akhlah and Esther Samboh, Pandemic an opportunity for reforms in Indonesia: Sri Mulyani, The Jakarta Post. August 21, 2020. <https://www.thejakartapost.com/news/2020/08/21/pandemic-an-opportunity-for-reforms-in-indonesia-sri-mulyani.html> (Accessed March 8, 2021).

relatively well to the COVID-19 crisis compared to other countries with the know-how accumulated in the past crises where Indonesia successfully overcome the two financial crises in 1997 and 2008. But the current crisis is in many ways different from the previous ones and requires a more complex response, she added. The financial crisis of the past was a simple crisis that only required returning national finances to pre-crisis levels through necessary financial support. On the other hand, the current COVID-19 crisis is a complex crisis that requires resolving the expanded national debt along with strengthening health and quarantine, restoring shrinking investment and consumer sentiment, and consolidating people's guidance and persuasion.

The biggest cause of Indonesia's economic slowdown is sluggish consumption, accounting for more than 50% of Indonesia's GDP. As Jakarta and East Java, the two regional pillars of Indonesia's economy, became epicenters of the virus outbreak, the Indonesian economy recorded negative economic growth from the second quarter. The second quarter was a particularly difficult time for the Indonesian economy for the large-scale social restraint (PSBB) measures implemented, restrictions on movement between regions, and reduced consumer sentiment led to a rapid contraction of the economy. Also, it wasn't until June 2020 that the government's budget execution to respond to the pandemic took place.

On the other hand, due to COVID-19, the Indonesian government faced with the double difficulty of solving short-term problems as well as bringing about structural changes at the same time. As a short-term task, the Indonesian government is working to implement comprehensive health and quarantine policies to prevent the spread of COVID-19, boost the economy, and expand and strengthen the social safety net. In the longer term, the second-term Jokowi government has a difficult task to make Indonesia as a high-income country by 2045, realize the 4th industrial revolution through the 'Making Indonesia 4.0' program, foster competitiveness in the manufacturing industry, eradicate corruption, and develop human resources.⁹

⁹ President Jokowi said in his inauguration speech in October 2019 that by 2045

(2) Key Policy Responses¹⁰

1) Fiscal packages

As part of a national economic recovery program (PEN), the government spent a total of IDR 579.8 trillion (approximately 3.8% of GDP) in 2020. The PEN includes (i) assistance to the health-care sector to increase testing and treatment capacity for COVID-19 cases; (ii) increased benefits and broader coverage of existing social assistance schemes for low-income households, such as food aid, conditional cash transfers, and electricity subsidies; (iii) expanded unemployment benefits, including those workers in the informal sector; and (iv) tax reliefs, particularly for the tourist industry and people with income ceiling; and (v) permanent reductions in the corporate income tax rate from 25% to 22% in 2020-21 and 20% beginning in 2022.

Capital infusions into state-owned companies are also included in the PEN, as are interest subsidies, credit guarantees, and debt restructuring programs for micro, small, and medium-sized businesses. To encourage credit creation, the government has invested state money in chosen commercial banks, allowing banks to expand leverage and provide guaranteed working capital loans to labor-intensive companies. The government has allocated IDR 699.4 trillion for the PEN in 2021.

2) Monetary and financial measures

Bank Indonesia (BI) lowered the policy rate to 3.5 percent by 125 basis points in, March, June, July, and November 2020, and by 25 basis points in February 2021. BI has also adapted macroprudential regulations to facilitate liquidity and to promote the stability of the bond market. The minimum criteria for down payments on car

when Indonesia celebrates its 100th anniversary of independence, the country would emerge as the world's fifth-largest economy by achieving a gross domestic product of US\$ 7 trillion, per capita GDP of US\$ 18,130, and a poverty rate of 0%. Karina M. Tehusjarana and Ghina Ghaliya, Jokowi highlights economic, bureaucratic reforms in inauguration speech, *The Jakarta Post*. October 20, 2019. <https://www.thejakartapost.com/news/2019/10/20/jokowi-highlights-economic-bureaucratic-reforms-in-inauguration-speech.html> (Accessed February 14, 2021).

¹⁰ IMF, Policy responses to COVID-19, (Last updated on July 2, 2021). <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#1>. (Accessed July 6, 2021).

loans and the residential property loan-to-value ratio have also been reduced, effective from 1 March to 31 December 2021.

