



Indonesia Against COVID-19 Crisis

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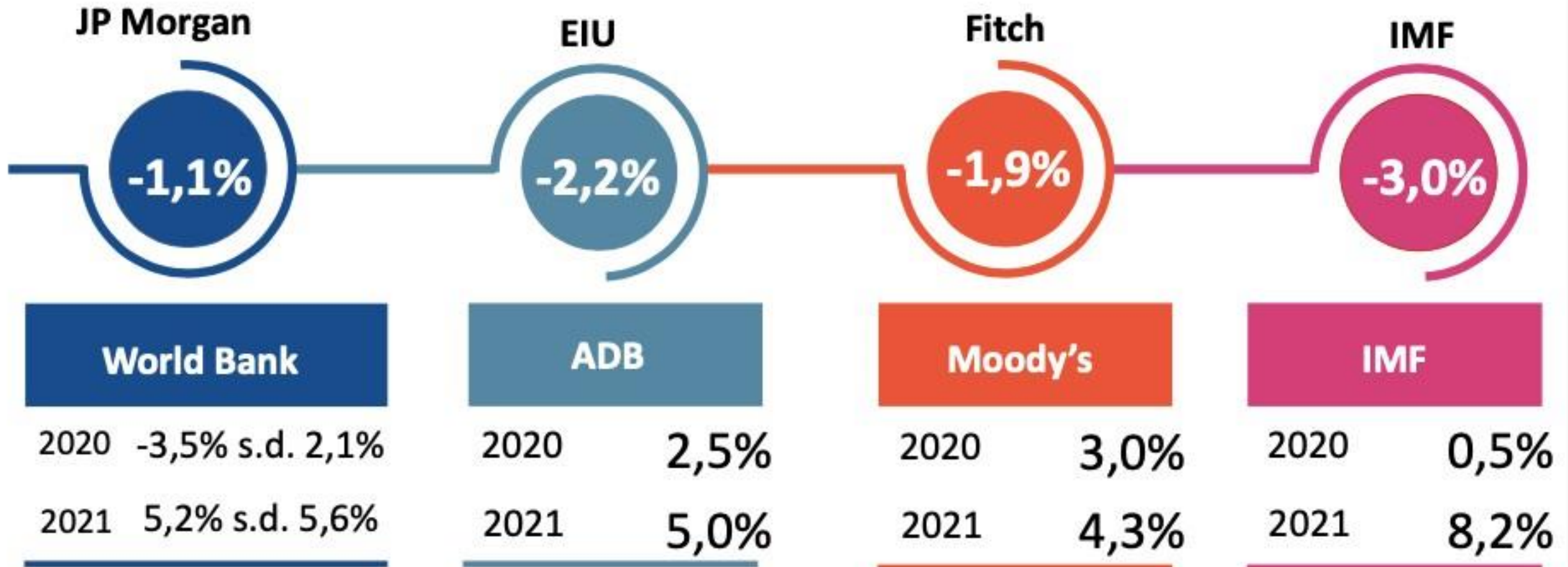
KADIN Indonesia

presented at FPCI Virtual Public Forum

The Big Picture

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Global Economic Forecast vs Indonesia's Forecast



The Potential Winners & Potential Losers



Projection to the winning sectors discounts the following considerations:

