

Mitigation of Global Risks and Challenges, Government Continues to Maintain the Momentum of National Economic Recovery



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The Indonesian economy in 2022 is estimated to grow optimistically. This can be seen in Indonesia's economic growth in Q1-2022 which grew by 5.01% (yoy), better than a number of other countries such as China, Singapore, South Korea, Germany, and United States. Even since the end of last year, the national economy has returned to pre-pandemic levels and Indonesia has re-entered into a country with the upper middle income category.

"As the Covid-19 pandemic is getting more under control, the policy direction of the National Economic Recovery (PEN) Program will be more anticipatory, responsive, and productive. The PEN program budget continues to be pushed for jobs-stimulating recovery with more productive activities," said Coordinating Minister for Economic Affairs Airlangga Hartarto virtually at the Astagatra Webinar Series with the theme "2022: The Year of Economic Rebound", Thursday (7/07).

In the midst of a better condition of pandemic, various global risks and challenges continued to increase and triggered a slowdown in global economic recovery. The challenges are related to The Perfect Storm or 5C, namely Covid-19, Conflict, Climate Change, Commodity Price, and Cost of Living.

Various international institutions have projected that global growth significantly corrected. International institutions such as the IMF and the World Bank have projected that the global economy in 2022 will grow respectively by 3.6% and 2.9%, down from previous projections at the beginning of the year.

With these various risks, the Government is ready to mitigate it through various health management policies, increasing people's purchasing power, and maintaining the momentum of national economic recovery through various incentives. Some of the incentives that have been issued include fiscal incentives for VAT Borne by Government for Houses, STLGs Borne by Government for 4-wheeled Motorized Vehicles, expansion of the Cash Assistance for Street Vendors, Stalls and Fishermen Program, and People's Business Credit Interest Subsidy.

On the occasion, Coordinating Minister Airlangga revealed that the war between Russia and Ukraine also had an impact on the Indonesian economy, at least in the food and energy sectors. For this reason, the Government is currently still absorbing the impact of rising global commodity prices through fiscal policy, among others, by increasing the number of subsidies to maintain people's purchasing power. The increase in commodity prices in the trade and export balances is expected to be a soft absorber while maintaining the health of the state budget.

"In the short term, social protection policies need to be strengthened to maintain the purchasing power of the poor and the lower middle class who are the most vulnerable groups from the impact of price increases," said Coordinating Minister Airlangga.

Several social protection policies that have been implemented include cooking oil social assistance, Cash Assistance for Street Vendors, Stalls and Fishermen and empowerment programs such as labor-intensive programs, micro business financing, and capacity building for human resources and SMEs. Capacity building for human resources and MSMEs is also carried out in order to develop the digital economy ecosystem and encourage community productivity.

Various strategies to develop the digital economy ecosystem that have been implemented include the National Digital Literacy Movement, Digital Talent Scholarship, and Digital Leadership Academy, thus supporting the development of digital talent and digitalization of SMEs.

Furthermore, the Government also continues to encourage the downstream program as an effort to develop the manufacturing industry, by creating a strong and high added value industrial structure. In addition, downstreaming is also continuously encouraged so that the industry can increase the added value of Indonesian commodities that are globally competitive and environmentally friendly.

"Economic recovery in Indonesia is the hope of the entire community. The cooperation of the community, especially in the economic, social and health fields, will be the main driver in realizing this," concluded Coordinating Minister Airlangga. (dlt/map/fsr)

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