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# LEGAL RESPONSES TO COVID-19 AROUND THE WORLD



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## INDONESIA

### 12. **INDONESIAN ECONOMIC AND TOURISM POLICY IN ADDRESSING THE IMPACT OF THE GLOBAL PANDEMIC**

*Ni Putu Tirka Widanti*<sup>1</sup>

*I Made Budi Arsika*<sup>2</sup>

#### **Abstract**

The paper discusses the measures adopted by the Indonesian government to protect the economy and people's income due to the global Pandemic Coronavirus Disease 2019 (COVID-19). A specific analysis is highlighted to the policy that addresses the catastrophic impact on the tourism sector. The paper found that the Indonesian President was officially declared that COVID-19 causes a public health emergency, in parallel to the establishment of a regulation in the time of crisis, to legitimizing the state financial policies and financial system stability. The current economic policies in Indonesia seems to prepare for the normalization phase. Trade, industry, and investment sectors have shown some progress in securing the macro-economic while programmatic actions by state-owned enterprises are expected working hand in hand with private sectors to stimulate and regenerate the business in the society. The tourism sector is an example of how the restrictions of traveling have an impact on the tourism industry as a whole. In Indonesia, both national and regional tourism policies were issued in accordance with the regulation on tourism crisis management.

**Keywords:** Policy; Economic; Tourism; Covid-19 Pandemic; Indonesia.

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## A. The Initial Responses of the Pandemic

When the media widely reported the Covid-19 pandemic in Wuhan, Peoples' Republic of China (PRC), the Indonesian government seemed to respond to it carefully. The government's repatriation of Indonesian citizens from PRC to Indonesia was the most attractive news for the peoples. When the pandemic spread to various countries, the peoples were wondering whether or not it reaches Indonesia. Indonesian Government seemed to take precautionary steps in anticipating the potency of its coming to Indonesia.

Most public discussions were talking about the health risks of the peoples and the need to filter the coming of foreign travelers and the return of Indonesian migrant workers to Indonesia. Besides, some analysts urged the Government to do a 'lockdown' following some neighboring countries in Southeastasia. Up until now, the government never declares a lockdown, taking into account the geographical factor in which Indonesia is an archipelagic country, that is expected to stunt the spread of the pandemic.

On 2 March 2020, the President of the Republic of Indonesia officially announced that there have been 2 suspects of the virus in Indonesia. On 13 March 2020, the President issued a decree that establishing a Taskforce for the Acceleration of the Covid-19 Handling to ensure prompt, precise, focused, integrated, and synergic steps between ministries/institutions and local governments.<sup>3</sup> Besides establishing such a task force at the national level, this decree authorizes Governor and Regent/Mayor to create regional taskforce by considering the direction of the Chief of the National Task Force.<sup>4</sup> The decree also determines that funding needed for supporting the taskforce activities is burdened to the State and Regional Revenue and Expenditure Budgets as well as other legitimate sources.<sup>5</sup>

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<sup>3</sup> Decree of President of Republic of Indonesia No. 7 Year 2020 concerning Task Force for The Acceleration of the Coronavirus Disease 2019 (Covid-19) Handling, Considerations, letter d.

<sup>4</sup> *Ibid.*, Article 11.

<sup>5</sup> *Ibid.*, Article 13.

On 31 March 2020, The President signed ‘a package’ of legal document related to the Covid-19 handling. First of all, it established a.<sup>6</sup> A legal and political concern was following the endorsement of the Peoples’ Representative Council (the National House of Representatives) to adopt the Government Regulations in Lieu of Law to become a Law.<sup>7</sup> There have been applications for a judicial review before the Indonesian Constitutional Court in reviewing the constitutionality of both legal instruments.<sup>8</sup> One of the contending issues is about the legal immunity of State officials who are involved in the implementation of this Perppu, in which they cannot be prosecuted both civil and criminal if carrying out their duties is based on good faith and in accordance with the provisions of the legislation; and that all actions including decisions taken based on this Perppu are not objects of a lawsuit that can be submitted to the state administrative court.<sup>9</sup>