In the face of the COVID-19 shock, a Presidential decree has expanded BI's authority to maintain financial system stability, including facilitating BI liquidity assistance to banks, allowing BI to purchase government bonds in the primary market, and financing the deposit insurance agency (LPS) for bank solvency problems. On July 6, 2020, the government and BI launched a burden-sharing program to help finance economic response to the pandemic. BI has also adopted measures to further enhance financial deepening, access and monetary operations, notably through facilitating collaboration between the banking industry and Fintech, promoting numerical payments in different industries and introducing Sharia-compliant products. To reduce stock market volatility, the regulator OJK has implemented a new share buyback policy which allows listed firms to repurchase their shares without first holding a shareholders meeting, and introduced limits on stock price declines. To encourage debt restructuring, the OJK has also loosened loan categorization and loan restructuring processes for banks, and delayed the deadline for publicly traded firms to file their annual financial reports and host annual shareholders meetings by two months.

3) Stabilization of exchange rate

In March 2020, the Rupiah was hit hard after the outbreak of COVID-19 in Indonesia, falling more than 14% against the dollar, as many foreign investors withdrew capital from the country. In order to stabilize the financial market, BI withdrawn 9.4 USD billion from its foreign reserves, which prompted some worries about a repeat of the financial crisis of the 1990s. By issuing US dollar-denominated government bonds, the government alleviated such fears and replenished its forex reserves to 130.5 billion USD by May. BI stressed that the current level of foreign exchange reserves is not only adequate to withstand external shocks, but also to sustain the domestic market and financial system's stability. As such, in order to preserve orderly market conditions, BI has intervened in the spot and domestic non-deliverable foreign exchange markets and in the domestic government bond market. BI has also reaffirmed that it is

possible for foreign investors to use global and domestic custodian banks in Indonesia to conduct investment transactions.

IV. Prospect for the Post-COVID Indonesia

4.1. The 'New Normal', a turn toward untact society

Now that the world is suffering from Covid-19 pandemic, 'New Normal' is becoming a global hot topic. New Normal means a standard that newly emerges as the time changes. More specifically speaking, it refers collectively to the characteristics of the global economy that have emerged after the financial crisis in 2008. With the collapse of the existing economic system due to the pandemic, voices are rising that it is necessary to prepare for the advent of a new economic system, the so-called New Normal era. In relation to the advent of the new normal era of COVID-19, global consulting firm Alix Partners recently published 'Disruption Insight' report as five new normal trends to pay attention to in the post COVID-19 era: acceleration of deglobalization, increasing importance of resilience, the importance of increased trust, and the promotion of digital transformation along with changes in consumption behavior according to income level and health interest.¹¹

Of these five new trends, digital transformation is the fastest and most widespread of tangible changes. This is because various digital experiences such as digital commerce, entertainment streaming service, and online games are becoming commonplace as people spend more time at home. As expectations for digital transformation of products and services rise and online channels expand, digital transformation in various fields, including the grocery industry, which has been relatively slow to transition, is expected to accelerate rapidly. As such, the COVID-19 pandemic is not only accelerating key future industries such as digital transformation of artificial intelligence and big data, but also rapidly creating new flows in our lives, such as telecommuting and online transformation.

¹¹ COVID-19 through the lens of disruption: Seven years of change in seven months, Alix Partners Disruption Insights 2020. <https://www.alixpartners.com/disruption-insights/covid-19-lens-of-disruption/>. (Accessed March 27, 2021).

In an uncertain situation where the future cannot be predicted, governments and companies around the world must keep an eye on the New Normal trend and respond quickly to new changes (Lee & Lee 2020).

Under the renewed environment, people are encouraged to avoid direct human-to-human interaction, and as a result, digital infrastructure and operational improvements have taken on new significance. The digital trend using individualism and IT technology, i.e., 'untact way of life' is expected to become a new normal. Untact refers to a situation in which goods and services are distributed even if consumers do not face each other in the same space as the producer of the product or the provider of the service. The non-face-to-face untact culture is rapidly spreading as industries that can enjoy services without face-to-face due to the fear of virus infection are in the spotlight. In the early days, untact referred to a payment system that minimized contact points with clerks such as kiosks and food ticket vending machines, but since then, it has embraced new trends that allow people to experience various activities and consumption beyond the concept and limitations of places. Untact has rapidly emerged as the dominant consumption pattern in society as drive-through system or online education has become a representative culture of untact consumption that has emerged due to COVID-19.

