



COORDINATING MINISTRY OF ECONOMIC AFFAIRS

# Recent Situation Update, Economic Recovery, and Post-COVID-19 Outlook of Indonesia

Mise à jour de la situation, de la reprise économique et des perspectives post-COVID-19 de l'Indonésie

**Coordinating Minister for Economic Affairs of the Republic of Indonesia**  
**H.E Mr. Airlangga Hartarto**

Indonesia Infrastructure Investment Summit (IIIF) 2020

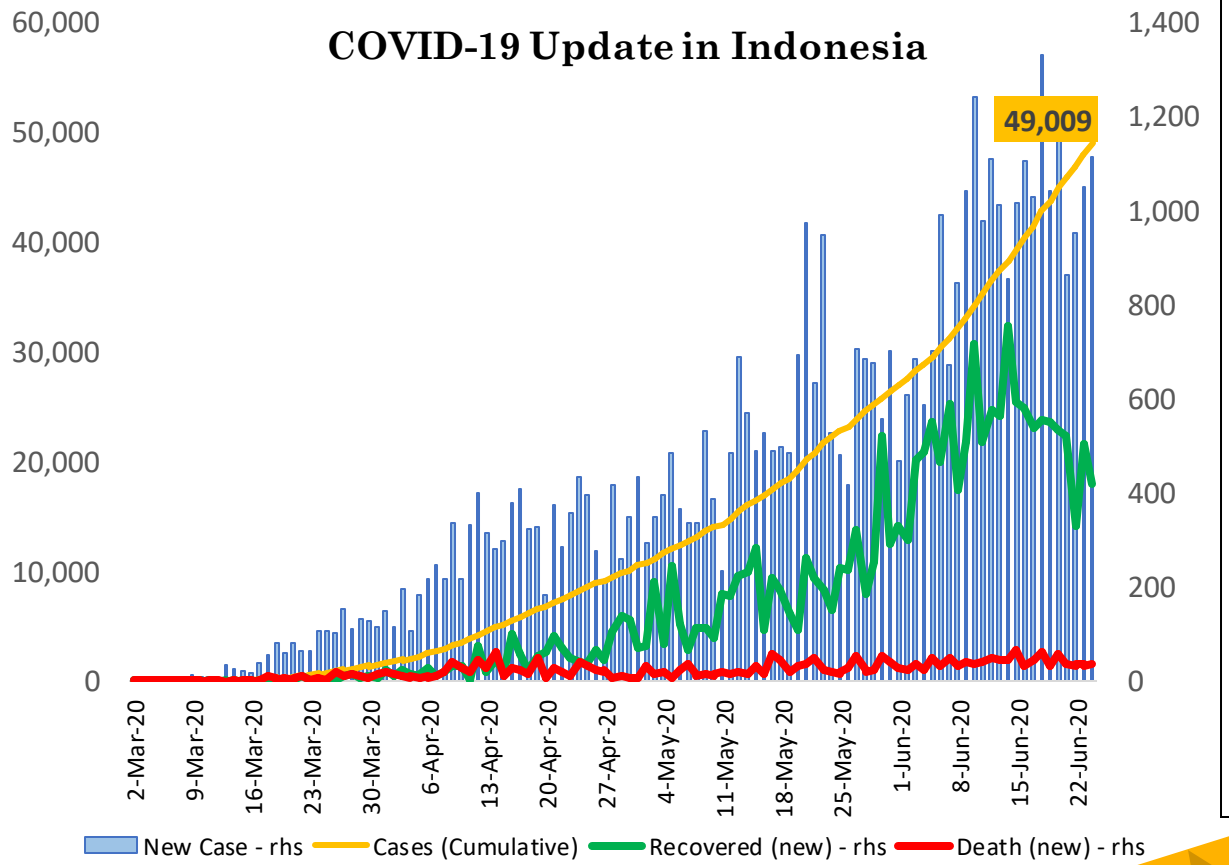
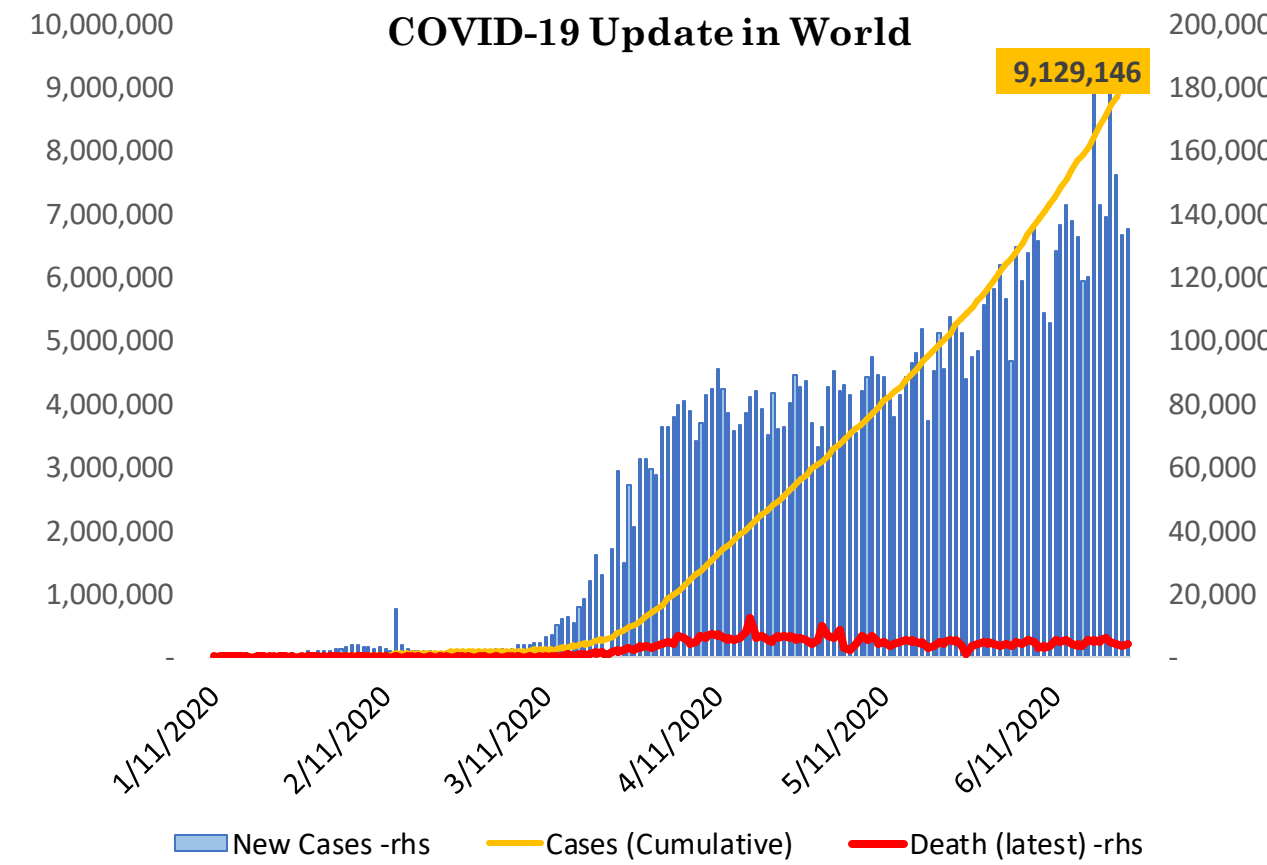
Paris/Jakarta, 30 June 2020



