

The COVID-19 Recession: The World and the OECD Key Partners OECD-Indonesia Webinar Statement 17 June 2020

The COVID-19 pandemic is causing large-scale loss of life and severe human suffering. It is also an unprecedented threat to the global economy, as shown by the OECD's recently launched 107th [OECD Economic Outlook](#). OECD, developing and emerging economies are all severely affected by the direct and indirect effects of the pandemic. Although circumstances differ across countries, the challenge is daunting everywhere and the need to co-operate all too evident.

Sharing experiences on how to tackle the emergency and foster the recovery is therefore fundamental. In this vein, on 17 June, the OECD and the Government of Indonesia hosted a joint webinar entitled "[The COVID-19 Recession: The World and the OECD Key Partners](#)". The meeting provided a platform to discuss the *OECD Economic Outlook*, both in the global context and more specifically for Indonesia and other emerging economies. It highlighted global trends in crisis response and evolving policy challenges including: How to protect workers, especially in the informal sector that represents the bulk of employment in Indonesia and in the other OECD Key Partners? How to assist firms that may be viable, and yet risk losing everything due to liquidity problems? How to target policy interventions on the most vulnerable in society, from women and small farmers, to children and disabled people, and make sure that nobody is left behind? How to leverage digital technologies in health, education, assistance delivery and other domains?

The pandemic officially reached Indonesia in early March, spreading to all provinces, with Jakarta, West Java, and East Java worst hit. Since the first cases were confirmed in March, the government put in place a "swift and substantial" set of policies to mitigate the huge social costs of the outbreak, especially for the neediest, and uphold investor confidence. Fiscal stimulus has been consequential, monetary policies have been accommodating, and adequate measures have been adopted to prevent corporate failures. The *OECD Economic Outlook's* [Indonesia note](#) projects the national economy to contract by 2.8% or 3.9% in 2020, depending on the scenario, i.e. whether the first COVID-19 global hit is followed by a second one and wide-ranging lockdown measures in October-November. If the OECD projection for Indonesia seems gloomier than other institutions, it is because of a more sobering global outlook. Indeed, similar forecast differences between the OECD and the World Bank, for instance, apply across all G20 economies. In fact, according to OECD projections, only Korea and China will experience a shallower recession in 2020 than Indonesia among G20 economies (see Slide 6 of the [Economic Outlook presentation](#)).

The Indonesian government's strong and well-co-ordinated response to the crisis is evolving rapidly, and the webinar provided an opportunity to update all stakeholders on latest measures underway. Transparent communication on policy intentions, mechanisms and deliverables is indeed crucial to maximise the chances of effective implementation. It is also critical to ensure that improvements are made where necessarily hasty interventions require adjustments – for instance in data collection and analysis for the disbursement of cash and food emergency aid, or in corporate governance reform. It is



also important not to lose sight of the medium-term goals of Agenda 2030, as sustainable development is as much a priority now as it was before the coronavirus hit.

The OECD's Joint Work Programme with Indonesia provides a solid framework to support the government in assessing the immediate socio-economic impact of the crisis, finding the most effective responses to fight the pandemic, and getting the economy back on track.

The 2021 *Economic Survey of Indonesia* to be launched early next year, when the worst of the crisis is hopefully past, will reflect a fuller picture. Lastly, OECD statistical tools and indicators, such as the Product Market Regulation indicators that are being refreshed for Indonesia, will be updated regularly.

There will be many lessons to be drawn when the crisis is over. Every major crisis brings opportunities to rethink our systems and for governments to show leadership in supporting their people, which is key to regaining the public's trust in institutions. The world has a unique chance to transform the ways we produce, consume and behave. Governments should also reflect on the clear need for globally coordinated responses and for strong multilateral actions, given that crises such as COVID-19 cannot be dealt with by national policies alone. In this regard, the OECD and the Government of Indonesia interact regularly and to mutual benefit in the G20 context, a partnership that will only be reinforced in the years ahead. This is particularly the case in view of Indonesia's G20 Presidency in 2023.

The OECD attaches great importance to the special relationship with Indonesia as one of its Key Partners, and stands side by side the Government and the Indonesian people in solidarity and support during this unprecedented crisis.

For the latest data, analyses, and recommendations on fighting the COVID-19 crisis, see the [OECD Policy Hub](#) ([policy responses](#) and [country tracker](#)).