4.2. The new normal Indonesia after COVID-19

While various attempts have been made to characterize the new normal following the COVID-19 disaster, its eventual shape will be determined by a variety of elements that are now unknown. Despite these uncertainties, now is the time for Indonesia to analyze the many trends that will define the future normal. With regard to the new trends facing Indonesia, McKinsey & Company pointed out the following changes in its report "Efforts can help Indonesia emerge stronger from the COVID-19 crisis": the country's health care system; government and regulation; technology and innovation; energy and environment; supply chain; work habits; society and consumers; and social contracts (Vivek et. al 2020).

Indeed, since the first outbreak of COVID-19 case in Indonesia, there have been tremendous changes in various fields within such a short period of time. One such area is electronic commerce business or e-commerce that witnessed a vast increase of online and non-cash transaction. In Southeast Asia, cash transactions have taken up a large portion of commerce due to traditional commercial practices and high fees. In Vietnam, the amount of non-cash transactions increased by 124% from the Lunar New Year holiday to mid-March, and an official from OVO, an Indonesian electronic payment service application, said that OVO transactions surged as telecommuting was implemented due to COVID-19. According to BI, non-face-to-face online transactions increased explosively during the period from January to April 2020, with online transactions increasing by 102.5% in the same period of the previous year.

<Table 4-1> Increase of E-commerce Transactions in Indonesia, Jan.~Feb. 2020

(%)

Area	Growth Rate	Regional Share
Jakarta	353	49.1
Greater Jakarta (excluding Jakarta)	397	26.1
Banten	391	14.6
East Java	322	3.9
Central Java	339	3.1
Yogyakarta	259	1.0
North Sumatra	443	0.7
Bali	475	0.6
Lampung	433	0.5
South Sumatra	360	0.4
Total	347	

Source: PwC Indonesia.

Changes in food consumption trends are also evident. In terms of eating habits, Indonesia has traditionally developed a dining out culture, but with the increase in telecommuting and online lectures due to COVID-19, the dining out culture is decreasing, orders for delivery food increase, and the number of online grocery purchases

is increasing. After COVID-19, more restaurants and grocery stores subscribe to food delivery online platforms such as GrabFood and GoFood, and the use of delivery application services has exploded. Noodle dishes have traditionally been popular in Indonesia, and in particular, with the recent increase in ramen sales and movement restrictions spreading, the demand for easy-to-cook food is also increasing. In addition, as interest in boosting immunity and physical strength is increasing due to COVID-19, the demand for health functional foods is expanding. Also the demand for vitamin C and natural health supplements has increased by 10-20% compared to usual.

It is noteworthy that changes are accelerating in the fields of medicine, quarantine, and sanitation as well. In a situation where there was little interest in hygiene and the medical system was weak, awareness of hygiene has been strengthened due to the recent incident. In Indonesia, where medical infrastructure is lacking while boasting high internet and mobile penetration rates, telemedicine has emerged as a new normal. As such, the development of services by digital healthcare startups like Gomed, a prescription drug delivery service through an on-demand program, ALODOKTER, a remote doctor consultation system, and Tanyadok, a reservation system for hospitals and health promotion centers is expected to accelerate. In particular, considering that emerging markets like Indonesia are more willing to accept digital solutions than advanced markets, the possibility of telemedicine expansion is expected to be very high.

The demand for e-learning and digital content is also expanding as the length of stay at home has increased due to the expansion of school closures and restrictions on telecommuting and outside activities.¹² According to the president director of Telkomsel, the firm has witnessed gains in a variety of areas, including e-learning, online meeting apps, and online gaming in which the usage of all three apps increased by more than 5,400%. He added that the spike in broadband traffic was driven by e-learning program

¹² Indonesia's largest state-owned telecommunication company, Telkomsel, announced a 16% increase in its broadband traffic as people continue to follow physical distancing measures amid the COVID-19 pandemic. *The Jakarta Post* (April 7, 2020).

usage, such as Ruangguru, universities' e-learning centers, and Google Classroom. As the COVID-19 outbreak increases, the Indonesian Ministry of Education has decided to suspend all school activities and change the education system to in-home online/distance learning where a free online learning portal Rumah Belajar for students and Program Guru Berbagi for teachers were provided. In addition, the education authorities provided learning materials to students in areas with poor internet connectivity through the Belajar di Rumah program in cooperation with TVRI, the national television broadcasting station. For this the government increased budget for school operation support (BOS) in accordance with the expansion of distance education by 96% from IDR 36 trillion to IDR 70.7 trillion. At the local government level, the DKI Jakarta Department of Education also offers the integrated school information system SiPintar by Simak and WeKiddo SMK Bisa, a distance learning platform for vocational students, as an effort to maintain the quality of education amid the spread of COVID-19.