# Update on COVID-19 Cases In The World and Indonesia

*Mise à jour sur les cas de COVID-19 dans le monde et l'Indonésie*

COVID-19 positive cases in the world have emerged in 213 countries and territories and 2 international conveyances with a total of 9.1 million positive cases and 473 thousand patients died. Meanwhile, COVID-19 positive cases in Indonesia have reached 49,009 cases of which 19,658 patients recovered, and 2,573 patients died (As of 24 June 2020).





# COVID-19 Pandemic's Effect on Economic Growth, Unemployment, and Poverty

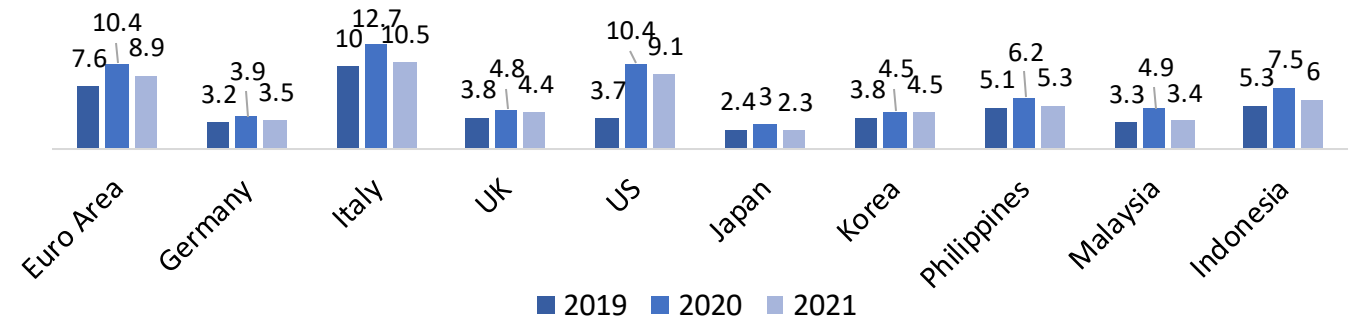
*Effet de la pandémie de COVID-19 sur la croissance économique, le chômage et la pauvreté*

- Pandemic has resulted in revised projections of global growth, which is contracted by -4.9% (IMF) or even greater - 5.2% (World Bank) for the year 2020.
- Unemployment hikes and a surge in poverty can be seen in almost all countries in 2020 due to COVID-19 pandemic. The figures are even worse in countries with insufficient COVID-19 handling strategy.

