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## Optimizing Indonesia's role as the G20 presidency in the efforts of economic recovery post COVID-19 pandemic

Juli Tri Kisworini<sup>1</sup>, Fifiana Wisnaeni<sup>2</sup>

<sup>1</sup> Master of Law, Diponegoro University, Tembalang, Kota Semarang, Jawa Tengah, Indonesia

<sup>2</sup> Lecturer, Diponegoro University, Tembalang, Kota Semarang, Jawa Tengah, Indonesia

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### Abstract

The Covid-19 virus pandemic that has hit the world has caused the collapse of the economy in many countries, one of the reasons is the policy of limiting activities due to the considerable risk of transmission of the Covid-19 virus. In responding to situations like this, countries feel the need to cooperate between countries. The presence of the G20 as a forum for international cooperation that had previously existed was also used by G20 member countries to overcome various problems due to the Covid-19 pandemic. The G20 has a significant role in overcoming various crises in the world. The above statement can be proven by the G20's ability to produce policies and international regulations to overcome the 2008 economic crisis. Indonesia has the opportunity to become the G20 Presidency in 2022, so this is an opportunity to introduce Indonesia to the international community and post-war economic recovery. The Covid-19 pandemic requires various strategic efforts and steps to be taken, including Sustainable Finance, International Taxation or International Taxation, Financial Inclusion: Digital Financial Inclusion and SME Finance, Payment System in the Digital Era, Exit Strategy to Support Recovery, which aims to protect developing countries that are in a period of economic recovery from the effects of spillover exit policies that have been implemented by countries whose economies have recovered. These strategic policies are expected to be able to create a multiplier effect, so not many countries in the world can face the economic crisis well.

**Keywords:** presidence G20, economic recovery, COVID-19

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### Introduction

Indonesia is a country of law independent and sovereign. The state's authority follows it to participate as well in any international activities, one of them became part of the Group of Twenty (G20) which is a cooperation forum of 19 major countries and the European Union (EU). The countries that are a member of the G20 is America United States, Canada, Mexico, Argentina, Brazil, England, Germany, Italy, France, Russia, South Africa, Saudi Arabia, Turkey, China, Japan, South Korea, India, Indonesia, Australia, and the European Union.

On October 31, 2021, in Italy, Indonesia is trusted to be the upcoming G20 presidency will bring many benefits to Indonesia, including: First; G20 Presidency on The Covid-19 Pandemic situation is proof Indonesia can face resilience to crises economy going on. Second; Indonesia can orchestrate the discussion agenda of the G20 in support of the activity recovery Indonesian economy. Third; This opportunity can also be used as an event proving to the world that as a developing country, Indonesia is able and deserves to lead the G20, in the global economic recovery, at the same time introducing tourism to Indonesia to the international world (G20, 2022).

Since it was first founded in 1999, G20's gait on the scene international is quite significant on the issue of Finance Track and Sherpa Tracks. Finance Track focuses on financial issues such as financial inclusion, international taxation, real and monetary, investment in infrastructure, regulation finance, and fiscal policy. While Sherpa Track is a forum The G20 will discuss matters other than finance, for example, health, culture, sustainable energy, tourism, foreign affairs, agriculture, employment, and so on (G20, 2022).

The Covid-19 Virus Pandemic hit the world causing economies in many countries are collapsing, not only Indonesia but the whole countries in the world are experiencing an economic downturn. One of the reasons is the policy restrictions on activities due to the considerable risk of transmission of the Covid-19 Virus which at that time could not be controlled (Rukmi, 2020) <sup>[10]</sup>. In response to this to protect its people, countries take aggressive policies to suppress the spread of the Covid-19 Virus, but on the other hand, it also has an impact on economic activities ranging from production to distribution, which is hampered. This situation too led to a decline in sales worldwide, in almost all business sectors goods and services.

The real proof of the depreciation of the world's economy is supported by data issued by the World Bank which stated that at least June 2020 has seen an economic downturn of as much as 5.2%. This is the worst economic downturn since World War II (World Bank, 2020). In response to such a situation, the state as an entity that has an obligation to protect people's lives, then took the initiative to take various actions. One of the actions taken by countries in the world is to cooperate between countries. The presence of the G20 as a working forum same

international one that already exists previously, used by the state G20 members to address various problems due to the Covid-19 pandemic. When examined from its position, the G20 is a forum of international cooperation that is informal, and not institutionalized, and there is no mechanism of accountability. (Rukmi, 2020) <sup>[10]</sup>. Despite, seeing the existence of the G20 supported by various organizations international such as the United Nations, World Bank, WTO, IMF, FSB, OECD, and ILO as well as supported by 20 countries, then you can be said to be efficiently G20 has a significant role in overcoming various crises in the world. G20 too self-proclaimed as a unifying international forum leader from various countries in the world in economic cooperation. (Schirm, 2011) <sup>[6]</sup>.