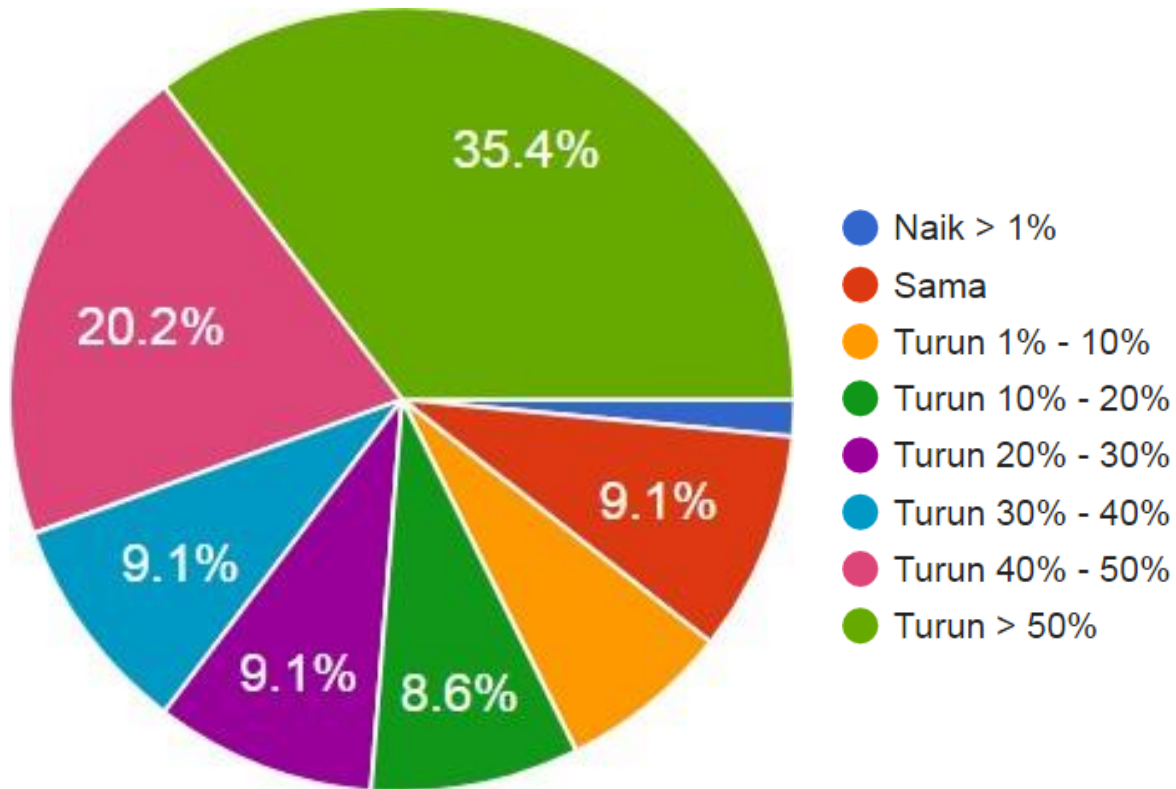
- Global supply shortage factors which cause increased price of input productions to operate
- Limit to the transferability of increased production costs to end user in crisis
- Supply/service reliability problems in surge of demand
- Global supply chain disruptions

Indonesia's Real Sector Damages

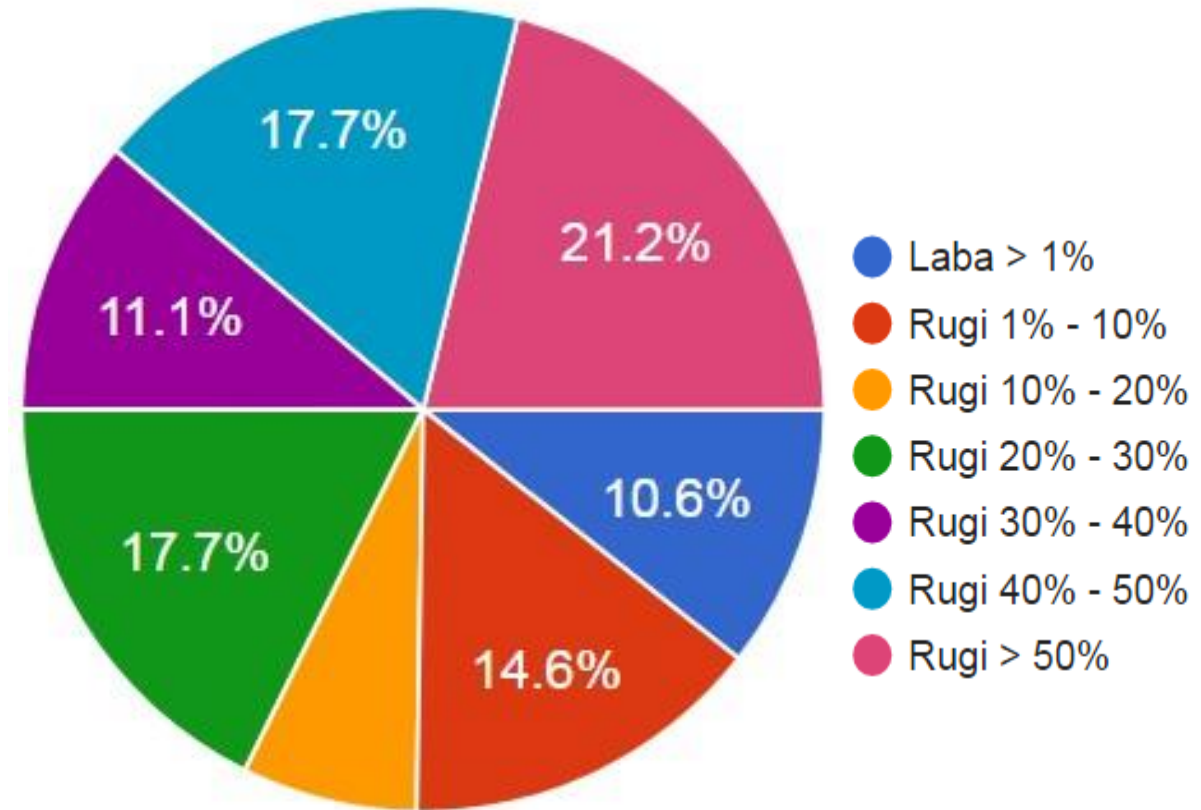
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Overall real sector's turnover & profit is projected to lose more than 50%