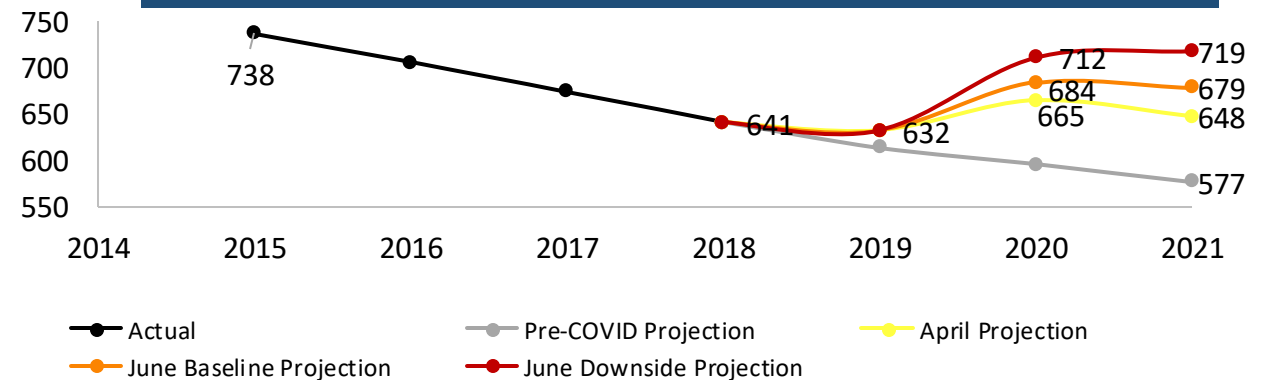
## Projected Economic Growth

Economic Growth (%YoY)	2019	GEP World Bank, June 2020		WEO IMF, June 2020	
		2020f	2021f	2020f	2021f
Global	2.9	-5.2	4.2	-4.9	5.4
Advances Economies	1.7	-7.0	3.9	-8.0	4.8
Emerging and Developing Economies	3.7	-2.5	4.6	-3.0	5.9
AS	2.3	-6.1	4.0	-8.0	4.5
Euro Area		-9.1	4.5	-10.2	6.0
<b>France</b>	<b>1.3</b>			<b>-12.5</b>	<b>7.3</b>
Japan	0.7	-6.1	2.5	-5.8	2.4
China	6.1	1.0	6.9	1.0	8.2
India	4.2	-3.2	3.1	-4.5	6.0
Brazil	1.1	-8.0	2.2	-9.1	3.6
South Africa	0.2	-7.1	2.9	-8.0	3.5
<b>Indonesia</b>	<b>5.0</b>	<b>0.0</b>	<b>4.8</b>	<b>-0.3</b>	<b>6.1</b>

## Projected Unemployment Rate (%)



## Projected Extreme Global Poverty Rate (in million number of people)



\* The extreme poverty rate is measured based on the number of people who have living expenses below US \$ 1.90 per day



# Indonesia and France in Economic Relation

*l'Indonésie et la France en relation économique*

## Bilateral Trade: Indonesia's Export to France

In 2019, Indonesia's total export to France was USD 956,8 million with share of 0.57% from Indonesia's total export during the year. **Seafoods (tunas, shrimp, prawns) and white pepper dominates Indonesia's export commodities to France in agriculture.** On manufacturing sectors, **CPO, rubbers, cocoa, motorcycles and footwears are the main commodities exported to France.** **Jewelries and its imitative parts are the main commodities exported in mining sector.**

Indonesia's Export to France



### Agriculture Jan-May 2019

5 Main Commodities	Value (USD Million)	% to total Agric
Frozen fillet of Tunas	2.08	11.9
Frozen shrimps and prawns	1.18	6.7
White pepper	1.17	6.7
Frozen fillet of fish	1.17	6.7
Frozen giant tiger prawns	1.13	6.4

### Manufacturing Jan-May 2019

5 Main Commodities	Value (USD Million)	% to total Manuf
Other of motorcycles	27.38	8.4
Rubber (TSNR) 20	15.88	4.9
Sports footwear	15.01	4.6
Static converters	13.53	4.2
Wooden furnitures	11.09	3.4

### Mining Jan-May 2019

5 Main Commodities	Value (USD Million)	% to total Mining
Articles of jewellery	0.34	34.3
Silver jewellery articles	0.27	27.3
Zirconium ores	0.20	19.6
Part of other imitation jewellery	0.11	10.6
Other imitation jewellery of base metal	0.04	3.9

### Agriculture Jan-May 2020

5 Main Commodities	Value (USD Million)	% to total Agric
Eucheuma cottonii	1.47	9.0
Frozen whiteleg shrimps	1.34	8.2
White pepper	1.28	7.9
Frozen giant tiger prawns	1.18	7.3
Frozen fillet of fish	0.93	5.7

### Manufacturing Jan-May 2020

5 Main Commodities	Value (USD Million)	% to total Manuf
Crude palm oil	54.96	15.1
Static converters	29.45	8.1
Other of motorcycles	18.11	5.0
Rubber (TSNR) 20	17.39	4.8
Cocoa butter, fat and oil	14.38	4.0

### Mining Jan-May 2020

5 Main Commodities	Value (USD Million)	% to total Mining
Articles of jewellery	0.37	36.2
Silver jewellery articles	0.30	29.4
Part of other imitation jewellery	0.14	13.7
Zirconium ores	0.10	9.2
Other imitation jewellery	0.07	6.6