4.3. Prospect for digital era and Indonesia's preparedness

In order to discuss Indonesia's response and prospects in the new normal era, it is necessary to first accurately analyze the current level of the digital economy, and then examine how the Indonesian government, society, and companies are preparing for the transition to the digital era. It is widely accepted that Indonesia possesses significant digital economy potential. The number of internet users and mobile users in Indonesia is rapidly increasing thanks to the improvement of the internet infrastructure and the spread of low-cost mobile phones. With the increasing use of internet and mobile devices, Indonesia has the largest number of internet users in Southeast Asian region. According to the Indonesian Internet Service Provider Association, APJII's 2019 estimate, there are at least 171.17 million internet users in Indonesia, accounting for around 64.8% of the total population.¹³

With the high economic growth of more than 6% in recent

¹³ APJII. Laporan Survei: Penetrasi & Profil Perilaku Pengguna Internet Indonesia. Jakarta (Indonesia). 2018.

years, expansion of the middle class, and changes in lifestyle, consumers prefer modern distribution channels such as online shopping that offer convenience and a variety of services over conventional marketplaces. Furthermore, driven by the increase in internet access and usage, Indonesia's e-commerce market size reached 13 billion USD in 2018 or has grown 50% each year for the last 2 years (Bisara 2019). According to the "We are Social January 2019" study, at least 107 million individuals or 40% of the total population buy consumer products through e-commerce platforms.¹⁴ The yearly income from consumer products sales on e-commerce is 9.5 billion USD, or 41 USD per capita, and this figure is expected to rise steadily as mobile device penetration accelerates. The Ministry of Communication and Informatics (MCI) predicted that digital economy in Indonesia may expand by 130 billion USD in 2020 (Vience and Ashwin 2020). A study report released by Google and Temasek/Bain in 2019, indicated that Indonesia's internet economy was growing at a rapid pace, with revenues anticipated at 40 billion USD in 2019 and on track to reach 130 billion USD by 2025, accounting for about 20% of Indonesia's overall GDP.¹⁵ According to the same data, as of 2018, Indonesia's digital economy accounted for about 40% of the total ASEAN digital economy.

In Indonesia, where digital-based services and technologies are rapidly developing amid the advent of the 4th industrial revolution, the digital economy is expected to become a very important future growth engine. The Jokowi government is strengthening policy support for Indonesia's digital economy and industrial development by realizing the 'Making Indonesia Industry 4.0 Roadmap', a plan to build an infrastructure to develop the digital economy. For this

¹⁴ Medical, electronic products, home appliances and cosmetics are selling well on the internet. We Are Social. Digital 2019: Indonesia [Internet]. 2019. Available from: <https://datareportal.com/reports/digital-2019-indonesia> (Accessed July 1, 2021).

¹⁵ Google and Temasek/Bain. e-Conomy SEA 2019: Swipe Up and to the Right: Southeast Asia's \$100 Billion Internet Economy [Internet]. 2019. Available from: https://www.blog.google/documents/47/SEA_Internet_Economy_Report_2019.pdf (Accessed June 28, 2021). The Frost & Sullivan 2018 White Paper also predicted that Indonesia's internet economy is expected to grow at a pace of 40% per year, outpacing Singapore, Malaysia, Thailand, and the Philippines.

purpose the Indonesian government expends effort to accelerate the construction of infrastructure related to the 4th industrial revolution through active investment attraction, and aims to achieve an additional 1~2% GDP growth rate by promoting Industry 4.0 project. Such effort includes the completion of Palapa Ring Project, the creation of an investment ecosystem to foster the digital economy, and the development of digital manpower.¹⁶ Furthermore, President Jokowi said during the project's launch that "the Palapa Ring will hopefully be able to bring justice to all Indonesian citizens – from Sabang to Merauke, from Miangas to Rote – and allow them to have an equal opportunity to access advanced technology and high-speed connectivity."¹⁷ The Indonesian government announced plan to invest Rp 30.5 trillion (2.1 billion USD) for ICT development in the 2021 state budget to drive digital transformation for governance and strive for connectivity inclusion.¹⁸ MCI's public service agency, the Telecommunication and Information Accessibility Agency (BAKTI), also announced 'Merdeka Sinyal 2020', a program to provide telecommunication connection to 5000 frontier, outermost, and undeveloped areas, or 3T areas, by 2020. All of these actions are part of Indonesia's commitment to satisfy its WSIS (World Summit on Information Society) membership agreement.¹⁹