The second document signed on 31 March is a government regulation concerning Large Scale Social Restrictions was established that enables Regional Governments, with the approval of the minister of health, to implement large-scale social restrictions on the movement of people and goods to a particular province or regency/city.<sup>10</sup> Lastly,

<sup>6</sup> Government Regulations in Lieu of Law No. 1 of 2020 concerning State Financial Policies and Financial System Stability for Handling Pandemic Coronavirus Disease 2019 (Covid-19) and/or in the Context of Facing Threatening Threats National Economy and/or Financial System Stability.

<sup>7</sup> Law No. 2 Year 2020 concerning the Determination of Government Regulations in Lieu of Law No. 1 of 2020 concerning State Financial Policies and Financial System Stability for Handling Pandemic Coronavirus Disease 2019 (Covid-19) and/or in the Context of Facing Threatening Threats National Economy and/or Financial System Stability Becomes a Law.

<sup>8</sup> Constitutional Court of the Republic of Indonesia, Daftar Pengujian Perkara Pengujian Undang-Undang, aupdated 12 June 2020. <https://mkri.id/index.php?page=web.EFormPUUDetail&id=2>.

<sup>9</sup> Government Regulations in Lieu of Law No. 1 of 2020 concerning State Financial Policies and Financial System Stability for Handling Pandemic Coronavirus Disease 2019 (Covid-19) and/or in the Context of Facing Threatening Threats National Economy and/or Financial System Stability, Article 27.

<sup>10</sup> Government Regulation of the Republic of Indonesia No. 21 Year 2020 concerning Large Scale Social Restrictions in Order to Accelerate the Handling of Coronavirus Disease 2019 (COVID-19), Article 2.

a Presidential Decree was issued determining that COVID-19 causes a public health emergency that must be addressed in accordance with statutory provisions.<sup>11</sup>

The national government, through its Minister of Home Affairs, encourages regional governments to consider whether or not a social restriction is needed to prevent its spread between the member of the society.<sup>12</sup> Some regional governments issued a policy of social restriction, followed by the closing and restrictions of schools, offices, factories, supermarkets, malls, tourist objects, and leisure facilities. Peoples are strongly appealed to stay at and work from home. The media regularly reported a significant decrease in social mobility. As it has already foreseen, this social restriction policy leads to an economic slowdown.

## **B. Sectoral Economic Policies**

A National Economic Recovery Program was then created on 11 May 2020, aiming at protecting, maintaining, and improving the economic capabilities of Business Actors in running their businesses.<sup>13</sup> Under this program, the government may conduct state capital participation, fund placement, government investment, and/or guarantee.<sup>14</sup> To prevent economic turbulence, the government modified some policies, including

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<sup>11</sup> Decree of the President of the Republic of Indonesia No. 11 Year 2020 concerning the Determination of Public Health Emergency Coronavirus Disease 2019 (COVID-19), para 2 and 3.

<sup>12</sup> Regulation of Minister of Home Affairs No. 20. Year 2020 concerning the Acceleration of Handling Coronavirus Disease 2019, Considerations Considering letter (a) and Minister of Home Affairs Instruction No. 1 of 2020 concerning Prevention of the Spread and Acceleration of Handling Coronavirus Disease 2019 (Covid-19) in Local Government Environments. on the FIRST Dictum letter (b) <https://www.kemendagri.go.id/documents/INMENDAGRI/2020/1585969098INSTRUCTION%20MENTERI%20DALAM%20NEGERI%20NOMOR%201%20YEAR%202020.pdf>.

<sup>13</sup> Government Regulation of the Republic of Indonesia No. 23 Year 2020 Regarding the Implementation of the National Economic Recovery Program in the Context of Supporting State Financial Policies for Handling the Coronavirus Disease 2019 (Covid-19) and/or Facing Threats that Endanger the National Economy and/or Financial System Stability and Rescuing the National Economy, Article 2.