# Indonesia and France in Economic Relation

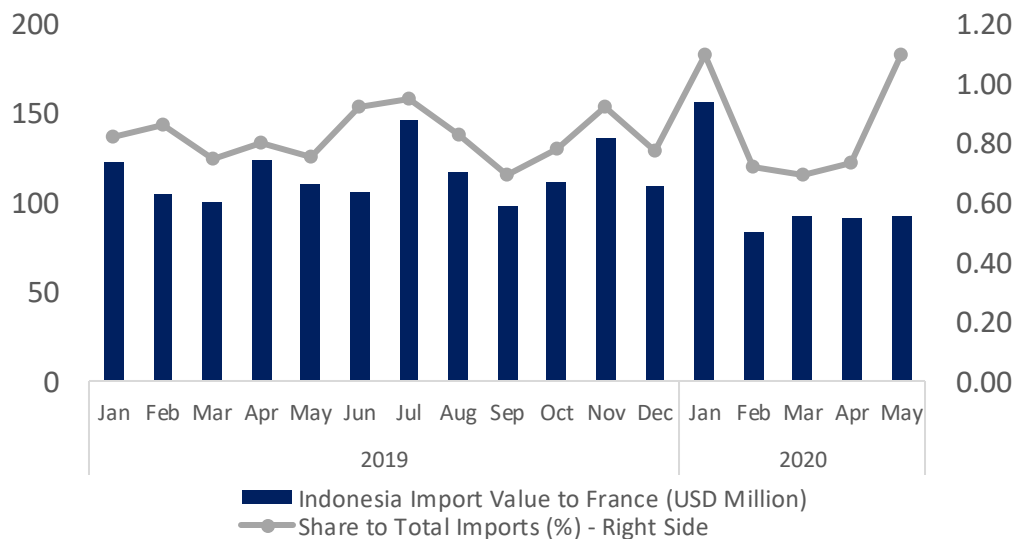


*l'Indonésie et la France en relation économique*

## Bilateral Trade: Indonesia's Import from France

In 2019, Indonesia's total import from France was USD 1,38 billion with share of 0.81% from Indonesia's total import in 2019. **Whey, butter, vegetable saps and gum dominates our imports in agriculture.** We also import **wood pulps, tanks, airplanes, and turbines in manufacturing sector.** On mining, imports were dominated by **jewelries and its imitative parts** while lubricating oils, diesel fuel and petroleum spirits dominates import on oil and gas sector.

Indonesia's Import from France



Agriculture Jan-May 2019		
5 Main Commodities	Value (USD Million)	% to total Agric
<b>Whey &amp; modified whey</b>	<b>16.37</b>	<b>62.9</b>
Butter	2.29	8.8
Other vegetable saps and extracts	1.61	6.2
Fresh (unripened or uncured) cheese	1.21	4.6
Gum Arabic	0.90	3.5

Agriculture Jan-May 2020		
5 Main Commodities	Value (USD Million)	% to total Agric
<b>Whey &amp; modified whey</b>	<b>4.87</b>	<b>47.5</b>
Butter	1.67	16.3
oth vegetable saps and extracts	1.42	13.9
Not roasted malt	1.23	12.0
Gum Arabic	1.05	10.3

Manufacturing Jan-May 2019		
5 Main Commodities	Value (USD Million)	% to total Agric
<b>Chemical wood pulp</b>	<b>22.63</b>	<b>4.3</b>
Perfumes & toilet waters	20.01	3.8
Aeroplanes, > 15,000 kg	18.00	3.4
Milk/cream, in solid form	15.22	2.9
Oth than anti-acne creams	11.93	2.3

Manufacturing Jan-May 2020		
5 Main Commodities	Value (USD Million)	% to total Agric
<b>Tanks and armoured fighting vehicles</b>	<b>71.32</b>	<b>14.3</b>
Chemical wood pulp	27.28	5.5
Gas turbines, > 5,000 kW	24.20	4.8
Turbo-jets of a thrust > 25 kN	16.84	3.4
Gensets, 10.000 to 12.500 kVA	10.15	2.0

Mining Jan-May 2019		
5 Main Commodities	Value (USD Million)	% to total Agric
<b>Articles of jewellery</b>	<b>1.02</b>	<b>73.4</b>
Other imitation jewellery	0.20	14.4
Imitation jewellery	0.04	3.1
Silver jewellery articles	0.04	2.6
Oth aromatic hydrocarbon	0.03	1.9

Mining Jan-May 2020		
5 Main Commodities	Value (USD Million)	% to total Agric
<b>Articles of jewellery</b>	<b>0.50</b>	<b>56.0</b>
Oth aromatic hydrocarbon	0.14	15.5
Other articles of other than gold or silver	0.09	10.2
Other imitation jewellery	0.08	8.9
Imitation jewellery	0.03	3.7

Oil & Gas Jan-May 2019		
5 Main Commodities	Value (USD Million)	% to total Agric
<b>Other lubricating oils</b>	<b>1.17</b>	<b>39.2</b>
Lubricating oil basestock	0.56	18.9
Other of diesel fuel, fuel oils	0.42	14.1
Low aromatic solvents	0.33	11.0
Other petroleum spirit	0.19	6.4

Oil & Gas Jan-May 2020		
5 Main Commodities	Value (USD Million)	% to total Agric
<b>Other lubricating oils</b>	<b>0.63</b>	<b>35.6</b>
Other of diesel fuel, fuel oils	0.52	29.7
Low aromatic solvents	0.14	8.2
Other petroleum spirit	0.12	7.0
White spirit	0.12	6.8



# Indonesia and France in Economic Relation

*l'Indonésie et la France en relation économique*

## Bilateral Trade: Indonesia's Imports from France (by the type of goods)

Based on the usage type of goods, Indonesia imports various consumer goods, raw materials and capital goods from France.

- In consumer goods, imports are dominated by perfumes & toiletries, veterinary vaccines, fashion products, and armored vehicles for the military.
- In raw materials, imports are dominated by wood pulp, whey, turbines and machineries, milks, and airplane spareparts.
- In capital goods, most imports are dominated by airplanes (Airbus), gensets, communication components, and various machineries.

Consumer Goods Jan-May 2019		
5 Main Commodities	Value (USD Million)	% to total Agric
Perfumes & toilet waters	20.01	15.1
Other anti-acne & face or skin lotions	11.93	9.0
Other medicaments	9.37	7.0
Vaccines for veterinary	7.41	5.6
Handbags made of leather/composite leather	7.13	5.4

Consumer Goods Jan-May 2020		
5 Main Commodities	Value (USD Million)	% to total Agric
Tanks and other armoured fighting vehicles	71.32	45.9
Other medicaments	7.88	5.1
Vaccines for veterinary	7.63	4.9
Perfumes & toilet waters	6.50	4.2
Dog or cat food	6.21	4.0

Raw Materials Jan-May 2019		
5 Main Commodities	Value (USD Million)	% to total Agric
Chemical wood pulp	22.63	7.1
Whey & modified whey	16.37	5.1
Milk/cream in solid form	15.22	4.8
Oth prep based on odoriferous	10.34	3.2
Oth machinery parts	9.39	2.9