Meanwhile, in relation to fostering the digital economy, deregulation of start-ups based on ICT technology is also being

¹⁶ The Palapa Ring project is a telecommunication network development project in Indonesia that includes the building of marine cable and fiber optic communication systems. It connects 514 districts/cities. In October 2019, the Palapa Ring project was officially launched and began operations.

¹⁷ "Disconnected: Digital divide may jeopardize human rights," <https://www.thejakartapost.com/news/2020/05/18/disconnected-digital-divide-may-jeopardize-human-rights.html>. (Accessed July 13, 2021).

¹⁸ "Govt to roll out \$2b for ICT development in 2021, boost inclusion," <https://www.thejakartapost.com/news/2020/08/14/govt-to-roll-out-rp-30t-for-ict-development-in-2021-boost-inclusion.html>. (Accessed July 2, 2021).

¹⁹ WSIS was a United Nations summit that began with the purpose of achieving a shared commitment to building a people-centered, inclusive, and development-oriented Knowledge Society in which anybody can generate and share information. As a member of WSIS, Indonesia should develop ICT infrastructure to delineate the digital gap within the regions. <https://publicadministration.un.org/en/Themes/ICT-for-Development/World-Summit-on-Information-Society> (Accessed June 28, 2021).

promoted. Unlike traditional industries, the digital economy is a field in which small and medium-sized enterprises are relatively easy to start in the form of IT-based startups. To this end, President Jokowi mentioned that he would ease start-up regulations to foster 1,000 start-ups following Gojek and Traveloka as part of the digital economy nurturing policy when he pledged for the 2019 presidential election. Today, several of Indonesia's digital start-ups are expanding globally. Gojek is classed as a 'Decacorn', with a worth of 10 billion USD. Gojek was the first local start-up to receive this designation, joining 21 other firms worldwide. Tokopedia, the largest Indonesian e-commerce start-up, is valued at 7 billion USD, after Gojek (Vience and Ashwin, *ibid*).

All of these figures demonstrate how profitable the Indonesian e-commerce business is. Some factors influence the growth of e-commerce sector in Indonesia, including: rising per capita income; the expansion of various e-commerce companies; the development of telecommunications infrastructure and internet connectivity, especially in remote regions; and the shift in consumer behavior from offline to online stores. However, it needs extensive resources to create e-commerce systems. It requires high-performance infrastructure, enormous money and investments and even highly qualified human resources. In developing nations such as Indonesia, the availability of these resources is rather scarce and hence the country remains dependent on industrialized countries. Furthermore, the growth of the digital economy may result in employment replacement that necessitates more technology than human resources. Existing policies and regulations should not only assure the continued expansion of the digital economy business, but also address these essential concerns.²⁰ Therefore, government policies should guarantee that technology should not create these negative effects, but to serve people.

²⁰ Tapscott warns the dark side of the digital economy that includes (1) dislocations (many old jobs will have perished); (2) privacy threat (the personal data breaches); (3) polarization of wealth (20% of household worth 80% of country's wealth); (4) digital gap among society; and also (5) digital slave (technology invades every part of human time and space). Tapscott(2015: 41).

V. Conclusion

Mankind can never go back to life before COVID-19. We will live in a completely different world, as Professor Yuval Noah Harari mentioned. Uncertainties are growing in all fields, and new solutions are required. The COVID-19 pandemic is changing the peoples' way of life around the world. Video conferencing programs have replaced offices and classrooms. Places like department stores, supermarkets and restaurants have moved into mobile apps. The era of the New Normal has already begun, with untact as the new standard in all aspects of life encompassing work, rest, consumption and entertainment. Governments and businesses around the world are taking the breathtaking challenge of turning crises into opportunities and change for survival in the new post COVID-19 environment.

