



Economic Recovery Become The Main Agenda of The IEA 19th World Congress

Jakarta, July 2nd 2021 – The COVID-19 pandemic is not over yet. However, Ministry of Finance of the Republic of Indonesia remains focused on studying, discussing economic challenges and its policies with economists from around the world in the International Economic Association (IEA). In 2021, the 19th World Congress of the IEA that is already 71 years old was held online with the theme of “Equity, Sustainability and Prosperity in a Fractured World” hosted by the Ministry of Finance. In this event, economists from around the world including will discuss economic challenges such as the global economic crisis as a result of the covid-19 pandemic, including environmental sustainability.

The COVID-19 pandemic remains the main challenges that caused uneven economic recovery, hampers world economic growth, equity, sustainability and prosperity within and between countries. “We need to remain vigilant because the recent development showed high rise of daily Covid-19 cases in countries where vaccination rate is relatively low, due to the highly transmissible Delta variant. Therefore we all need to work together to control the situation”, said Minister Sri Mulyani in the opening ceremony. Indonesian government is committed to do best to control the situation through collaboration with civil society, business communities and local governments to accelerate vaccination that currently has surpassed 1 million doses per day. This is due to the importance of vaccination in dealing with the COVID-19 pandemic.

As the number of vaccination processes increases worldwide, World PMI Manufacture is starting to show a positive trend hits an 11-year record high of 56.0 in May 2021. This is in line with the increasing demand (domestic and export) including production. In the midst of the recovery in global trade, Indonesia will continue to anticipate supply disruptions along with rising prices that have pushed inflation higher in many countries which have created changes in policy direction, especially in the United States. In May 2021, Indonesia's PMI index has recorded a highest record and to date remained expansionary for 8 consecutive months with a significant increase in electricity consumption for business and industry.

Apart from vaccinations, the government also continued to promote fiscal reforms to boost economic growth. In the next session on “Asian and Global Policy Issues, Minister Sri Mulyani as panelist said, “During this crisis, we continue reform agenda together with the parliament, we also talked about how to increase effectiveness of investment and trade climate. There is Jobs Law to streamline regulations that can reduce cost of doing business in Indonesia. Next, we need tax reform because Indonesia needs stronger foundation so Indonesia could grow sustainably. Besides, we need to also reform our human resources sector to increase the quality of our human resources. Crises is important momentum for any country to push reforms so the country can build better foundation after the crises”. Therefore in 2022, Indonesian budget is aimed at strengthening the recovery and continuing structural reforms and fiscal consolidation with a fiscal deficit of around 4.51-4,85% of GDP.

The recovery from the economic crisis caused by the COVID-19 pandemic coincides with a pivotal time in fighting climate change. Currently, Indonesia is targeting a 29% emission reduction without international support and 41% with international support. The Indonesian government is also in the process of formulating regulations for carbon pricing by promoting the precautionary principle through learning from other countries. Indonesia as the Co-Chair of the Coalition of World Finance Ministers to Overcome Climate Change will encourage developed countries to jointly mobilize finance, transfer knowledge and technology to developing countries as one of the agendas in overcoming climate change.

The issue of climate change discussed in the IEA activities and the World Finance Ministers Coalition forum, will also be discussed in one of the agendas at the G20. Currently, Indonesia has joined the G20 Troika to welcome the position of the Presidency (host) at the G20 Summit in 2022. The theme of Indonesia's G20 presidency will assume that 2022 is a critical year for safe-guarding the global economic recovery towards strong, sustainable, balanced and inclusive growth. Indonesia's G20 presidency will emphasize the role of the G20 in ensuring that all economies can recover together and invest for a stronger future. This translates into three strategic pillars as the foundation to set up the Agenda of the G20 in 2022, which are (i) Promoting Productivity, (ii) Increasing Resiliency and Stability, and (iii) Ensuring Sustainable and Inclusive Growth. Indonesia is committed to actively involved on G20' works with relevant international partners in overcoming the pandemic and accelerating the economic recovery.

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