SALES TURNOVER



PROFIT/LOSS

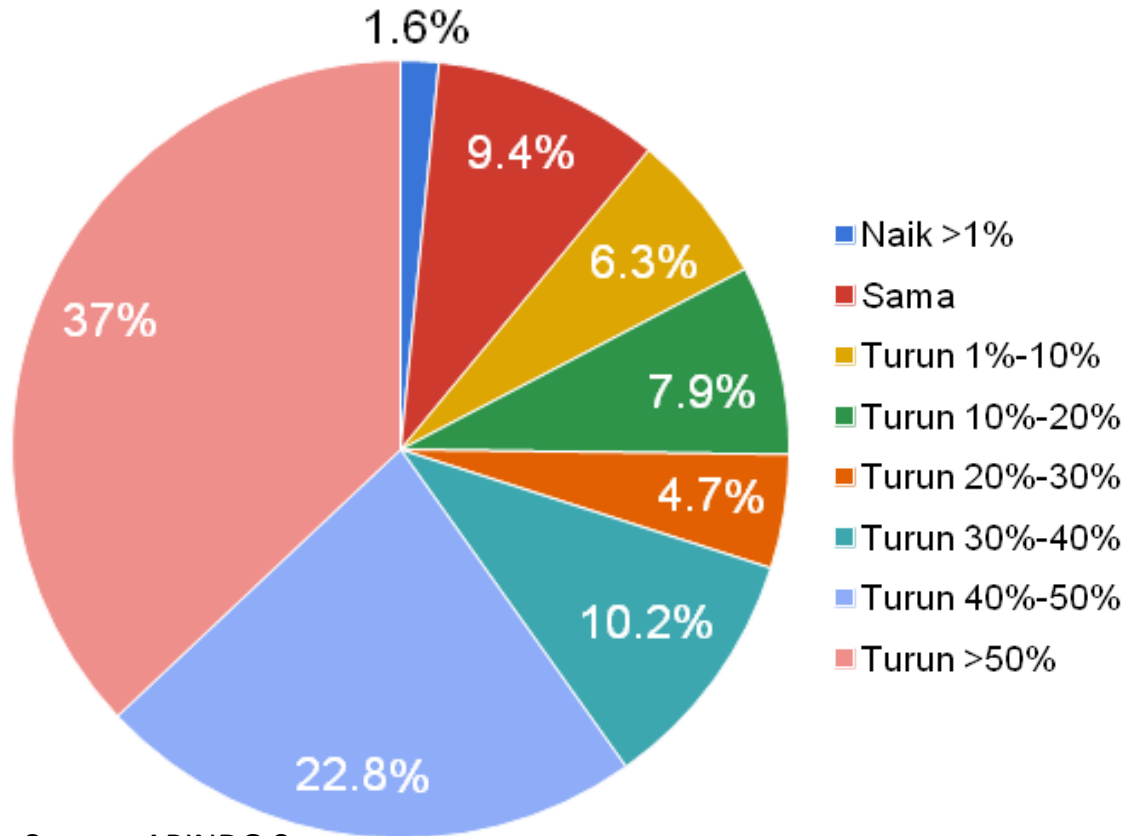


Source: APINDO Survey

presented at FPCI Virtual Public Forum

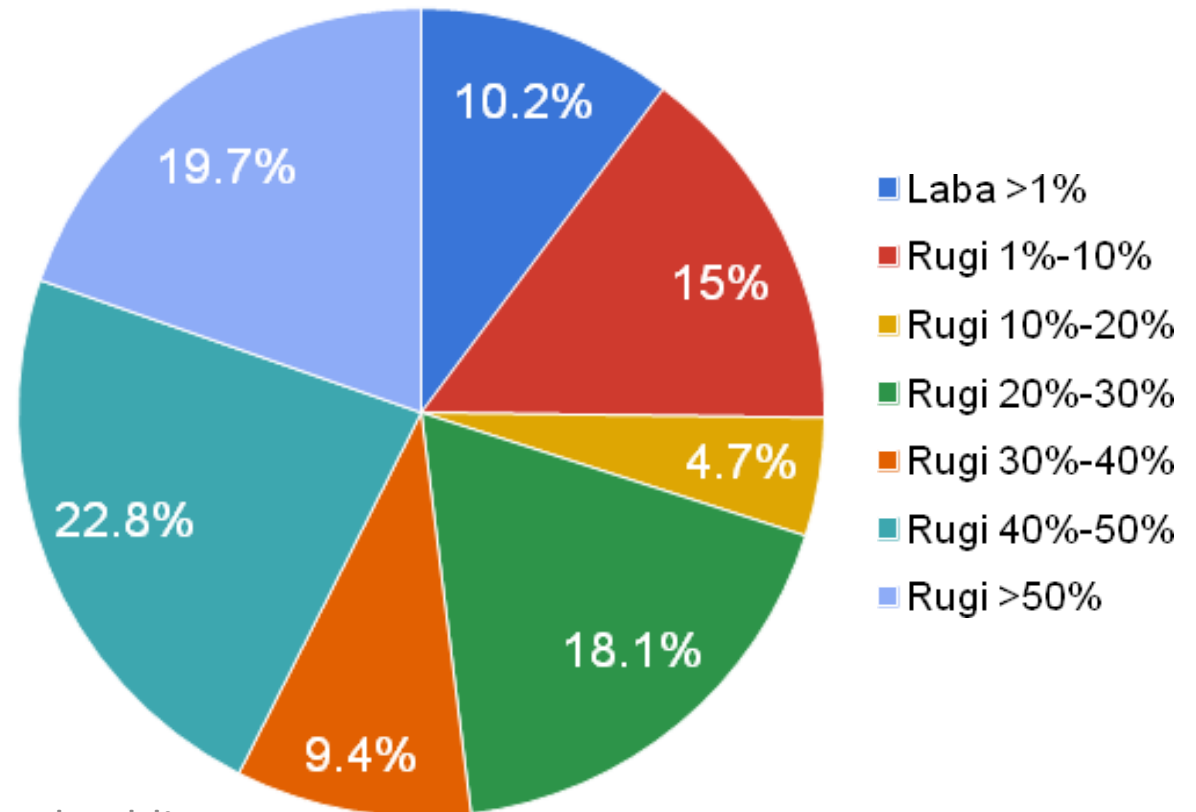
Manufacturing sector's turnover & profit projection in 2020