Raw Materials Jan-May 2020		
5 Main Commodities	Value (USD Million)	% to total Agric
Chemical wood pulp	27.28	9.5
Gas turbines of a power > 5,000 kW	24.20	8.4
Turbo-jets of a thrust > 25 kN	16.84	5.8
Other parts of aeroplanes	8.50	2.9
Premixes, feed supplements or feed additives	7.77	2.7

Capital Goods Jan-May 2019		
5 Main Commodities	Value (USD Million)	% to total Agric
Aeroplanes, > 15,000 kg	18.00	16.2
Aeroplanes, between 2,000-15,000 kg	11.78	10.6
Machinery shovels	11.44	10.3
Base stations for communications	8.32	7.5
Other apparatus for carrier	5.83	5.3

Capital Goods Jan-May 2020		
5 Main Commodities	Value (USD Million)	% to total Agric
Gensets, 10.000-12.500 kVA	10.15	14.0
Lifting machineries	5.85	8.1
Machinery shovels	3.75	5.2
Other word-processing machines	3.26	4.5
Medical electronic instruments	2.92	4.0



# Indonesia and France in Economic Relation

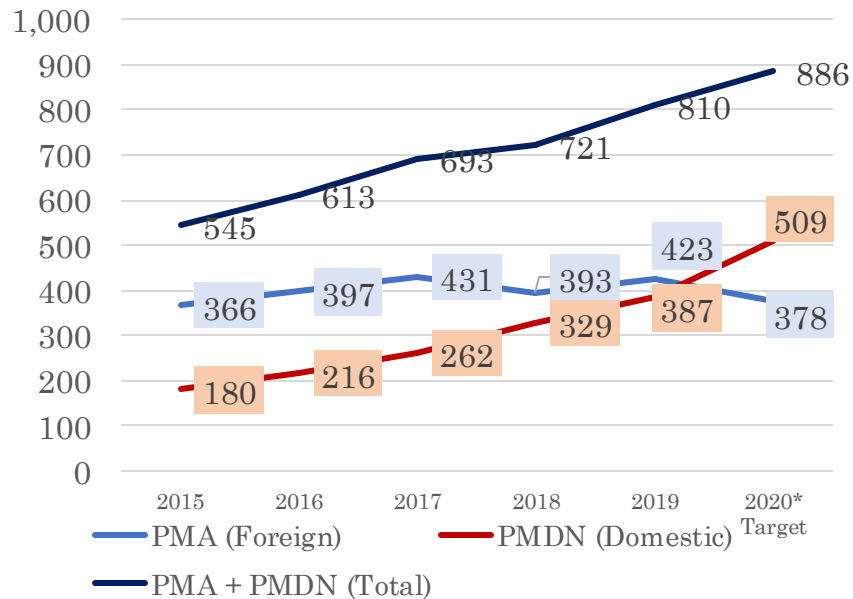


*l'Indonésie et la France en relation économique*

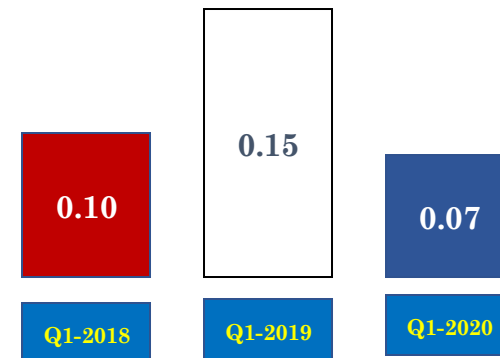
## France's Investment in Indonesia

- Investment from France in Indonesia has shrunk on yearly basis since 2017, however a significant increase of investment was made in 2019 as compared to 2018.
- However, due to uncertainties caused by COVID-19 pandemic, the value of investment made by France in Indonesia tends to get lower. As of Q1, the realized value of investment from FRA in IDN was 4.5 million USD, this figure is less than a half of the same period last year.

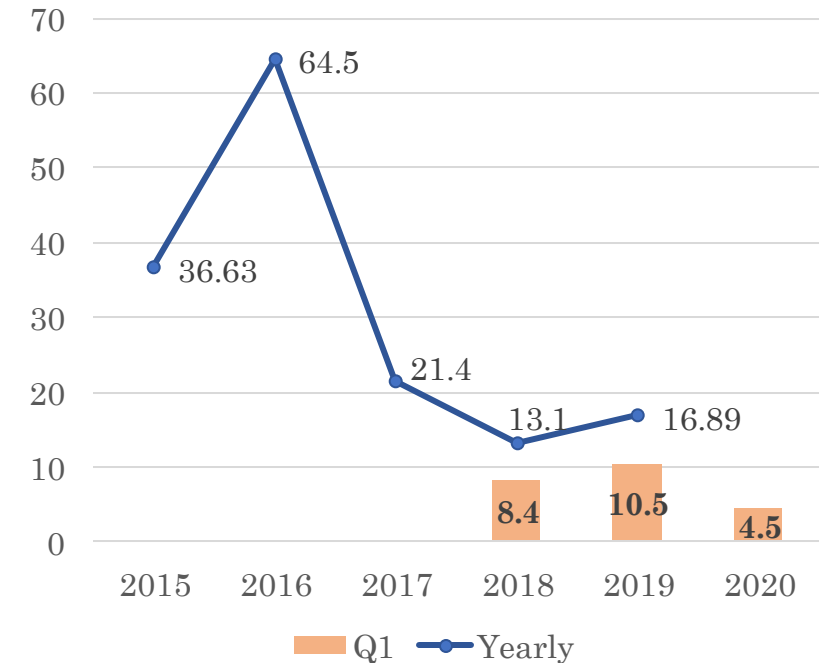
Value of Foreign Investment and Domestic Investment  
(Million USD)



% Percentage Realized Value of FRA investment in IDN over Total Realized Foreign Investment in Indonesia.



