



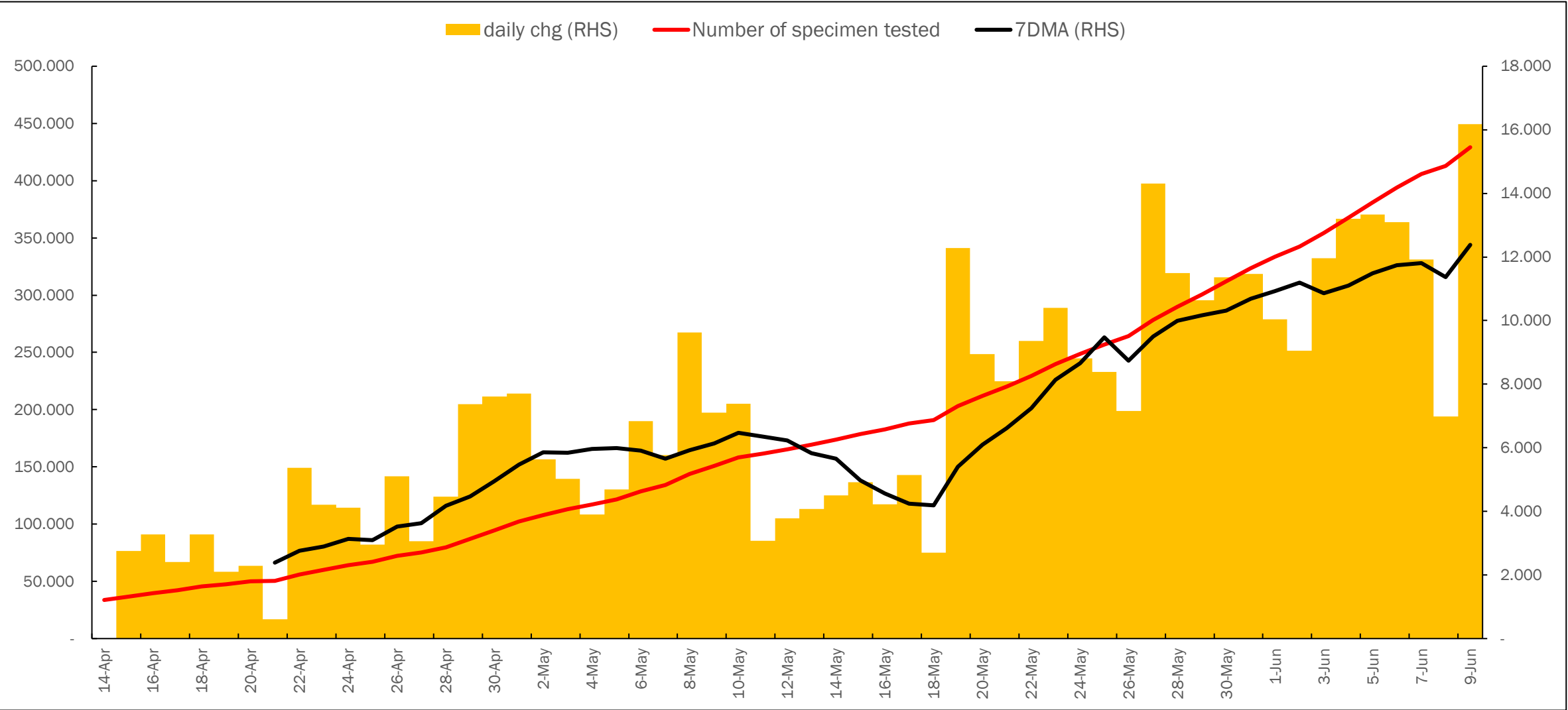
**COORDINATING MINISTRY FOR
MARITIME AND INVESTMENT AFFAIRS
REPUBLIC OF INDONESIA**