SALES TURNOVER



Source: APINDO Survey
Source: APINDO Survey

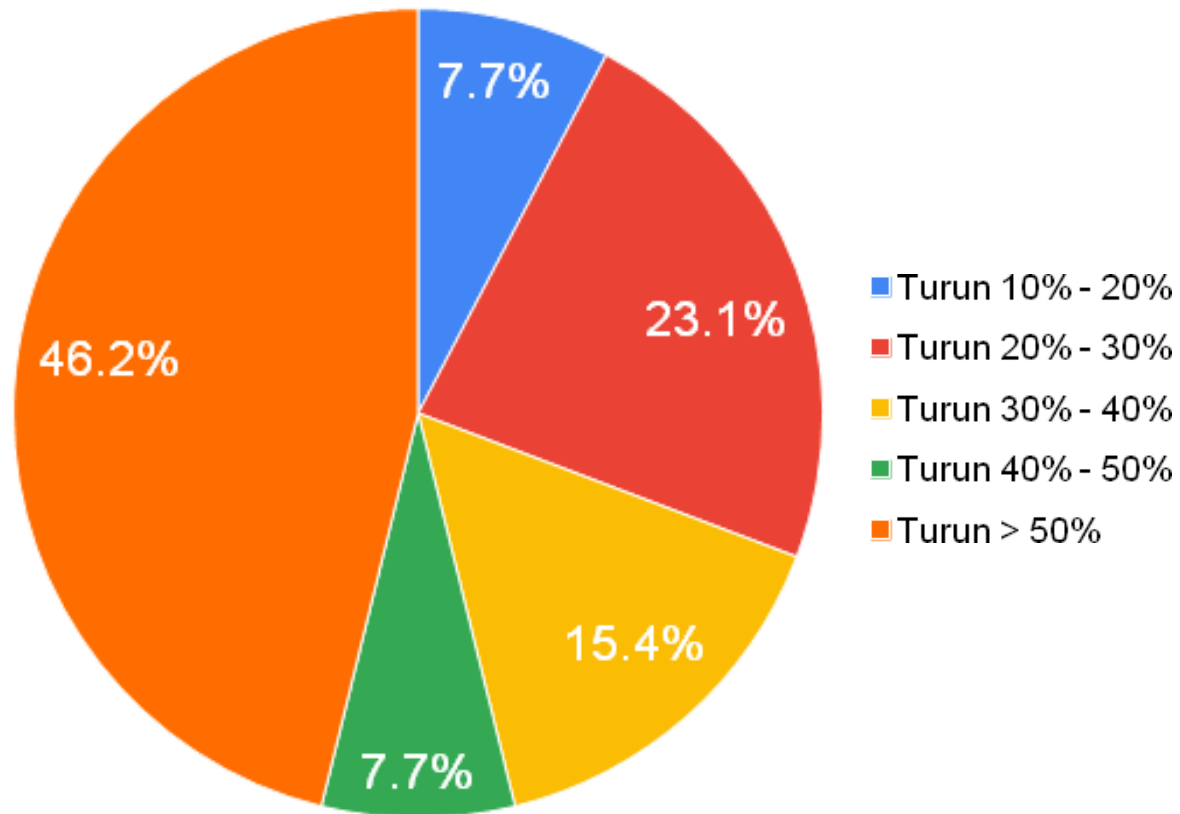
PROFIT/LOSS