The era of new standard, the New Normal, has already begun, and Indonesia is no exception. This paper dealt with Indonesia's economy and industrial change in the new normal era, and accelerating digital transformation. Since the first case of infection was reported on 2 March 2020, COVID-19 has spread rapidly, with more than 32,000 confirmed cases reported across all of the 34 Indonesian provinces as of June 8. In addition to the rapid spread of the virus, Indonesia's national health emergency declaration and a large scale social restrictions following the enactment of Ministerial Decree No. 9 of 2020 makes the outlook even darker.

Indonesia had reduced its 2020 GDP growth forecast from 5.3% to 2.3%. Since then, the toll of the COVID-19 pandemic in Indonesia has rapidly increased, with 2,313,829 COVID-19 cases and over 61,140 deaths reported as of 6 July 2021. It is certainly the country's first responsibility to mitigate and contain the effects of the pandemic on several fronts, such as promoting safe behaviors, quickly mitigating health capacity limitations and making the COVID-19 testing a major effort. With the possibility of a second wave of infections, such efforts in the public and private sectors must continue.

Even in the face of such adversity, public- and private-sector leaders may prepare for the post-pandemic environment by

identifying the adjustments required for the country to emerge stronger to safeguard both lives and livelihoods after the pandemic. From a future perspective, government and cooperate leaders may start to create longer-term policies to assist Indonesia move forward rapidly to build a modern economy. In that context, it is essential to comprehend how the country and the world have changed, and to craft strategies and plans that recognize those changes. The Covid-19 pandemic will temporarily slow economic growth and delay some development projects and policy initiatives as the Indonesian government diverts capital from infrastructure development to help respond to the crisis.²¹ However, the Jokowi administration's efforts for continuous reform are expected to accelerate the transition to the digital economy.

References

- Adrian Wakil Akhlah. 2020. Millions to lose jobs, fall into poverty as Indonesia braces for recession. *The Jakarta Post*. (April 15, 2020). <https://www.thejakartapost.com/news/2020/04/14/millions-to-lose-jobs-fall-into-poverty-as-indonesia-braces-for-recession.html>. (Accessed August 6, 2020).
- Adrian Wail Akhlah and Esther Samboh. 2020 Pandemic an opportunity for reforms in Indonesia: Sri Mulyani. *The Jakarta Post*. (August 21, 2020). <https://www.thejakartapost.com/news/2020/08/21/pandemic-an-opportunity-for-reforms-in-indonesia-sri-mulyani.html> (Accessed March 8, 2021).
- Alix Partners Disruption Insights 2020. COVID-19 through the lens of disruption: Seven years of change in seven months. <https://www.alixpartners.com/disruption-insights/covid-19-lens-of-disruption/>. (Accessed March 27, 2021).

²¹ For example, Indonesian government has placed its ambitious 33 billion USD plan to move the capital city to the island of Borneo on hold. Suharso Monoarfa, the Minister for National Development Planning mentioned that the construction of government buildings for the new city has been postponed until Indonesia sees "the light at the end of the tunnel" on the epidemic. "Indonesia puts \$33bn capital relocation on hold", August 19, 2020, <https://asia.nikkei.com/Politics/Indonesia-puts-33bn-capital-relocation-on-hold> (Accessed July 13, 2021).

- APJII. 2018. Laporan Survei: Penetrasi & Profil Perilaku Pengguna Internet Indonesia. Jakarta (Indonesia).
- BAKTI. 2019. Laporan Tahunan 2018: Indonesia Merdeka Sinyal 2020. Badan Aksesibilitas Telekomunikasi Indonesia, Kementerian Komunikasi dan Informatika: Jakarta (Indonesia).
- Basri, Chatib. 2017. India and Indonesia: Lessons Learned from the 2013 Taper Tantrum. *Bulletin of Indonesian Economic Studies*, 53(2): 137-160.
- Bisara, D. 2019. Indonesia's E-commerce Market Larger than Estimated; Consumer Habits Changing: Study. <https://jakartaglobe.id/context/indonesias-e-commerce-market-larger-than-estimated-consumer-habits-changing-study>. (Accessed June 29 June 2021).
- Dekker, Brigitte. 2020. The Impact of COVID-19 Measures on Indonesian Value Chains. Clingendael: Netherlands Institute of International Relations.
- Dito Aditia Darma Nasution, Erlina dan Iskandar Muda. 2020. Dampak COVID-19 Terhadap Sektor Ekonomi Indonesia. *Jurnal Benefita*, 5(2):212-224.
- EKONID Insight. 2021. COVID-19 developments in Indonesia. (04/02/2021).
- Erien, Mohamed El. 2008. *When Markets Collide: Investment Strategies for the Age of Global Economic Change*. New York: McGraw-Hill Education.
- FocusEconomics. 2020. Indonesia Economic Outlook. (2020.5.26).
- Frost & Sullivan. 2018. Digital Market Overview: Indonesia. https://ww2.frost.com/files/3115/2878/4354/Digital_Market_Overview_FCO_Indonesia_25May18.pdf. (Accessed June 27, 2021).
- German-Indonesian Chamber of Industry and Commerce. 2021. COVID-19 developments in Indonesia. EKONID Insight. (04/02/2021).
- Google and Temasek/Bain. 2019. e-Conomy SEA 2019: Swipe Up and to the Right: Southeast Asia's \$100 Billion Internet Economy. https://www.blog.google/documents/47/SEA_Internet_Economy_Report_2019.pdf. (Accessed June 28, 2021).
- International Monetary Fund. Policy responses to COVID-19. (Last