INDONESIAN ECONOMIC UPDATE

SEPTIAN HARIO SETO

**DEPUTY COORDINATING MINISTER FOR INVESTMENT
AND MINING**

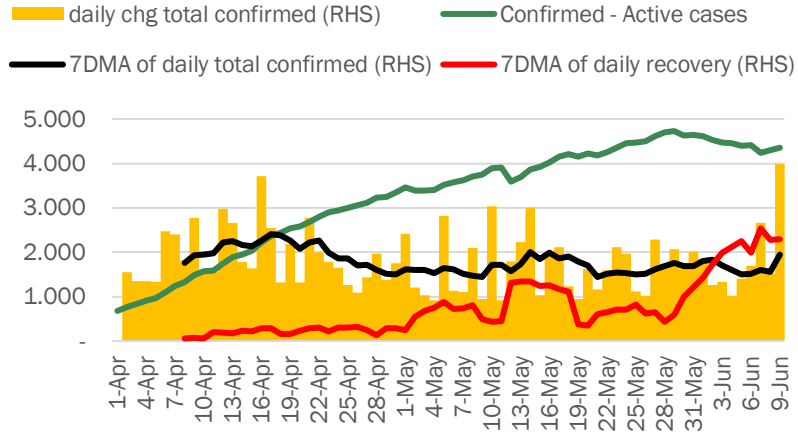
INCREASING TESTING CAPACITY



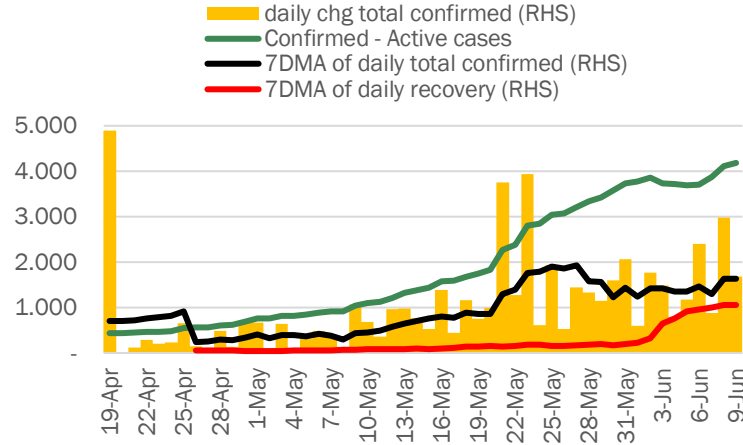
Source: Kemenkes and Gugus Tugas

COVID19 UPDATES ON PROVINCIAL LEVEL DATA

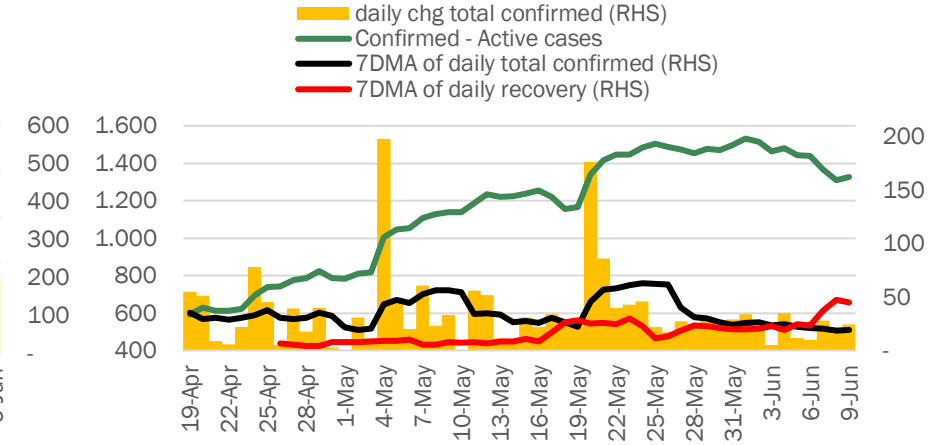
JAKARTA



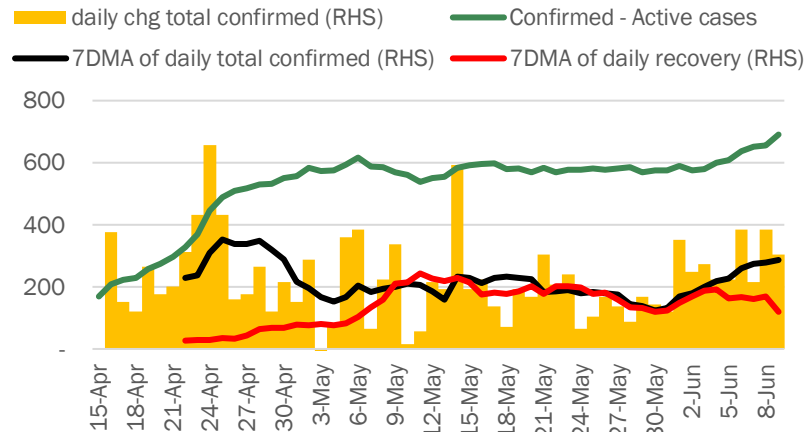
EAST JAVA



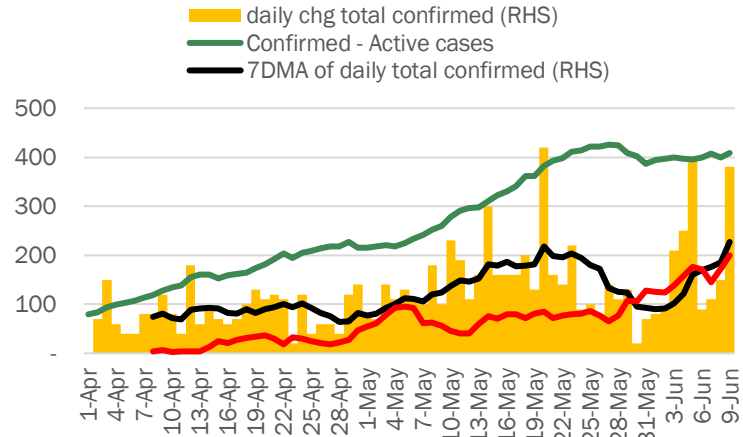
WEST JAVA



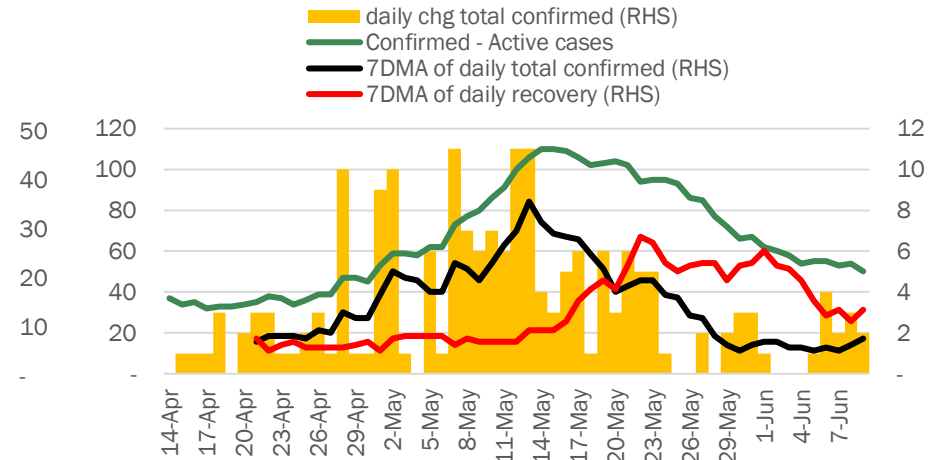
CENTRAL JAVA



BANTEN



YOGYAKARTA



Source: Provincial Covid19 Websites

DATA DRIVEN HEALTH INDICATOR

Epidemiology

- ✓ The number of daily new cases has been declining since the peak 2 weeks ago (target $\geq 50\%$)
- ✓ The number of daily probable cases has been declining since the peak 2 weeks ago (target $\geq 50\%$)
- ✓ The number of deaths from positive cases has been declining
- ✓ The number of deaths from probable cases has been declining
- ✓ The number of cases under medical treatment from positive cases has been declining
- ✓ The number of cases under medical treatment from probable cases has been declining
- ✓ The number of recovered from positive cases has been increasing
- ✓ The number of completed monitoring from probable cases (ODP+PDP) has been increasing
- ↻ R naught (Rt)- Effective reproduction rate < 1

Public Health Surveillance

- ✓ The number of specimen examination has been increasing these past two weeks
- ✓ Positivity rate $< 5\%$ (only 5% of all samples is positive)
- ↻ Population mobility reduction*
- ↻ *Implementation of Contact tracing in each positive case**

Health Service

- ↻ Availability of isolation room/bed in hospital for each new case*
- ↻ The Personal Protective Equipment ("APD") will be fully equipped for health workers*
- ↻ Availability of ventilators in hospitals to handle severe cases of COVID-19*

6 CONTRIBUTING SECTORS OF THE NATIONAL GDP WERE SLOWING DOWN

Sectoral GDP Growth 1Q-2020 (yoy)

No	Sector	Contribution	1Q-19	4Q-19	1Q-20
1	Processing industry	20	3.9	3.7	2.1
2	Wholesale and retail trade; car and motorcycle respiration	13.2	5.2	4.2	1.6
3	Agriculture, forestry and fisheries	12.8	1.8	4.3	0
4	Construction	10.7	5.9	5.8	2.9
5	Mining and excavation	6.8	2.3	0.9	0.4
6	Transportation and warehousing	5.2	5.5	7.6	1.3
7	Financial and Insurance services	4.7	7.2	8.5	10.7
8	Information and communication	4.3	9.1	9.7	9.8
9	Administration and Defense	3.6	6.4	2.1	3.2
10	Education services	3.3	5.6	5.5	5.9
11	Real Estate	2.9	5.4	5.9	3.8
12	Providing accommodation, food and drink	2.8	5.9	6.4	1.9
13	Other services	2.1	10	10.8	7.1
14	Company services	2	10.4	10.5	5.4
15	Health services and social activities	1.2	8.6	7.8	10.4
16	Electricity and gas procurement	1.2	4.1	6	3.9
17	Water supply, waste management, waste and recycling	0.1	8.9	5.4	4.6

- The top 6 sectors contributed 69% of Indonesia's total GDP in the first quarter of 2020.
- COVID-19, caused a surprise impact on the top 6 sectors which contributed to 69% of Indonesia's GDP.
- The most significant decline in growth was seen in the manufacturing, wholesale and retail, and construction sectors.