<sup>14</sup> *Ibid.*, Article 4.

granting social assistance in the form of cash to specific targeted persons, the issuance of pre-work cards, and adjusting the price of electricity.

Bank Indonesia (BI), the central bank of Indonesia, issued a policy that adjusts the implementation of its regulation due to the impact of this Pandemic. The scope of the adjustment policy includes licensing process; report submission; correspondence and/or meeting with the Bank Indonesia; administrative sanctions on Non-Natural Resource Exporters in the form of suspension of export services; Bank Indonesia cash services; Fees of Bank Indonesia's National Clearing System; the operation of credit cards; and fulfillment of the obligation to implement its several provisions.<sup>15</sup>

In the context of the national Industry, the Minister of Industry issued circulars that guide the industry associations, industrial companies, industrial estate companies in ensuring that industrial activities can continue to meet the needs of the community and at the same time prevent the spread of COVID-19.<sup>16</sup> During the period of public health emergencies, industrial companies can still run their business activities by having operational licenses and mobility of industrial activities.<sup>17</sup> The Minister of Industry also requested Minister of Home Affairs to encourage regional governments to participate in assisting and supporting the implementation of industrial activities in their respective regions during the pandemic and expect the regional governments do not restrict industrial activities prior to the establishment of the status of Large-Scale Social Restrictions.<sup>18</sup>

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<sup>15</sup> Bank Indonesia Regulation No. 22/7/PBI/2020 Concerning Adjustments to the Implementation of Several Bank Indonesia Regulations as an Impact of the 2019 Coronavirus Disease Pandemic (Covid-19), Article 3.

<sup>16</sup> Circular of the Minister of Industry No. 4 of 2020 concerning implementation of Factory Operational, para B. 1 and 2.

<sup>17</sup> Circular of the Minister of Industry of the Republic of Indonesia No.7 of 2020 concerning Guidelines for Filing Applications for the Implementation of Industrial Activities During the Coronavirus Disease Public Health Emergency 2019 (Covid-19), Section E.1.

<sup>18</sup> Letter of the Minister of Industry of the Republic of Indonesia No. B / 313 / M-IND / IND / IV / 2020 of 2020 concerning Support for the Implementation of Industrial Business Activities in the Regions, Addressed to the Minister of Home Affairs of the Republic of Indonesia, para 1 and 2.

In the context of investment, the Indonesia Investment Coordinating Board (Badan Koordinasi Penanaman Modal/BKPM) gives privileges to some types of business fields in responding to the pandemic. A decree then issued that provides licensing facilities for the medical device industry and the pharmaceutical industry related to the handling of the COVID-19 in the form of reducing and/or reducing business licensing requirements, accelerating the business licensing process, and specially assisted services.<sup>19</sup>

Head of BKPM and Minister of State-Owned Enterprises on 30 March 2020 signed a Memorandum of Understanding on the Coordination of Duties and Functions of the Scope between the two institutions. They agreed to conduct cooperation in the form of exchange of information and data to increase investment realization, accelerate business licensing, joint promotion activities, and facilitate investment in companies under the guidance of the Ministry.<sup>20</sup>

On 2 April 2020, Minister of State-Owned Enterprises enacted a regulation that provides a strong legal foundation for the State-Owned Enterprises in responding to the spread of the COVID-19 through a community development program. These enterprises are authorized to allocate funds to improve the quality of life and the environment that benefits the local community and society in general.<sup>21</sup> As an example, the Indonesian Tourism Development Corporation (ITDC) is one of the state-owned enterprises in the tourism sector. During the pandemic, ITDC conducted a community development program by disinfectant spraying as well as donating disinfectant equipment and

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<sup>19</sup> Decree of the Head of the Indonesian Investment Coordinating Board No. 86 of 2020 concerning Provision of Ease of Business Licensing for Certain Business Fields Related to the Covid-19 Outbreak Management.