Realized Value of Investment from FRA to IDN (Million USD)





## NATIONAL ECONOMIC RECOVERY PROGRAM (PEN)

The National Economic Recovery Program (PEN) is an extra-ordinary effort from the Government to immediately recover the national economy, during the Covid-19 Pandemic

*Programme national de relance économique de l'Indonésie*

### Critical condition and Extraordinary Efforts

The easy, fast, and widespread transmission of COVID-19 has **resulted in health crisis** (29 February 2020 in Indonesia) accordingly the Government required PERPPU 1/2020 that has been **passed into Law 2/2020**, facing Covid-19 Pandemic and Economic Menace/Financial System Stability (31 March 2020)

### Perpres 54/2020 & PP 23/2020 → Part of the Perppu

- The amendment to the posture of the State Budget 2020 is stipulated in Perpres 54/2020 (6 April 2020)
- The PEN program is regulated in PP 23/2020 (13 May 2020) as the implementation of Article 11 PERPPU 1/2020
- In PP 23/2020, PEN is carried out with 4 modalities & state expenditure:
  - ❑ **State Capital Participation (PMN)**
  - ❑ **Funds Placement**
  - ❑ **Government Investment**
  - ❑ **Guarantee**
  - ❑ **State expenditure including but not limited to MSME interest subsidies**

### Adoption of National Economic Recovery Policy (PEN)

Formulation and determination of the PEN Program through series of processes according to article 7 PP 23/2020 :

- **Meeting at Coordinating Ministry of Economy** along with related ministers LPS, BI, and OJK (15 May 2020)
- Submission of PEN and 2020 State Budget Posture at the **Cabinet Meeting** (18 May 2020)
- Deliberation of PEN and 2020 State Budget Posture in the **Parliamentary Budget Committee** (20 May 2020)
- **Meeting at Coordinating Ministry of Economy** along with related ministers LPS, BI, and OJK (22, 27, dan 30 Mei 2020)
- Meeting with **Commission XI of DPR RI** (2 Juni 2020)
- **Cabinet Meeting** regarding PEN and the amendment of the 2020 State Budget Posture (3 Juni 2020)

**The results of the discussion became considerations for the formulation of PEN and the new posture of the 2020 State Budget that will be carried out through the amendment of Presidential Regulation 54/2020**

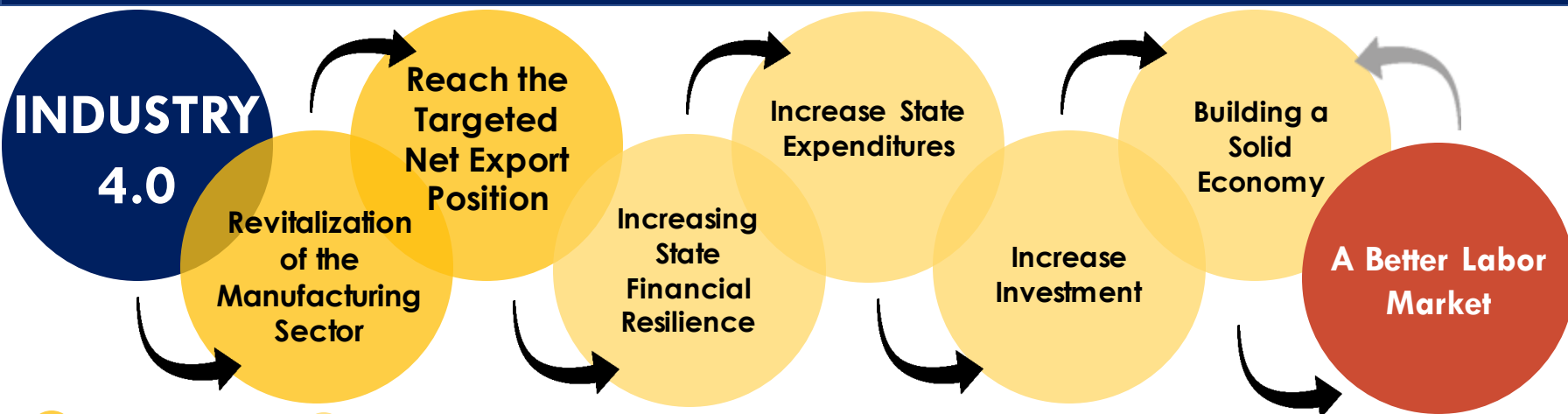




# REALIZING INDUSTRY 4.0

Revitalizing Indonesia's manufacturing sector through the Making Indonesia 4.0 Initiative

*Réaliser l'industrie 4.0*



● Direct Impact    ● Indirect Impact

## The Stages Of The Industrial Revolution

- 1.0** ♦ **1780 – Mechanization**  
Steam engine industry
- 2.0** ♦ **1870 – Electrification**  
Mass production with assembly lines
- 3.0** ♦ **1970 – Automation**  
Automation using electronics and computers
- 3.5** ♦ **1980 – Globalization**  
Moving production to low-cost areas
- 4.0** ♦ **Today- Digitalization**  
The introduction of connected devices, data analysis and artificial intelligence automates all business processes
- 5.0** ♦ **Future - Personalization**  
Will focus more on harmonizing the relationship between man and machine. Human touch in machine processes will provide added value in the form of personalization for the

**MAKING  
INDONESIA 4.0**

**10% Contribution of  
Net Exports to GDP**

**2 Times Increase in  
Productivity to Costs \***

**2% R&D expenditure  
on GDP\*\***

**10 Largest  
Economies in  
the World by  
2030**

**Returning the Net  
Export Position  
(to the same level in  
2000)**

**Increase production  
by Managing Costs  
(similar to India's  
development)**

**Building Local  
Innovation  
Capabilities  
(same level as China)**

\*) based on 2016. \*\*) Indonesia's R&D spending on GDP is currently in the range of 0.1 -0.3%. Source: World Bank, A.T. Kearney



## FINANCIAL TECHNOLOGY

Currently it is estimated that 71% have made payments digitally, up from 2014 which was only 62%.