DECLINING GDP GROWTH OF THE PROCESSING INDUSTRY

No	Sub Sector Processing Industry	Contribution (%)	1Q-19	4Q-19	1Q-20
1	Food and beverage industry	6.5	6.8	8	3.9
2	Coal Industry and oil and gas refinery	2.1	-4.2	1.1	2.6
3	Chemical, pharmaceutical and traditional medicine industries	1.8	11.5	12.7	5.6
4	Conveyance industry	1.7	-6.6	-2.3	4.6
5	Metal, computer, electronic, optical goods industry	1.6	0.4	-2.1	-3.5
6	Textile industry and apparel	1.3	19	7.2	-1.2
7	Tobacco processing	1	16.1	1.9	3.5
8	Base metal industry	0.8	8.6	-4.5	4
9	Paper industry and paper goods, printing and reproduction of recording media	0.7	9.2	7.1	4.5
10	Rubber industry, rubber goods, and plastic	0.6	-6.5	-4.9	-0.8
11	Non metal mining industry	0.5	-5.1	3.7	-5.3
12	Wood industry, articles of wood, cork and woven goods, rattan	0.5	-8.6	-0.3	3.2
13	Machinery and equipment industry	0.3	1.3	-7.1	-9.3
14	Leather industry, leather goods and footwear	0.3	-1.1	-1.8	-0.4
15	Furniture industry	0.2	12.9	7.8	-7.3
16	Other processing industries, repair services, and installation of machinery and equipment	0.1	5.4	-2.9	-4.7
Total Processing Industry		20	3.9	3.7	2.1

- The food and beverage, chemical and pharmaceutical, textile and apparel sub sectors, are the sub sectors that contributed to the decline in the GDP of the manufacturing industry.
- These sectors were significantly affected by the pandemic in China and the implementation of work/school from home.
- The textile and apparel sector, as well as food and beverage are the industrial sectors that absorb the most labor, where these two sectors are most significantly affected in terms of economic growth.

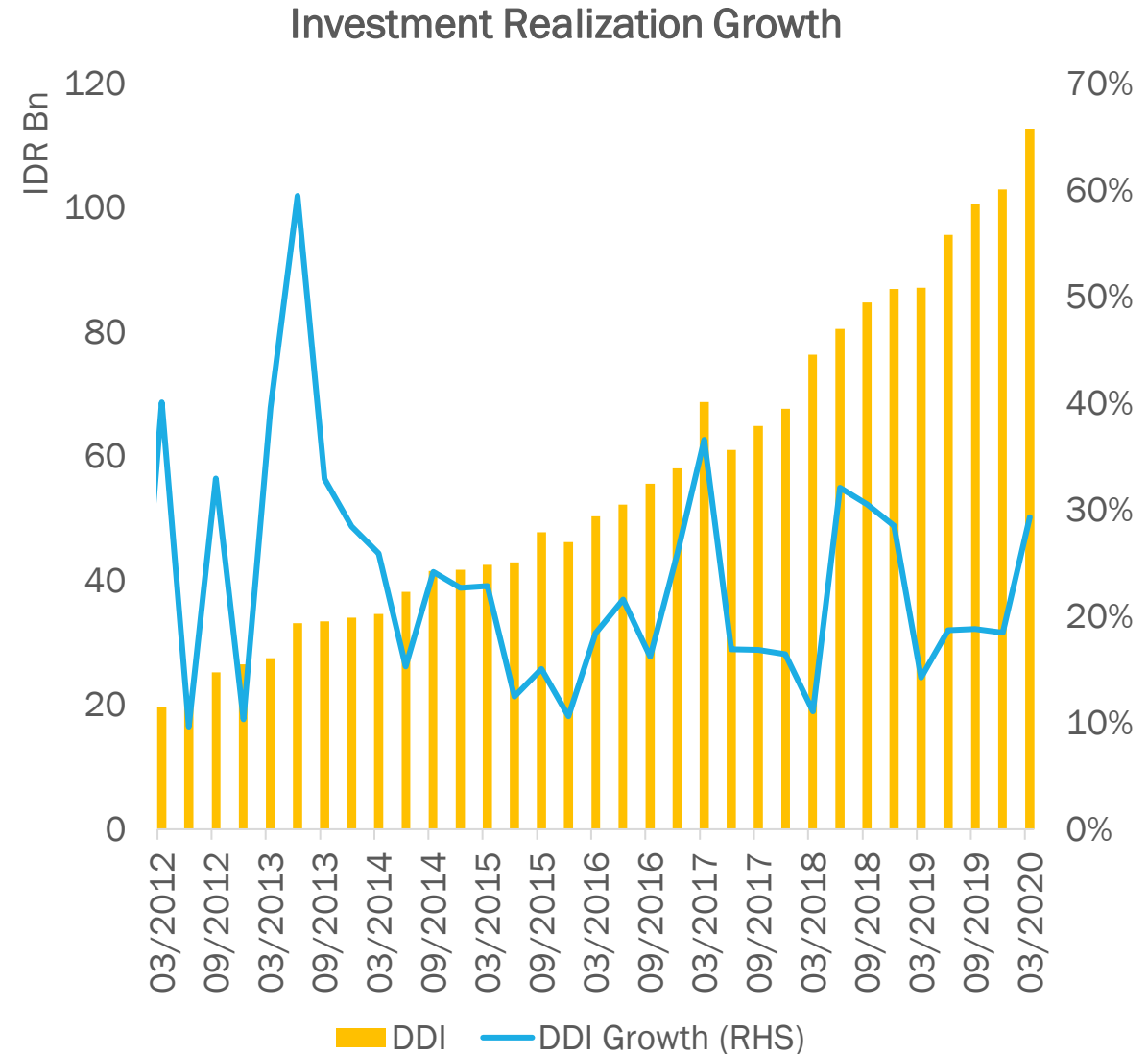
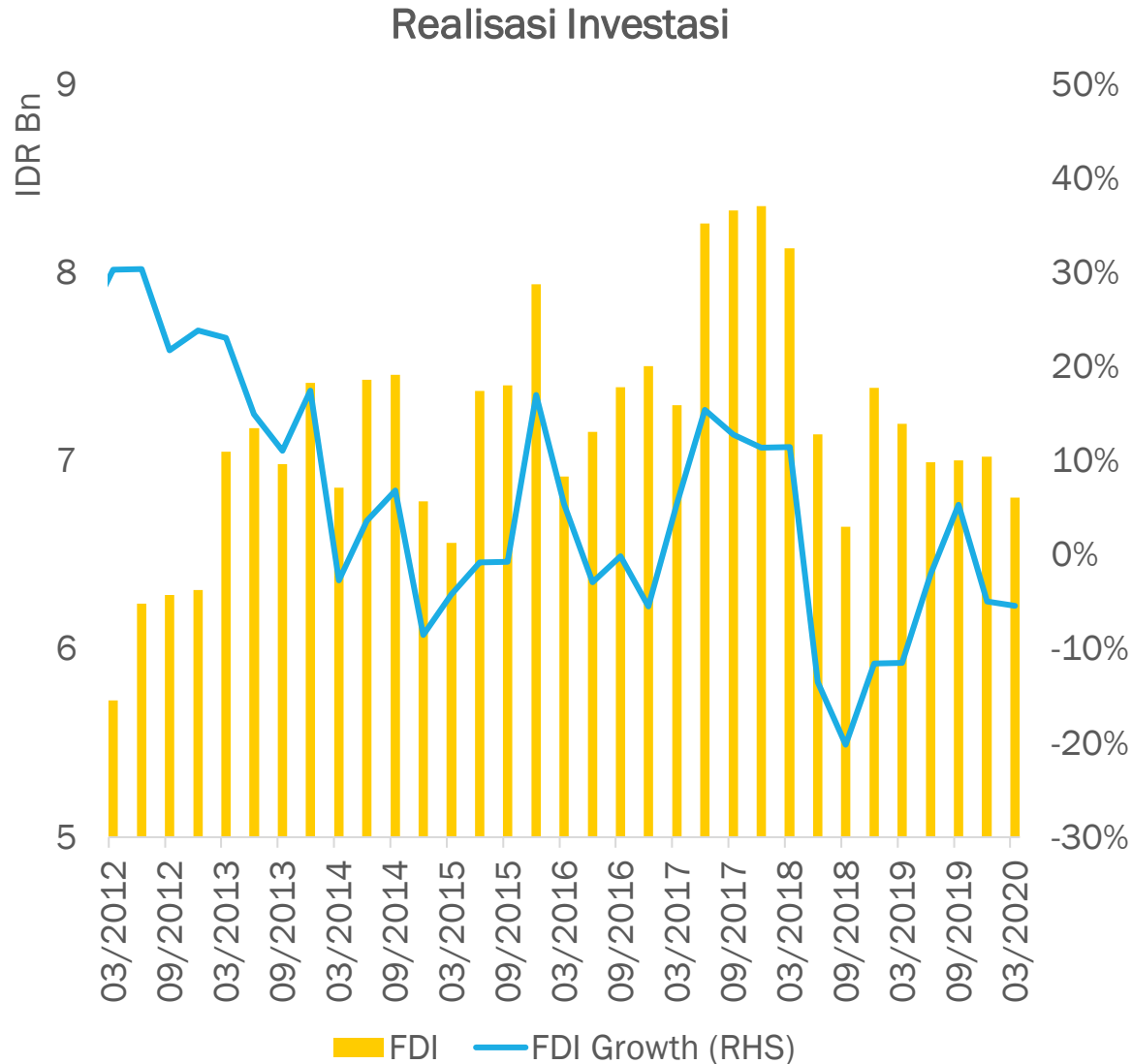
FROM DEMAND SIDE, CONSUMPTION AND INVESTMENT WILL BE HIT THE HARDEST