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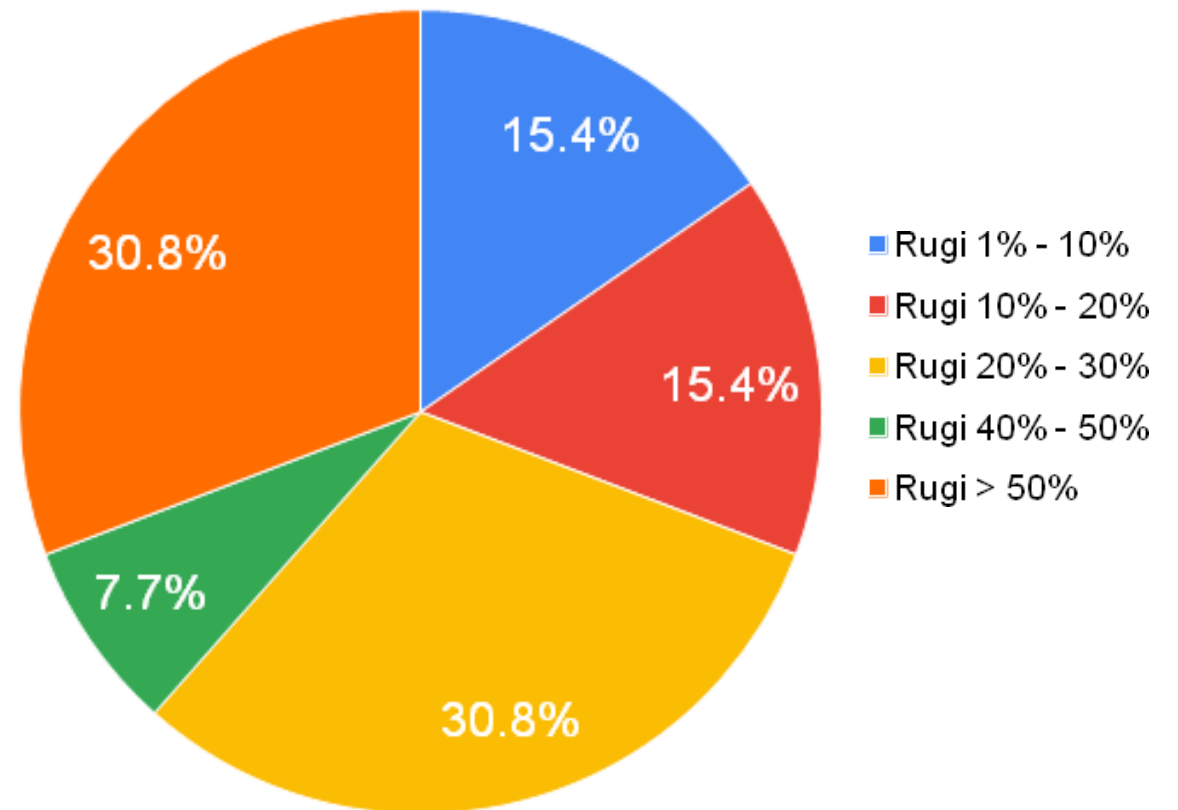
Commerce sector's turnover & profit projection in 2020