*Développement de la technologie financière en Indonésie*

### KEY HIGHLIGHTS



**170 Million of Internet users in 2019 and still growing**

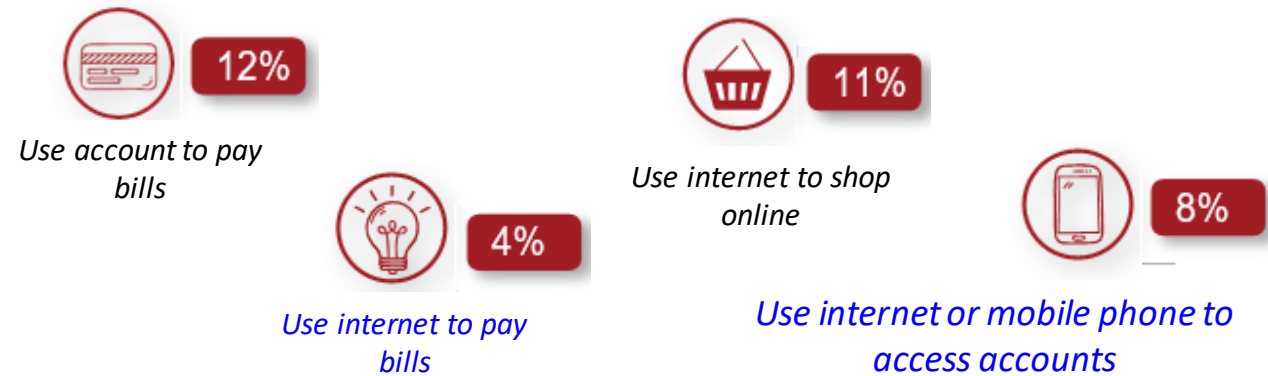
Indonesia has become one of the leading countries in growing market share for cellular phones and the internet

Indonesia is the country with the largest internet users in ASEAN, third in Asia, and fourth in the world

70% of the adult population have access to mobile phones; 64.8% of the population use the internet.

Growth of 10% internet users (17 Million) per year with the majority of the group ages 15-19 years

% of adult population using digital transactions:



### Fintech Development in Indonesia

- Increase in e-money transactions (70%)
- Increased e-money volume (48%)
- Registered Fintech Loans (113)
- Fintech Startups at AFTECH (176)
- Increased loan disbursement (5 x fold)
- The number of borrowers grew by 251%, with NPLs of 1.45% (Dec 2018).

Source : FinTech Industry Insights: Annual Member Survey 2018 – Asosiasi FinTech Indonesia (AFTECH)



# POST PANDEMIC DIGITAL TRANSFORMATION

Social distancing measure in tackling COVID-19 Pandemic has brought a momentum for acceleration in digital transformation.

*Transformation digital post pandémie*

## INITIAL RESOURCES (2019)



Population with access to the internet:  
**180 million** (67%)<sup>1)</sup>



Active internet users:  
**150 million** (56%)<sup>1)</sup>



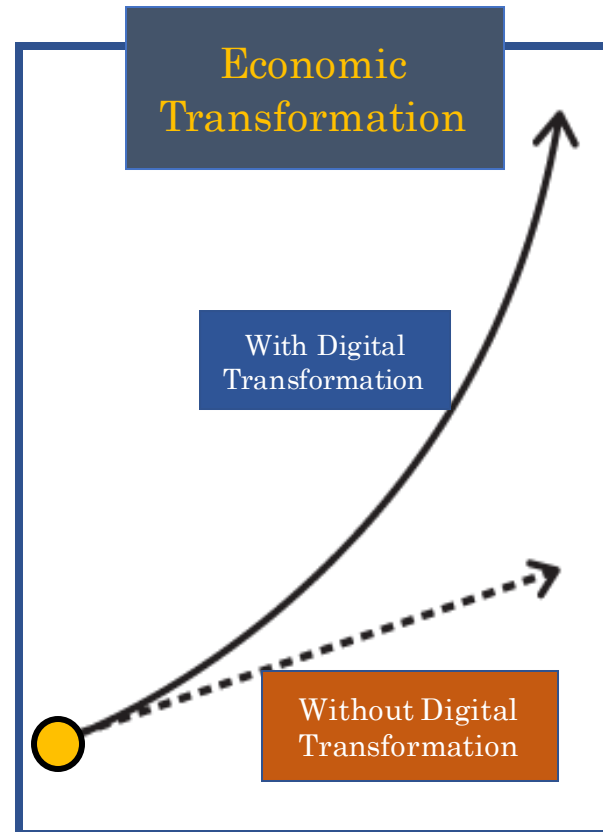
Users of Online Services:  
**105 million** (39%)<sup>1)</sup>



Cellular signal coverage (residential area)<sup>2)</sup>:  
2G : 99,16%  
3G : 96,34%  
4G : 97,51%