Consumption (Demand) Side

	Share on PBD	Growth Q1-2020	Growth Q1-2019
C Consumption including LNPRT	59.40%	2.70%	5.30%
I Investment/PMTB	31.90%	1.70%	5.00%
G Government Cons	6.50%	3.70%	5.20%
X Export	17.40%	0.20%	-1.60%
M Import	-17.60%	-2.20%	-7.50%

- From the demand side, the consumption and investment sectors were hit most significantly due to the impact of Covid19.
- Even though mandatory WFH and SFH activities start at the end of 3M2020, people have been taking precautionary actions from 2M2020, when the outbreak spread in China.
- So, since Covid19 not only causes a shock on the demand side, but also the supply side, this can lead to a longer economic recovery.

INVESTMENT REALIZATION IS INCREASING UNTIL 2019

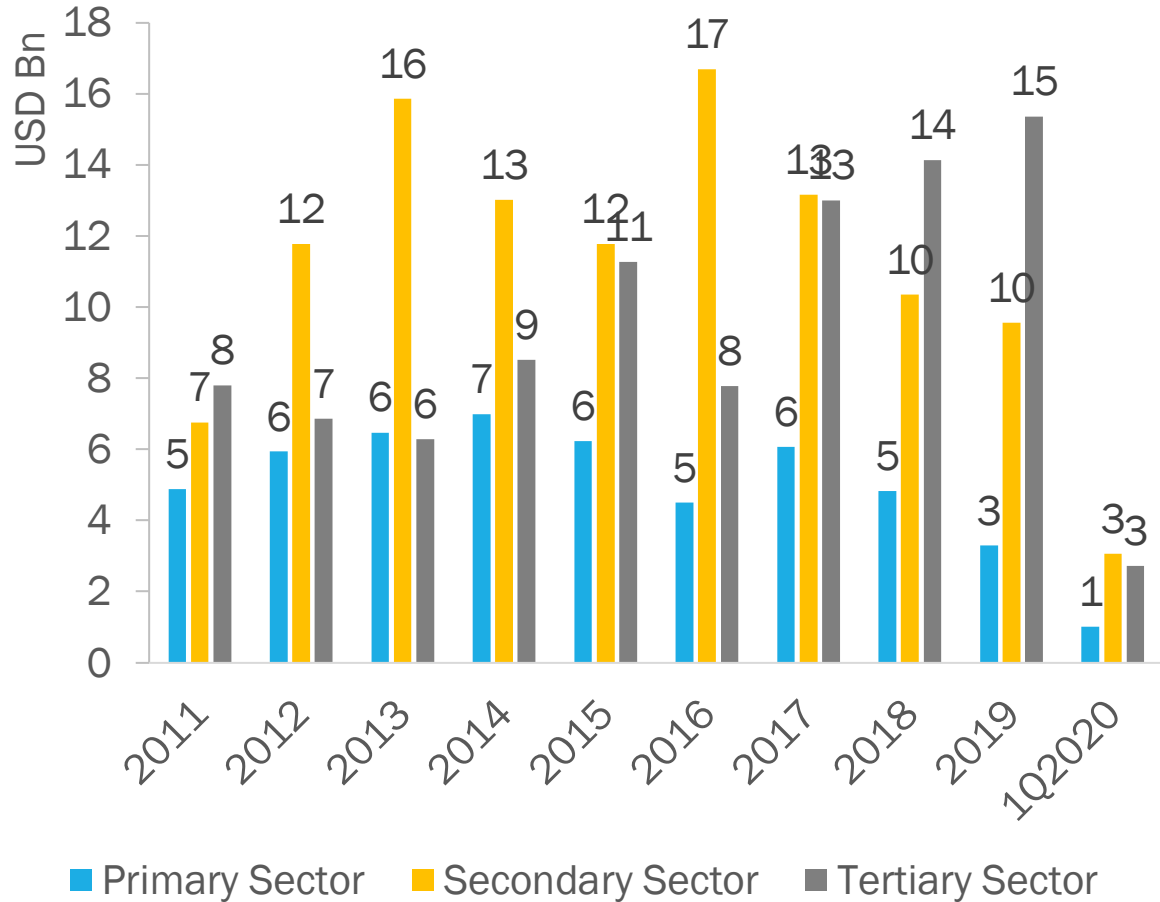


Source: CEIC



METAL INDUSTRY RECEIVED THE MOST FDI AS OF 1Q2020

Realisasi FDI Menurut Sektor

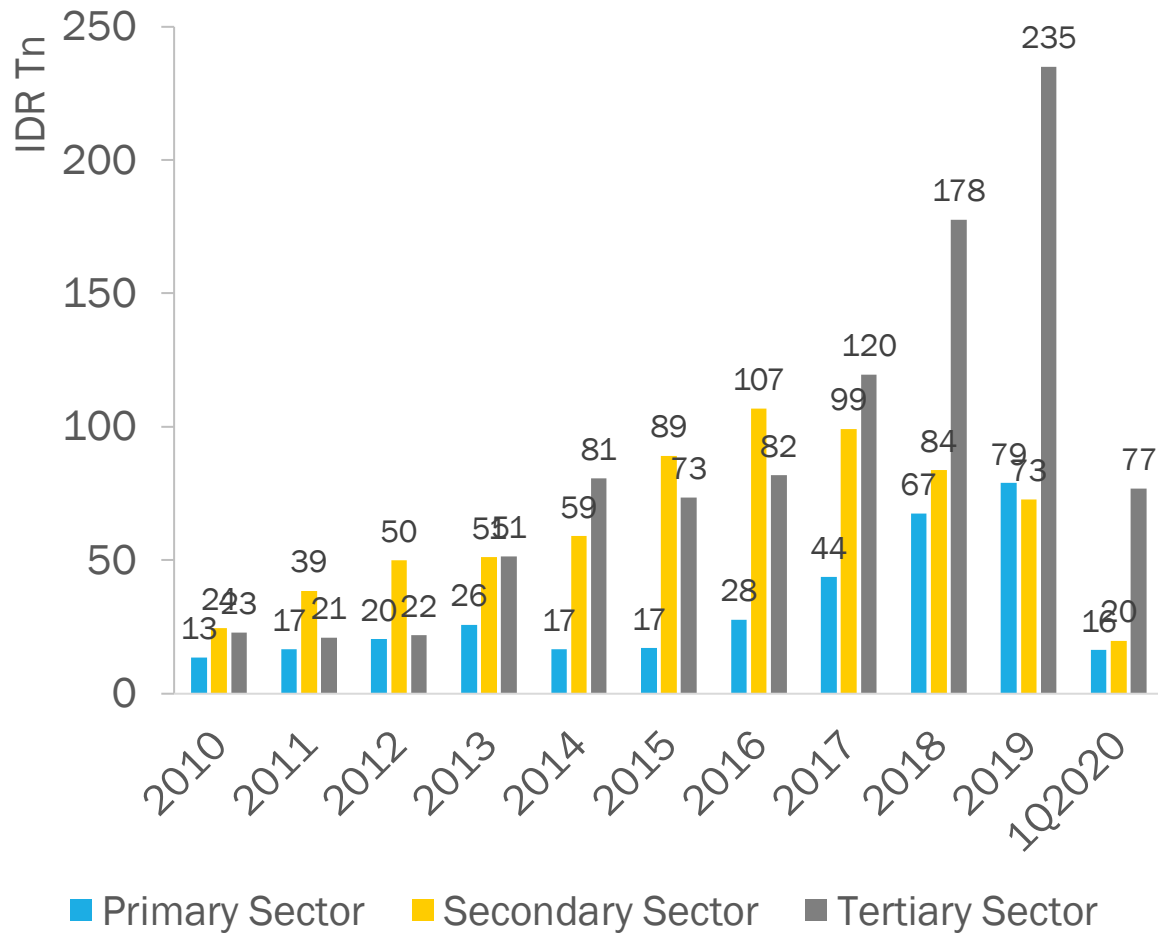


Top Sector in 1Q2020

Sector (USD Bn)	2019	1Q2020
Metal Industry	3.6	1.5
Primary Sector	3.3	1.0