<sup>20</sup> BKPM, Berikan Kemudahan Bagi Pengusaha Nasional, Kementerian BUMN dan BKPM Tanda Tangani Nota Kesepahaman, <https://www.bkpm.go.id/id/publikasi/siaran-pers/readmore/2396401/52401>.

<sup>21</sup> Regulation of the Minister of State-Owned Enterprises No. PER-02 / MBU / 04/2020 Regarding the Third Amendment to the Regulation of the Minister of State-Owned Enterprises No. PER-09/MBU/07/2015 Regarding the Partnership Program and Community Development Program of State-Owned Enterprises, Article 9 paragraph (3) (a) and paragraph (4).



materials and hand sanitizers to the surrounding villages of Nusa Dua, Badung-Bali.<sup>22</sup>

The trade sector is also facing a serious problem during the pandemic. The export and import activities – for example with the PRC in the items of non-oil and gas, agriculture, and food – have been decreasing significantly.<sup>23</sup> In the field of domestic trade, on 28 May 2020, the Minister of Trade enacted a circular regarding the recovery of trading activities which regulates the conduct of trade activities in the context of maintaining the availability and continuity of distribution of goods and services needed by the community and at the same time implementing strict health protocols for organizing trade activities.<sup>24</sup> The scope of the circular includes places of trading activities where conducting trading transactions of basic and essential goods, food needs, fuel oil, gas, energy, health care facilities, or other facilities in the context of fulfilling health services, and tourism service facilities.<sup>25</sup>

Even though some sectoral economics show the decreasing trend, some business activities are surviving and developing. For example, Business activities that still survive and exist to serve consumers through adjusting the service interaction model by using an online application platform are education, retail material basic needs, online goods delivery mainly for food/drinks, and basic needs. Further, business activities that developed during the pandemic were telecommunications, online platform providers/vendors, pharmaceuticals, and health products through online-based business platform adjustments.<sup>26</sup>

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<sup>22</sup> ITDC, “ITDC Sumbang Masker dan Hand Sanitizer Bagi Jurnalis”, <https://www.itdc.co.id/press-release/itdc-sumbang-masker-dan-hand-sanitizer-bagi-jurnalis-20200603034943>.

<sup>23</sup> Eka Budiarti, Dampak Virus Corona Terhadap Sektor Perdagangan dan Pariwisata Indonesia, *Info Singkat Bidang Ekonomi dan Kebijakan Publik* Vol. XII, No. 4/II/Puslit/February/2020, p. 20-21.

<sup>24</sup> Circular of Minister of Trade No. 12 Year 2020 concerning the Recovery of Trading Activities undertaken during the Coronavirus Disease 2019 (COVID-19) Pandemic and New Normal, dated 28 May 2020, para C.1 and C.2.

<sup>25</sup> *Ibid.*, para D.1.

<sup>26</sup> Taufik, Taufik and Eka Avianti Ayuningtyas, The Impact of Covid-19 Pandemic on Business and Online Platform Existence, *Jurnal Pengembangan Wiraswasta*, Vol. 22 No. 01 (2020), p. 30.

### C. Implementation of Tourism Policy

The pandemic has caused a tourism crisis, that demanded proper management. In the context of tourism crisis management, the tourism crisis can be classified based on the scale: the national tourism crisis, the provincial tourism crisis, and the regency/municipality crisis.<sup>27</sup> For emergency response, the Minister of Tourism may create a National Tourism Crisis Center while Governor and Regent/Mayor may create a regional tourism crisis center in the regions.<sup>28</sup>