The above statement can be proven with G20 capabilities through to produce policies and regulations internationally agreed upon by the state members to overcome the crisis economy in 2008. G20 Special Summit was held in England which resulted in a policy for injections of funds of \$1.1 Trillion into the global economy (Roy, 2016) <sup>[16]</sup>. This matter succeeded in instilling an understanding in countries in the world that overcoming the crisis requires cooperation between countries with stimulus programs national to increase the demand market to ward off a recession and economic depression (Schim, 2011) <sup>[6]</sup>. The global economic crisis that attacked the countries in the world in the year 2008 has awakened the countries where the crisis occurred because the countries back then were lacking conduct responsive coordination on an international scale, so the implications of the financial regulations taken become less accountable or excessive risk-taking. The global monetary crisis not only endangers the country developing but also developed countries. The financial downturn experienced by developed countries has an impact on the real sector, while for the state growing monetary crisis caused a decline in foreign investment and affect the trade sector in the country (Wibisono, 2011).

In principle, the meeting of the G20 member countries is conducted following the principle of prudence or prudence, this is because every policy the economy takes will affect other countries, so that is expected to reduce the impact negative of the policy taken (Hermawan, 2017). For a developing country like Indonesia, an international forum is an attempt or an opportunity to take part in affecting the development international economy. Remember, Indonesia is the only country in ASEAN that joins, then Indonesia can be represented as ASEAN in the G20 (Weck, 2013) <sup>[17]</sup>.

Seeing the magnitude of the impact of the presence of the G20 in overcoming the economic crisis, then Indonesia is the one given the mandate to be the host of the G20 Presidency needs to take the best advantage of this opportunity, especially in overcoming post-economic recovery Covid-19 pandemic.

This writing aims to complement the previous writing of Wiwiek Rukmi who discussed "G20 Cooperation in Recovery Global Economy from Covid-19", Next the author will complete this research by adding regarding optimizing the role of Indonesia as host of G-20 Presidency in 2022. Next writing of Alvela Salsabilah, who discussed "G20: A Mediator for Progress of Economic Growth in Indonesia". To complete previous writings, then the author will raise the topic of discussion about: "Optimizing the Role of Indonesia as the G20 Presidency in Effort Post-Pandemic Economic Recovery Covid-19". To give an answer on the topic, the next issues to be discussed are: First; Indonesia's strategic role as G20 Presidency, and Second; Various Efforts in economic recovery due to the Covid-19 pandemic.

## Research method

This research is a legal study which is category as normative or doctrinal legal study Peter (Mahmud Marzuki, 2014) <sup>[5]</sup> Conducted with a review of the literature "Research Library" is a process for discovering the rules of law, principles of law, and legal doctrine to solve the legal issues faced by examining the literature materials that focus on conducting analysis and studying primary and secondary legal materials so that legal research will be able to produce theoretical arguments or new concepts as an attempt at resolving legal issues. This legal research uses both primary and secondary legal materials regarding the case of Optimizing the Role of Indonesia as the G20 Presidency in Effort Post-Pandemic Economic Recovery Covid-19.

## Research result

### 1. Indonesia's Strategic Role as G20 Presidency in 2022

The state is an organization that is in an area that has the highest legitimate power and has the power to always be obeyed by the people (Budiardjo, 2010) <sup>[1]</sup>. Indonesia is a country that wants to protect its people from all situations and conditions of trying to establish cooperation with various countries in the world. In order to realize security and working relationships same international, then the 7th President (seven) Republic of Indonesia, namely Joko Widodo declared 5 (five) directions for Indonesian foreign policy (Ministry of Overseas, 2015), namely: a. Handling borders; b. Strengthening Indonesia's role in ASEAN; c. Quality improvement to the protection of rights and safety of Indonesian citizen/legal material abroad, in particular providing protection of workers Indonesia that is outside Indonesia; d. Maximizing Indonesia's role as an independent country in cooperation global; e. Strengthening economic diplomacy.

Of the 5 (five) directions of foreign policy, the strengthening of economic diplomacy becomes an important topic of interest attention, both the community and academics. G20 is the wrong event used by the government of Indonesia to play the role in creating an economic system inclusive and sustainable global, at the same time advancing the interests of a developing country. Therefore, Indonesia strives to become emerging economies that have the opportunity to get global leadership roles (Dobson, 2017) <sup>[7]</sup>.

The G20 Presidency is a designation of member countries elected to host home and hold the G20 summit. Indonesia as the hosting plan will hold the G20 Summit in Bali, but a meeting was also held in several cities throughout Indonesia, like Medan, Jakarta, Bogor, Surabaya, Lombok, Semarang, and other cities.