Electricity, Gas & Water Supply	5.9	0.9
Transport, Storage & Communication	4.7	0.8
Real Estate, Ind Estate & Business Activities	2.9	0.6
Chemical & Pharmaceutical Industry	1.5	0.6
Mining	2.3	0.5
Food Corps, Plantation and Livestock	0.9	0.5
Food Industry	1.3	0.3
Hotel & Restaurant	0.6	0.2

MEANWHILE TRANSPORTATION, COMMUNICATION AND CONSTRUCTION ARE THE MAIN BENEFICIARY OF DDI

Realisasi DDI Menurut Sektor

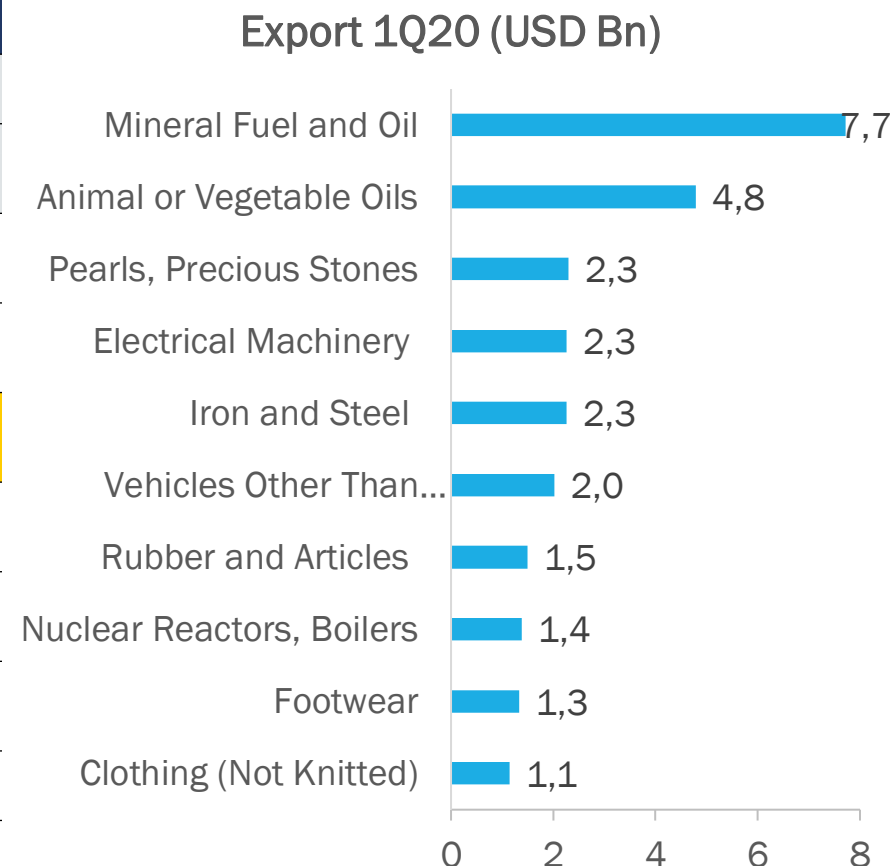


Top Sector in 1Q2020

Sectors (IDR Tn)	2019	1Q2020
Transport, Storage & Communication	68.1	37.6
Construction	55.1	14.1
Food Corps, Plantation and Livestock	43.6	10.3
Real Estate, Ind Estate & Business Activities	27.8	9.1
Secondary Sector: Food Industry	36.6	7.3
Electricity, Gas & Water Supply	37.2	5.5
Primary Sector: Mining	25.7	5.4
Trade & Repair	13.7	3.9
Other Services	17.0	3.7
Non Metallic Mineral Industry	3.6	2.6

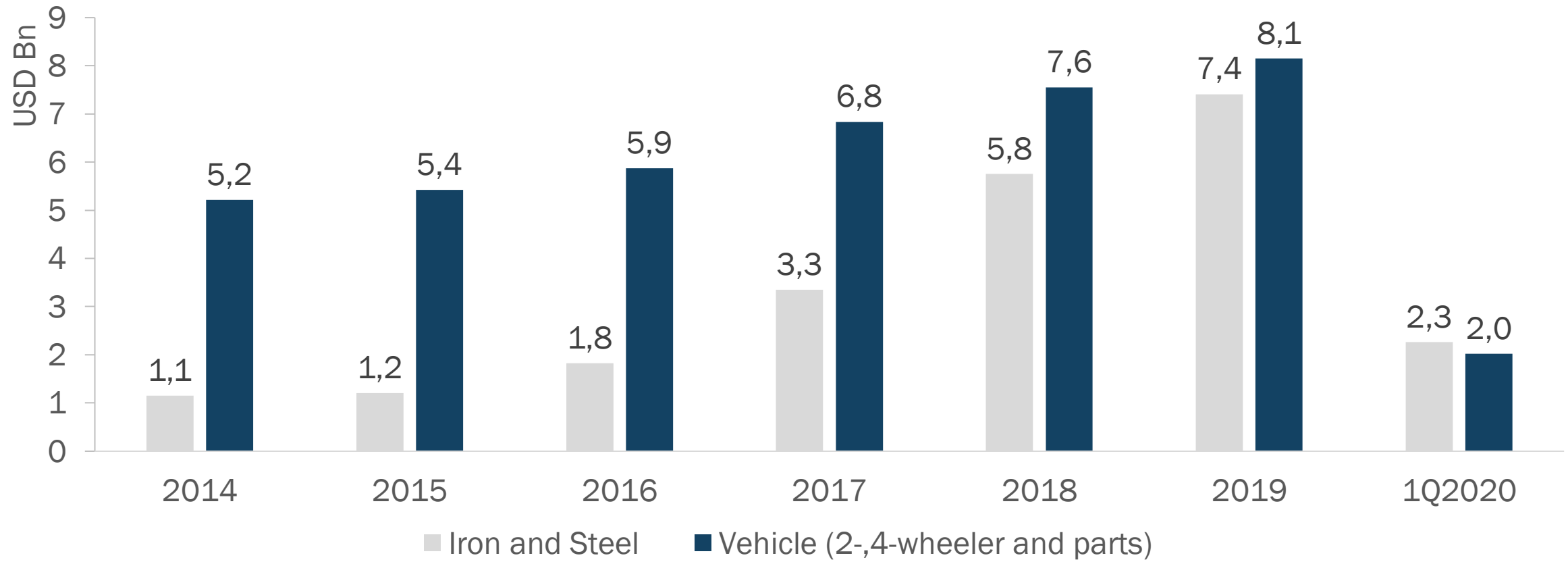
MINERAL FUEL AND CPO CONTINUE TO BE BIGGEST EXPORTS, IRON AND STEEL STEADILY CLIMBS THE RANK