SALES TURNOVER



Source: APINDO Survey

PROFIT/LOSS



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Business sectors damages so far

Business Sector	Forms of Damages
Tourism & hospitality	1.139 hotels and 389 restaurants & tourist attraction are closed as of 3 April 2020 and has affected jobs for 138.000 workers in tourism businesses. Suffers severe cashflow problems.
Mass transportation	100% dormant for tourism transportation, 70-100% dormant for intercity transportation, and only 10% of intercity transportations are operated.
Food & Beverages	60% of F&B companies suffered 30-40% loss in turn over. Factories have problems in operating & logistics problems due to scattered local gov quarantine policies.
Automotive	Zero auto-sales since mid-March 2020. Expecting severe drop of productivity & sales to merely 40% of last years' performance.
Pharmaceutical	Surge price in input production. Suffers cashflow problems & logistics problems due to scattered local gov quarantine policies.
Real estate	Near zero sales in real estate/property ownership & property rental. Has affected 174.872 workers in the sector. Severe cashflow problems.
Electronics	Loss of productivity between 30-50%. Severe cash flow problems.
Retail	90% malls/shops in full/partial closures or limited operating time all over Indonesia. Has requested Kartu Prakerja for more than 200.000 workers in the sectors as of mid-April.

Damages in Employment

Struktur Ketenagakerjaan Indonesia, Agustus 2019



Laid off formal workers due to COVID19 against total formal workers	4.3%
Laid off informal workers due to COVID19 against total informal workers	0.6%
Total laid off workers against total employed population	2.2%

Data Kementerian Ketenagakerjaan (update 11 April 2020)	Jumlah	% thd Total
1. Pekerja Formal Dirumahkan	1.205.191	70,9%
2. Pekerja Formal ter-PHK	212.394	12,5%
3. Total Pekerja Formal Dirumahkan dan PHK	1.417.585	83,4%
4. Pekerja Informal terdampak	282.103	16,6%
5. Total (3+4)	1.699.688	

Data BPJS Ketenagakerjaan	Jumlah	% thd Total
1. Pekerja Formal Dirumahkan	454.381	40,8%
2. Pekerja Formal ter-PHK	537.112	48,2%
3. Total Pekerja Formal Dirumahkan dan PHK	991.493	89,0%
4. Pekerja Informal terdampak	123.116	11,0%
5. Total (3+4)	1.114.609	

Total Pekerja Terdampak Covid-19 (Data Kemnaker + Data BPJS T.K)	Jumlah	% thd Total
1. Pekerja Formal Dirumahkan	1.659.572	59,0%
2. Pekerja Formal ter-PHK	749.506	26,6%
3. Total Pekerja Formal Dirumahkan dan PHK	2.409.078	85,6%
4. Pekerja Informal terdampak	405.219	14,4%
5. Total (3+4)	2.814.297	

Source: Ministry of Manpower

presented at FPCI Virtual Public Forum

COVID19 Macro-economic Damages & its Remedies

Demand Shock

- Significant drop/postponement in investment until end of quarantine/pandemic
- Extremely low consumption due to sudden drop of income & sudden freeze in commerce activities (esp, retail, restaurant, hotels, etc) due to quarantine measures/PSBB