**32%** of total population belongs to Gen Y (20-39 y.o.)<sup>2)</sup>



## GOALS



Realization of potential digital economy<sup>3)</sup>  
Indonesia (2025): 133 billion USD;  
ASEAN (2025): 300 billion USD



Response to Industry 4.0



Enabler for Economic Transformation<sup>4)</sup>:  
In order to get out of the middle income trap, economic growth is needed at least to be around 5.7 to 6.0% through job creation, higher investment and productivity



Accelerator for National Economic Recovery



Strengthening the economic foundation to support Sustainable Development



## NATIONAL STRATEGIC PROJECTS (NSP)

*Projets stratégiques nationaux de l'Indonésie*

- From 2018 to April 2020, 245 projects have been submitted and received, 91 projects of these were recommended as New NSP for the period 2020-2024 valued at Rp1,422 T. Meanwhile, 156 were not recommended.
- Based on the financing scheme, there are 36 PPP scheme projects (Rp317.05 T); 31 SOEs scheme projects (Rp.863.2 trillion) and 16 private scheme projects (Rp.885.8 trillion).
- **The government continues to encourage private involvement in the National Strategic Program**

### 91 Project Recommended as New NSP in 2020-2024 with a total investment of around Rp 1,422 Trillion

**15 ROAD AND BRIDGE PROJECTS**  
(Rp 135,1 T)

**5 PORT PROJECTS**  
(Rp 1,88 T)

**5 INDUSTRIAL AREA PROJECTS**  
(Rp 326,8 T)

**5 AIRPORT PROJECTS**  
(Rp 5,66 T)

**6 TRAIN PROJECTS**  
(Rp 180,4 T)

**12 BORDER AREA PROJECTS**  
(Rp 2,486 T)

**13 DAM AND IRRIGATION PROJECTS**  
(Rp 21,8 T)

**14 ENERGY PROJECTS**  
(Rp 430,3 T)

**1 WASTE MANAGEMENT PROJECTS**  
(Rp 0,58 T)

**1 SEA DIKE PROJECT**  
(Rp 5,68 T)

**6 WATER & SANITATION PROJECTS**  
(Rp 76,6 T)

**3 TECHNOLOGY PROJECTS**

**1 SMELTER PROGRAM**  
+ 2 PROYEK (Rp 227,2 T)

**1 SUPERHUB PROGRAM**  
+ 2 PROYEK (Rp 227,2 T)

**1 FOOD SUPPLY PROGRAMS**

# 159

### PROJECTS NOT RECOMMENDED

Reasons:

1. Does not have the support of the technical ministry;
2. Incomplete requirements document; and
3. Does not meet PSN criteria..

**83 With PPP, SOEs, and Private Projects**

**Rp 317.05 T**

Category: PPP

- 35 PPP Projects
- 1 Potential PPP Project

**Rp 863.2 T**

Category: SOEs

- 24 SOEs Assignment Scheme Projects
- 7 SOEs Scheme Project

**Rp 885.8 T**

Category: Private and others

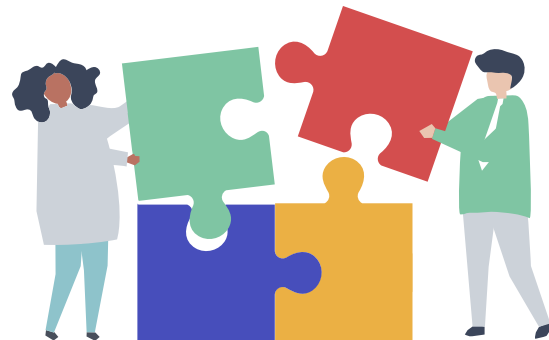
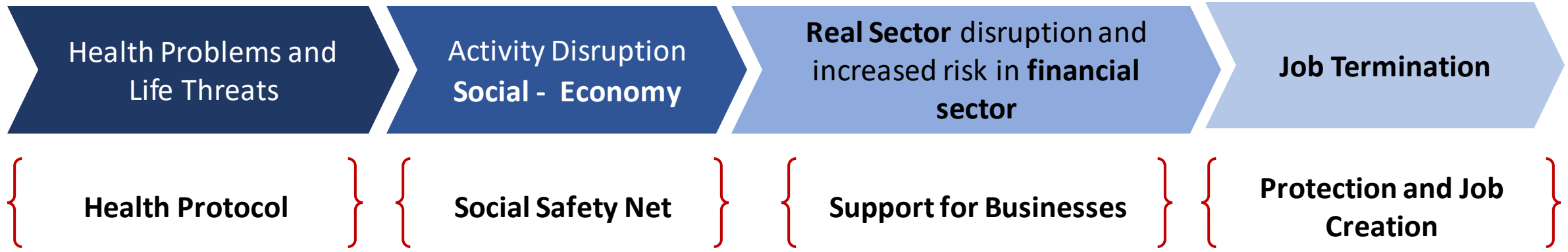
- 15 Private Projects
- 1 State Budget & Private Scheme Project



# OMNIBUS BILL ON JOB CREATION

a post-pandemic rescue net to restore the business world, MSMEs and Cooperatives through investment facilities to promote job creation and increase work protection.

- COVID-19 pandemic has caused many people to lose their jobs and income. Government support is absolutely necessary to avoid a surge in unemployment & poverty rates.
- Perppu No. 1 of 2020 (which has been ratified by Law No. 2 of 2020) becomes a legal umbrella to take rapid, extraordinary and coordinated steps to deal with the COVID-19 pandemic and save the conomy during this pandemic.



**Bill on Job Creation**

**Support for the business community as well as MSMEs and cooperatives in increasing investment therefore improves job creation and increases worker protection**