1Q2018	1Q2019	4Q2019	1Q2020
Mineral Fuel and Oil	Mineral Fuel and Oil	Mineral Fuel and Oil	Mineral Fuel and Oil
Animal or Vegetable Oils	Animal or Vegetable Oils	Animal or Vegetable Oils	Animal or Vegetable Oils
Electrical Machinery and Equipments	Vehicles Other Than Railway	Electrical Machinery and Equipments	Pearls, Precious Stones
Pearls, Precious Stones	Electrical Machinery and Equipments	Vehicles Other Than Railway	Electrical Machinery and Equipments
Vehicles Other Than Railway	Pearls, Precious Stones	Iron and Steel	Iron and Steel
Rubber and Articles	Iron and Steel	Nuclear Reactors, Boilers, Machinery	Vehicles Other Than Railway
Nuclear Reactors, Boilers, Machinery	Rubber and Articles	Rubber and Articles	Rubber and Articles
Ores, Slag, and Ash	Nuclear Reactors, Boilers, Machinery	Pearls, Precious Stones	Nuclear Reactors, Boilers, Machinery
Footwear	Clothing (Not Knitted)	Ores, Slag, and Ash	Footwear
Iron and Steel	Footwear	Footwear	Clothing (Not Knitted)



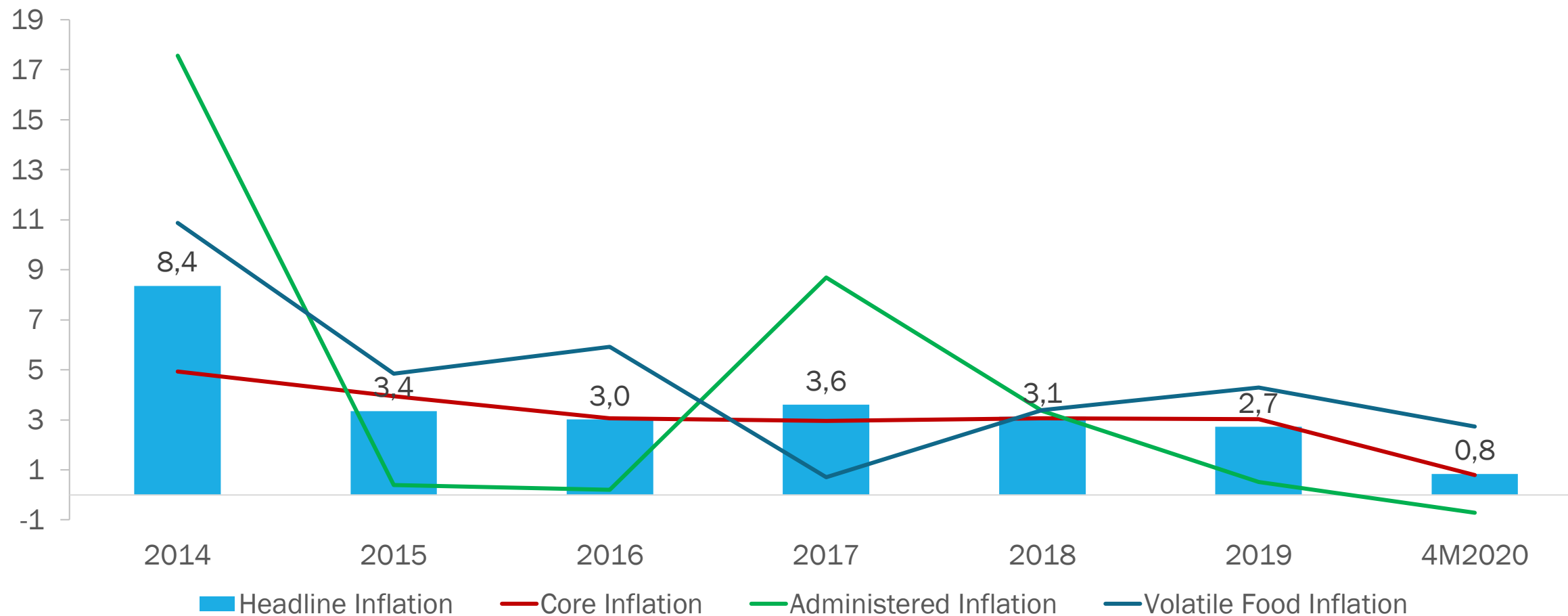
INDONESIA IRON AND STEEL EXPORT STEADILY INCREASED, REACHING A LEVEL ABOVE VEHICLE EXPORT IN 1Q2020