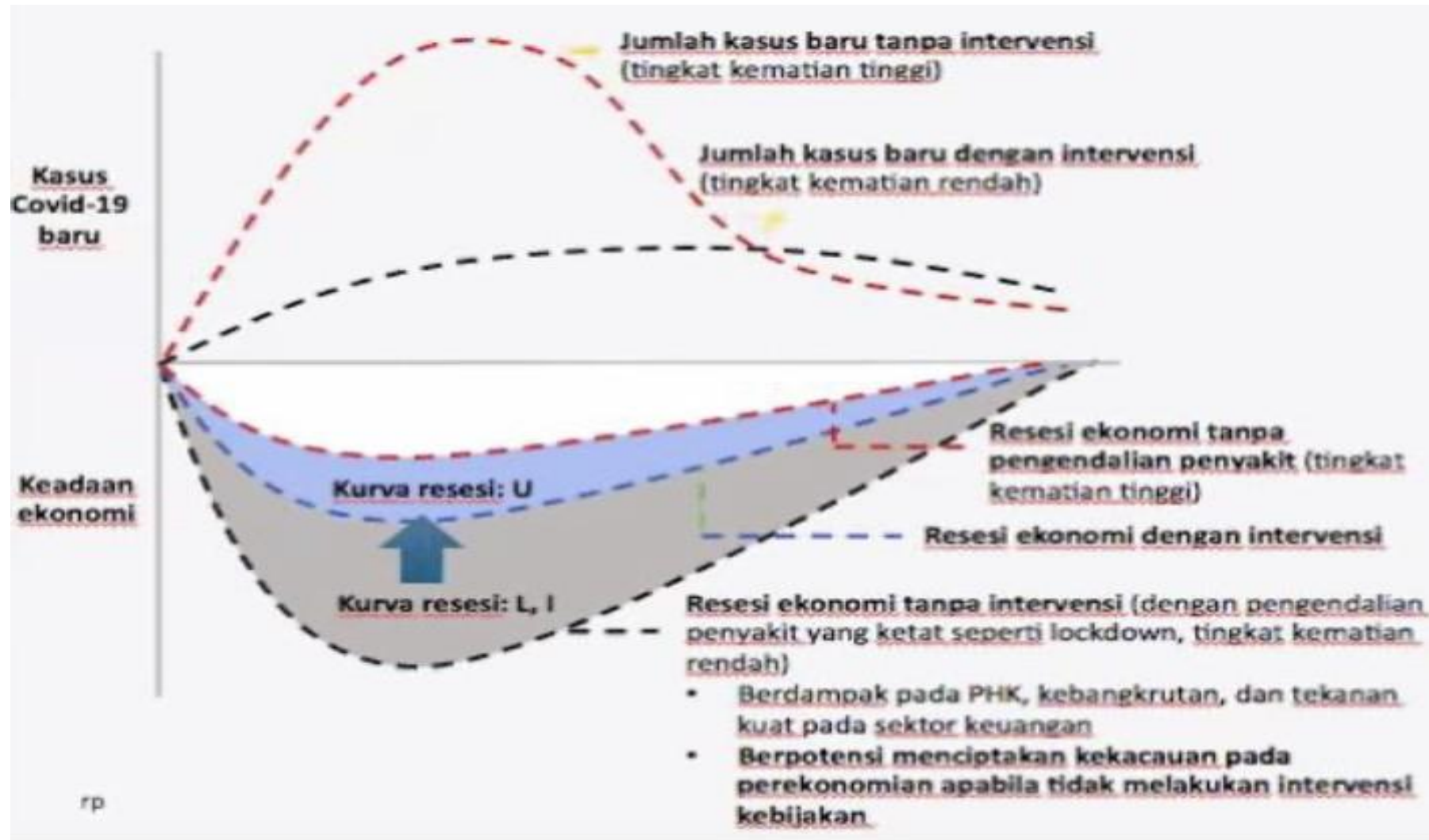
- Increased gov consumption
- Social safety net programs to cover for people's basic necessities during the pandemic

Supply Shock

- Disruption to 70% of total imported production inputs to factories in Indonesia
- Sudden stop in production activities esp. factories in red zones which includes many industrial estates

- Accelerate substitutive local production
- End pandemic in industrial estates
- Protecting production activities in green zones (eg. agriculture & mining)

Various scenario of COVID crisis & its consequences



Review to Indonesia's Policy Response

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Indonesia's policy response: Prudent & proper to the pandemic damages but ...