The national government, through the Minister of Tourism, has made clear that the recovery of the tourism and creative economy sectors are a priority after the pandemic has been declared finished by the national government.<sup>29</sup> A pre-operational simulation of the implementation of the 'new normal' standards protocol has been conducted in by PT. Taman Wisata Candi Borobudur, Prambanan & Ratu Boko (Persero), another State-Owned Enterprise in the tourism sector. The evaluation of the results of the simulation will be reported to the Ministry of State Owned-Enterprises, Ministry of Tourism, and Regional Governments.<sup>30</sup>

Bali is the primary tourist destination in Indonesia. Responding to the pandemic, the Governor of Bali Province issued a decree that declaring an emergency response to the Covid-19.<sup>31</sup> Besides, Governor officially instructed the closing of the operational of tourist objects.<sup>32</sup>

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<sup>27</sup> Regulation of Minister of Tourism No. 10 Year 2019 concerning Tourism Crisis Management, Article 5.

<sup>28</sup> *Ibid.*, Article 10, 12.

<sup>29</sup> Circular Letter of Minister for Tourism and Creative Economy / Head of Tourism and Creative Economy Board No. 2 Year 2020 concerning The Follow up of the Appeal for Spread Prevention of Coronavirus Disease 2019 (COVID-19), dated 31 March 2020, para C.1.c.

<sup>30</sup> Kompas.Com, "Berkunjung ke Candi Prambanan pada Era New Normal Bakal Seperti Apa?," 12 June 2020. <https://travel.kompas.com/read/2020/06/12/080500127/berkunjung-ke-candi-prambanan-pada-era-new-normal-bakal-seperti-apa?page=all>.

<sup>31</sup> Decree of Governor of Bali Province No. 270/04-G/HK/2020.

<sup>32</sup> Instruction of Governor of Bali Province No. 8551 Year 2020 concerning The Strengthening of Prevention and Handling of COVID-19 in Bali, para 2.a.

Whatsoever, regional governments seem to be proposing to open tourists' object shortly. There is a policy concern when the Head of Tourism of Office of Badung Regency declaring to open gradually two beaches that are tourist objects, mainly for the sake of surfers, started on 1 June 2020.<sup>33</sup> The Governor of Bali considers that such an opening should be reviewed, considering the intensity of the pandemic. On 8 June 2020, the Governor issued an Appeal that reiterated the prohibition of operating tourist objects.<sup>34</sup>

As there are so peoples in Bali working in tourism and tourism-related business, the closing of tourism objects and the non-operation of tourism accommodation facilities brings Bali into serious economic problems during this pandemic. Many workers have lost their jobs. In this regard, the Government is striving to encourage the micro, small, and middle-size entrepreneurs to runs their business.

#### **D. Conclusion**

At the very beginning of the Covid-19 pandemic in Indonesia, both national and regional policies were primarily addressed to protect the health of the society. Following the pandemic, Indonesian economic policies have been gradually shifted from the emergency response into the preparation for the normalization phase. There are many sectoral policies issued by ministers and heads of institutions at the national level while cross-sectoral affairs are coordinated and harmonized. Trade, industry, and investment sectors have shown some progress in securing the macro-economic while programmatic actions by state-owned enterprises are expected working hand in hand with private sectors to stimulate and regenerate the business in the society. The tourism sector is an example of how the restrictions of traveling have an impact on the tourism industry as a

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<sup>33</sup> Nusa Bali. Pantai Labuan Sait dan Canggu Mulai Dibuka: Belasan Surfer Antusias dan Mulai Jajaki Ombak, 2 June 2020.  
<https://www.nusabali.com/berita/74656/pantai-labuan-sait-dan-canggu-mulai-dibuka>

<sup>34</sup> Appeal of Governor of Bali Province No : 215/Gugascovid19 /VI/2020, dated 8 June 2020, para 3.

whole. Bali, a province that relies much on the tourism industry, is facing a problem with the livelihood of the majority population and the regional economic situation. The tourism policies have been issued referring to regulation on tourism crisis management. On one hand, the restriction of travel is still continued while on the other hand tourism objects are making steps for readiness for operating.

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