Indonesia Iron and Steel and Vehicle Export

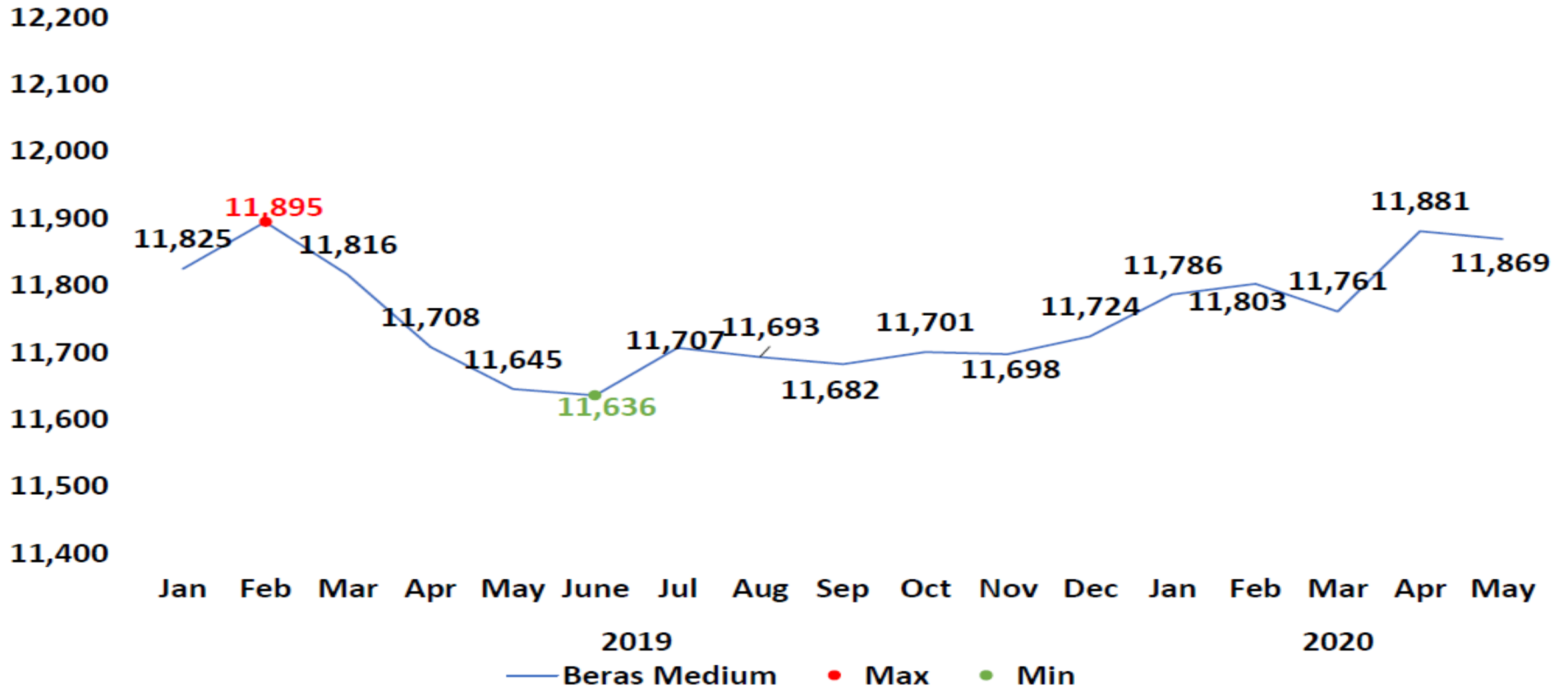


ADMINISTERED PRICE DECREASED, MEANWHILE OTHER COMPONENT BARELY INCREASED

Inflation by Component (%yoy)



RICE PRICE RELATIVELY STABLE IN THE LAST YEAR



ECONOMIC RECOVERY PROGRAM ("PEN") SCHEME

1

Health

1 Expenses Borne in Handling the Covid-19	65,80
2 Medical Staff Incentive	5,90
3 Death Compensation	0,30
4 National Health Insurance Benefit ("JKN") for Non-Wage/Informal ("PBPU") and Non-Workers ("BP") Class III	3,00
5 Covid-19 Task Force	3,50
TOTAL (in IDR Tn)	78,5

3

Industries and Businesses Supports

1 Article 21 Income Tax Government Borne	39,66
2 Final Tax for MSME Government Borne	2,40
3 Article 22 Import Tax Exemption	14,75
4 Reduction of Article 25 Installments	14,40
5 Preliminary Value Added Tax ("PPN") Returns	5,80
6 Reduction in Corporate Tax Rates	20,00
7 Interest Subsidy	35,28
8 Green Fuel Subsidy (B30)	2,78
9 Acceleration of Compensation Payments	90,42
10 Local Government Supports	14,10
11 New Working Capital Loan Guarantee for MSME	5,00
12 Tourism	3,80
13 Another Stimulus Package	26,00
14 State Capital Injections ("PMN")	25,27
15 Bailout Working Capital Investments	19,65
16 Banking Liquidity Support	87,60
17 Working Capital Loan Guarantee for MSME	1,00
18 Loan Facility to Local Government	1,00
19 Investment Financing for Revolving Fund Management Institution ("LPDB") CMSME	1,00
TOTAL (in IDR Tn)	409,91

2

Household Supports

1 Conditional Cash Transfer Program ("PKH")	37,40
2 Basic Food Aid	43,60
3 Social Assistance Package Jabodetabek	6,80
4 Social Assistance Package Non Jabodetabek	32,40
5 Pre-working Card	20,00
6 Electricity Discounts/Rebates	6,90
7 Logistic/Commodities	25,00
8 Housing	1,30
9 Expansion Reserve	58,87
TOTAL (in IDR Tn)	232,27

TOTAL FUND FOR PEN : IDR 642, 17 T

SOCIAL SECURITY NET ALSO TARGETED TO CLASS ABOVE THE BOTTOM 40%

		Conditional Cash Transfer Program (PKH)	Basic Food Card	Electricity Rebate	Cash Social Assistance Non-Jabodetabek	Basic Food Social Assistance Jabodetabek	Village Fund Direct Cash Assistance	Pre-working Card
Decile of People's Income	6							5,6 Mn KPM
	5			450 VA: 24 Mn Households		DKI: 1,3 Mn KPM Bodetabek: 600 K KPM	11 Mn KPM	
	4			900 VA: 7,2 Mn Households	Non-Jabodetabek: 9 Mn KPM	Apr-Jun: Rp 600K/mo Jul-Dec: Rp 300K/mo		Training: Rp 1Mn/mo Incentive: Rp 600K/mo Survey (3x): Rp 50K
	3		20 Mn KPM		Apr-Jun: Rp 600K/mo Jul-Dec: Rp 300K/mo	<i>di luar Penerima PKH dan Kartu Sembako</i>	Apr-Jun: Rp 600K/mo Jul-Sep: Rp 300K/mo	
	2	10 Mn KPM			<i>except PKH and Basic Food Card beneficiary receiver</i>		<i>except PKH, Basic Food Car, Social Assistance, and Pre-working Card beneficiary receiver</i>	
	1	assistance index per component increases 25%	Rp 200k/mo		450 VA Free 900 VA 50% Discount			
Period of Time	Monthly (for 12 months)	Monthly (for 12 months)	6 months (April-September)	9 months (April-December)	9 months (April-December)	6 months (April-September)	April-Oct/Nov 4 months incentives	
Additional Budget	Rp8,3T	Rp15,5T	Rp6,9T	Rp32,4T	Rp6,8T	Rp31,8T	Rp 10,0T	
Total Budget	Rp37,4T	Rp43,6T	Rp6,9T	Rp32,4T	Rp6,8T	Rp31,8T	Rp20,0T	

KPM: Beneficiary Families

Source: Bappenas, Kemensos, Kemenkeu, 2020

SMALL BUSINESS OWNERS COULD GET INTEREST SUBSIDY

Rp35,28T

Interest Subsidy for Beneficiary: 60,66 Million Account*

**There is still double data from 60,66 Mn accounts*

Rp27,26T

Through “BPR”, Banks, and Financing Companies

Deferment of installments and interest subsidy for Micro and Small Enterprises of 6% for the first 3 months and 3% for the next 3 months, also Medium Enterprises by 3% for the first 3 months and 2% for the next 3 months

***additional interest subsidy of Rp 1,13T for “Umi” and “Mekaar” (from Rp34,15T to Rp35,28T)*

Rp7,53T**

Through “KUR”, “Umi”, “Mekaar”, and “Pegadaian”

Deferment of principal repayment and interest subsidy for “KUR”, “Umi”, “Mekaar”, and “Pegadaian” for 6 months