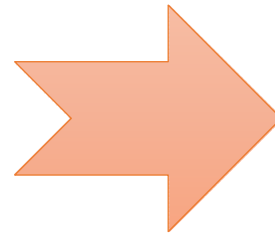
Current stimulus packages upgraded to match the exponential growth of economic damages created by the pandemic in Indonesia's real sectors. KADIN proposes an upgrade to stimulus packages from IDR 405 trillion to IDR 1,600 trillion (about 10% of GDP).

Healthcare stimulus
(IDR 75 trillion)

Social security stimulus
(IDR 110 trillion)

Industry support stimulus
(IDR 70.1 trillion + 150 trillion)

Global bond fund raising
(USD 4.3 billion)



Healthcare stimulus
(IDR 400 trillion)

Social security stimulus
(IDR 600 trillion)

Industry & financial support stimulus
(IDR 600 trillion)

Alternative fund-raising options to enable
IDR 1.600 trillion stimulus

The need to address challenges in current stimulus packages

Limited fund allocation to remedy business affected by the pandemic

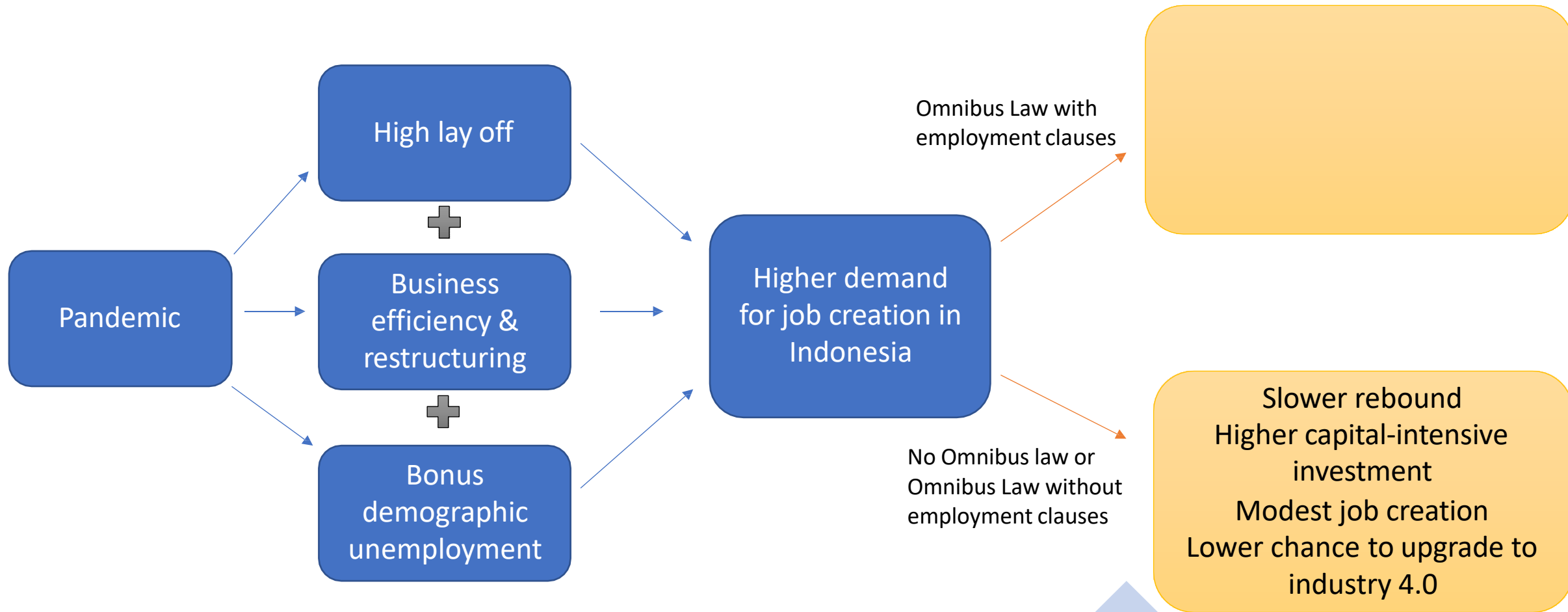
Verifiable data problems to deliver social security benefits

Significant delay in stimulus distribution and claim process due to inefficient bureaucracy

Bottleneck of credit stimulus delivery, primarily credit restructuring, in banks

The Omnibus Law to speed up rebound

Logic to importance of continuing our economic policy reform agenda (UU Cipta Kerja) to speed up economic rebound & recovery process in post-COVID era.





**Thank
You**

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