- updated on July 2, 2021). <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#I>. (Accessed July 6, 2021).
- International Monetary Fund. 2020. World economic outlook update. (June 2020)
- Iswahyudi, H. 2016. Back to Oil: Indonesia Economic Growth After Asian Financial Crisis. *Economic Journal of Emerging Markets*, 8(1): 25–44.
- Karina M. Tehusjarana and Ghina Ghaliya. 2019. Jokowi highlights economic, bureaucratic reforms in inauguration speech, *The Jakarta Post*. (October 20, 2019). <https://www.thejakarapost.com/news/2019/10/20/jokowi-highlights-economic-bureaucratic-reforms-in-inauguration-speech.html> (Accessed 14 February 2021).
- KOTRA. 2021. [Southeast Asia] Post Corona, Promising Fields of Southeast Asian Market. Overseas Market News.
- McKibbin, Warwick and Fernando, Roshen. 2020. The Global Macroeconomic Impacts of COVID-19: Seven Scenarios. CAMA Working Paper 19/2020 (February 2020).
- Saidi, L., Adam, P., Saenong, Z., & Balaka, M. Y. 2017. The Effect of Stock Prices and Exchange Rates on Economic Growth in Indonesia. *International Journal of Economics and Financial Issues*, 7(3): 527–533.
- Lee, Sang M. and Lee, DonHee. 2020. Lessons Learned from Battling COVID-19: The Korean Experience. *International Journal of Environmental Research and Public Health*. 17(20): 7548.
- Tapscott, D. 2015. *The Digital Economy: Rethinking Promise and Peril in the Age of Networked Intelligence*. Anniversary Edition. After 20 Years, a New Look Forward. New York: McGraw Hill Education.
- Vience, Mutiara Rumata and Ashwin, Sasongko Sastrosubroto. 2020. The Paradox of Indonesian Digital Economy Development. <https://www.intechopen.com/books/e-business-higher-education-and-intelligence-applications/the-paradox-of-indonesian-digital-economy-development> (Accessed June 27, 2021).
- Vivek Lath, Tracy Lee, Khoon Tee Tan, and Phillia Wibowo. 2020.

With effort, Indonesia can emerge from the COVID-19 crisis stronger. McKinsey & Company. (September 2020). We Are Social. Digital 2019: Indonesia. 2019. <https://datareportal.com/reports/digital-2019-indonesia>. (Accessed July 01, 2021). Yose, Rizal Damuri and Fajar, B. Hirawan. 2020. Mengukur Dampak OVID-19 pada Pertumbuhan Ekonomi dan Perdagangan Indonesia 2020. CSIS Commentaries DMRU-015. (26 March 2020). *The Jakarta Post* articles
<https://www.csis.org/programs/southeast-asia-program/southeast-asia-covid-19-tracker-0> (Accessed February 5, 2021).
<https://asia.nikkei.com/Politics/Indonesia-puts-33bn-capital-relocation-on-hold> (Accessed July 13, 2021).
<https://publicadministration.un.org/en/Themes/ICT-for-Development-World-Summit-on-Information-Society> (Accessed June 28, 2021).
<https://www.worldometers.info/coronavirus/> (Accessed July 7, 2021).

Received: June 7, 2021; Reviewed: July. 15, 2021; Accepted: July 19, 2021

