

Coordinating Minister Airlangga: Government Builds Stronger Trade and Investment with Sustainable Principles through Green and Blue Economic Model



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The world is constantly changing and continues to present various challenges. After facing positive changes in the national economic recovery and coupled with a lower rate of active Covid-19 cases, the world is currently faced with geopolitical challenges in Ukraine which also has a significant impact on the economic recovery agenda.

In the effort of economic recovery, European business partners are traditionally the main business partners as well as development partners to achieve growth and prosperity. For this reason, Indonesia always strives to strengthen economic relations while enhancing networks and greater collaboration through bilateral, regional and even multilateral forums.

"Rising prices and scarcity of energy and food require every country to prepare and implement better policies in order to effectively address the existing challenges," said Coordinating Minister for Economic Affairs Airlangga Hartarto virtually at the Eurocham Webinar with the theme "Strengthening the Indonesian Economy in The Post-Pandemic Era", Thursday (14/04).

Like most countries in Europe, Indonesia has also implemented effective policies to avoid deeper economic pressures and support economic recovery while containing the spread of the pandemic.

In terms of handling the Covid-19 pandemic, Indonesia currently has a low hospitalization rate and more

than 140 million people have been fully vaccinated. Meanwhile, the Government also continues to encourage the provision of booster vaccinations for the community.

Meanwhile, in terms of economic recovery, economic growth managed to grow positively to 5.02% (yoy) in Q4-2021 with overall growth in 2021 reaching 3.69% (yoy). Furthermore, Indonesia's economic growth is expected to increase in the range of 5.0% to 5.5% this year.

On the demand side, economic growth was driven by positive growth in consumption, manufacturing activity, investment, and exports. Likewise, from the supply side, almost all sectors grew positively in response to increased demand.

In the trade sector, Indonesia succeeded in obtaining a trade surplus of US\$35.3 billion in 2021, mainly from the super cycle of superior commodities. Foreign Direct Investment (FDI) was also recorded to reach US\$31.6 billion, of which around US\$2.4 billion came from European Union member countries.

Indonesia has also made remarkable progress in structural reforms by passing the Job Creation Law. The law improves trade and investment performance despite mobility constraints as it promotes more regulatory efficiency and clarity. In addition, to accelerate investment, Indonesia reformulated the Investment Priority List supported by risk-based business licensing through the Online Single Submission, including establishing the Indonesia Sovereign Wealth Fund/INA to finance infrastructure projects.

In addition to the current pandemic and geopolitical tensions, another threat looming and endangering planet Earth is climate change. Indonesia is strongly committed to reducing greenhouse gas (GHG) emissions by 29% through its own efforts or 41% with international support by 2030. The target is to achieve Net Zero Emissions by 2060 or earlier. Therefore, it is important for all countries to follow up last year's Glasgow Climate Pact towards COP27 in Sharm El Sheikh - Egypt, this year.

"Indonesia seeks to build stronger trade and investment based on sustainable principles through green and blue economic models as well as with private sector engagement and partnerships. This partnership model is also applied in the construction of infrastructure projects," said Coordinating Minister Airlangga.

On the occasion, Coordinating Minister Airlangga also conveyed three priorities of the Indonesian G20 Presidency, namely strengthening the global health architecture, digital economic transformation, and energy transition. Indonesia's G20 presidency itself is a very valuable opportunity for Indonesia to participate in managing the global future. With its informal nature, the G20 Forum is more flexible than other forums that are more binding.

"I also want to emphasize our ongoing guarantee and commitment to strengthen the business environment and investment climate so that businesses continues to thrive," concluded Coordinating Minister Airlangga Hartarto. (frh/dlt/map/fsr)

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