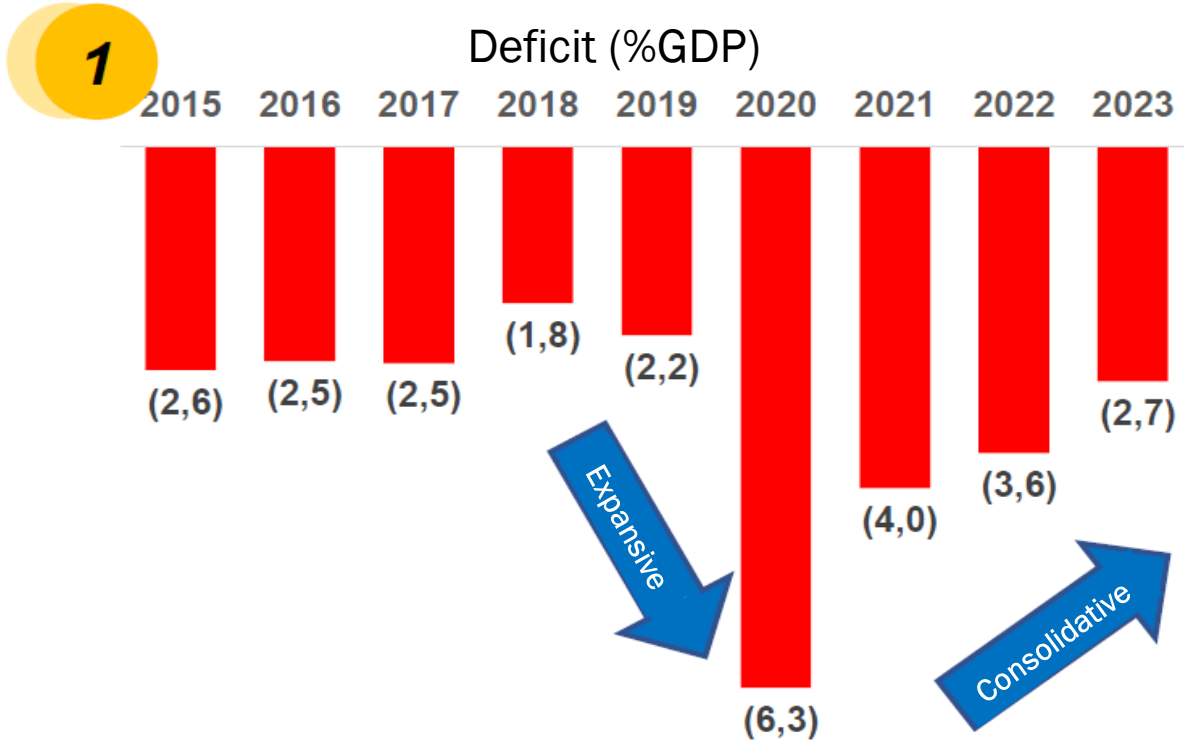
Rp0,49T

Through Online, Operation, Farmers, “LPDB”, “LPMUKP”, MSME, Local Government

Relaxation is given through interest subsidy of 6% for 6 months

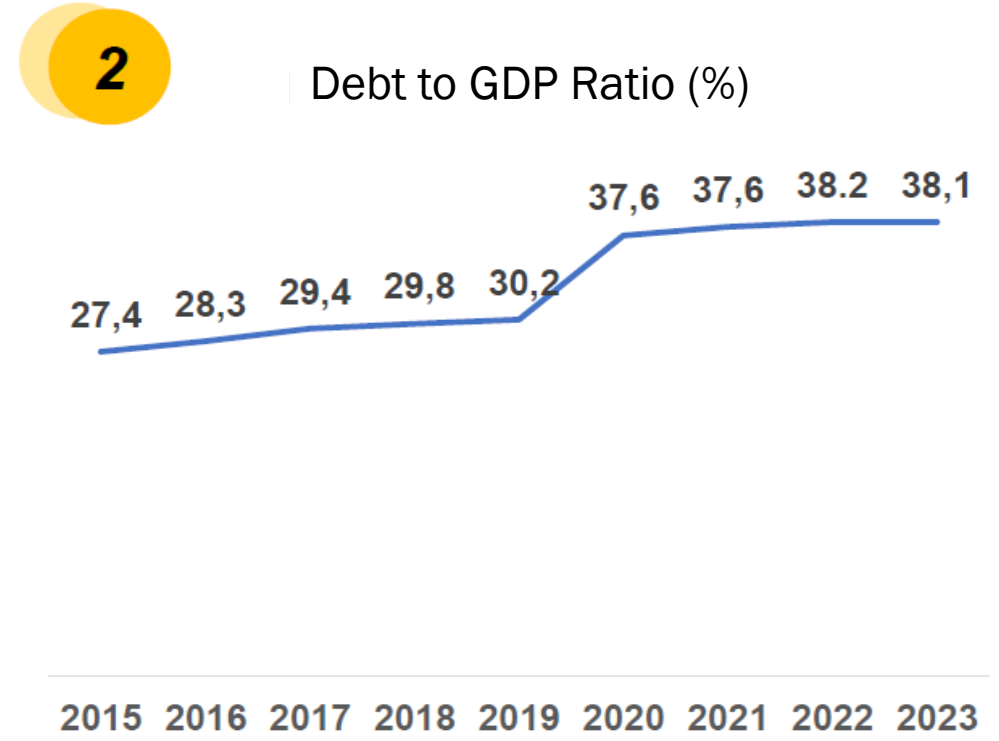
Total Deferment of Principal Repayment: Rp285,09 T **Total Outstanding Credit of Interest Subsidy Beneficiary: Rp1.601,75 Triliun**

DEFICIT AND DEBT-TO-GDP RATIO WILL BE INCREASED MOMENTARILY



Expansive-Consolidative Approach: Deficit will return **to below 3% GDP** in 2023

Note: 2020 – 2023 is projection number (affected by various events and measures)



Debt ratio will increase significantly from **30% in 2019** to **38% in 2023**

DESIGN OF THE ECONOMIC RECOVERY PROGRAM

Health Protocol Applied, Physical Distancing (tight to relaxed)

Severe pandemic → Recovery Starts

		Q2	Q3	Q4
Economic Impact Scenario	Baseline Impact: Production	<ul style="list-style-type: none"> - Tourism Stopped (transportation, accommodation, fnb) - Trade decreased sharply - Hampered manufacturing sector 		<ul style="list-style-type: none"> - Tourism activity start to revitalize - Trade increased - Manufacturing start its activities
	Baseline Impact: Consumption	<ul style="list-style-type: none"> - PSBB decreased private consumption significantly (formal and informal) - Poverty and Unemployment increased sharply (esp. informal sector) 	<ul style="list-style-type: none"> - Consumption activities gradually rebounds (electronic, retail, restaurant, hotel) - Poverty and unemployment number improves 	
Policy Response Design	Consumption Stimulus	Accelerating and strengthening of subsidy and social aid for the poor and near-poor (increase in cash transfers, increase in unemployment benefit, electricity fee forgone, increase in PKH)		<ul style="list-style-type: none"> - Extending consumption stimulus for middle class (tourism, restaurant, transportation, etc)
	Business Stimulus	Ultra Micro and MSME <ul style="list-style-type: none"> - Postponing principal of MSME and UMI interest - Subsidizing MSME and UMI interest - Tax incentive for MSME - Guarantee for MSME working capital credit - DID 		Jump Start for Business Sector <ul style="list-style-type: none"> - Guarantee for MSME working capital credit - Disbursement for SOE working capital credit - Fund placement in banks affected by credit restructuring - Capital Injection to SOE - Regional Incentive Fund (DID) - Support fund for B-30 program
		Industry and SOE <ul style="list-style-type: none"> - Tax incentive for Industry - Bailout for SOE - Disbursement for SOE working capital credit - Fund placement in banks affected by credit restructuring - Support fund for B-30 program 		



THANK YOU

Q&A