Please note that Indonesia is the only ASEAN member country that is a member of the G20. In addition, Indonesia also occupies ranked 10th (tenth) in parity purchasing power among member countries of G20, and Indonesia is also a New Established Emerging Market or new market power with above GDP of US\$1 Trillion. (G20, 2022) <sup>[12, 13, 15]</sup>. Based on these facts, Indonesia Of course can be categorized as countries that have economic potential which is quite large in Asia.

Trading is the wrong factor of economic strength owned by Indonesia. Increasing capacity trade owned by Indonesia is an effort that can be done to increase competitiveness in the middle liberal economic practice. The action is then also supported with increase manufacturing productivity which is expected to increase human resource competence

Indonesia, as well as providing value-added. In order to encourage the realization of Currently, Indonesia is investing in the country places its focus on the sector infrastructure development (Zipperer, 2017) <sup>[14]</sup>.

The potential possessed by Indonesia is added with an opportunity to become G20 Presidency must be put to beneficial use. In this regard, the author next will explain Indonesia's strategic role as The G20 Presidency, as follows:

First; Introduce Indonesia to the international arena. Indonesia's position as the host or The G20 presidency is not only a strategic opportunity for a recovery economy but also a platform for introducing Indonesia to the international scene. In line with things this, Prof. Dr. Chess Sugiyanto, M.A., who is a Professor of the Faculty Economics and Business Universitas Gadjah Mada said that Indonesia's one-year G20 presidency will receive many delegates from G20 member countries, opportunity. This is expected to be used as an event to show a good image of Indonesia. Not only that, but this opportunity also can be used for Indonesia to incorporate values, norms, culture, and local wisdom or local wisdom that is owned by Indonesia in solving various problems that are happening right now. It is hoped that these norms can be applied in another G20 country, so it can raise the degree of Indonesia (Nugroho, 2022) <sup>[15]</sup>.

Second; In line with points first, then with the introduction of Indonesia to the world at the same time will introduce Indonesian tourism to the international world. Arrival delegates to Indonesia will support the economy, especially tourism had experienced a decline because of the Covid-19 pandemic. This situation when can be put to beneficial use to invite investors to invest in Indonesia.

Third; Indonesia as a State entity, of course, needs to establish relations with other countries. So this opportunity can also be used to cooperate with other countries in the world, especially countries that sent its delegation to the G20 summit.

Fourth; In accordance with the purpose of the beginning of the formation of the G20, namely so it is time for Indonesia to show its leadership in addressing economic issues. Overcome various crises in the world, At the same time, it can be used as a showcase for showing progress and Indonesia's development in the sighted world (Bank Indonesia, 2022) <sup>[12]</sup>.

In this regard, in principle, there are 2 (two) important things Indonesia's involvement in the G20 (Sushanti, 2019), namely: First; Effort Indonesia as a country to conform to quality standards products according to consumers international. Second; Power support Indonesia's bargains at global forums, Indonesia can be said as represent developing countries in global forums.

In addition to taking action through various policies these, other optimizations that can be carried out by Indonesia is through parliamentary diplomatic activities, namely: carried out by the DPR to establish communication both bilaterally and multilateral to delegate countries G20, like the Asia Pacific Parliamentary Forum (APPF), as well as the Inter-Parliamentary Union (IPU) (Muhammad, 2019) <sup>[9]</sup>.

These efforts are expected can raise the name of Indonesia in the world internationally, as well as unambiguous evidence that Indonesia is capable enough to help in solving various existing global problems.

## **2. Various Efforts in Economic Recovery Consequences Covid-19 pandemic**

G20 is a meeting forum for international countries in the world that focus on economic policy and development. G20 standing in the international world is quite significant and strategically, this is because the G20 represents economic strength and world politics. As can be seen from the composition its members account for 80% of the world's GDP, 75% of global exports, and 60% of the population global. The members of the G20 consist of 19 countries and 1 region, namely: Argentina, Australia, Brazil, Canada, People's Republic of China (PRC), France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, Africa South, Turkey, England, United States, and the European Union (Ministry of Foreign Affairs Republic of Indonesia, 2022). G20's Role as an economic forum, more intensely discussing policies that need to be taken in maintaining financial stability international and complete economic problems that are not can be solved by several countries certain, to be discussed and found a way to discharge (Pradhista, 2014) <sup>[11]</sup>.

The G20 is a partnership of countries in the world, both developed countries as well as developing countries. The connection between the developed and developing countries then make the economic system of the world is becoming more innovative and expected to be able to avoid economic tensions and political conflicts. One of the efforts to avoid tensions between countries in the field of economics and politics is a compromise between

member countries G20. Those countries too expected not to use protectionist policies, except for temporary measures.

The G20 in its development has represents 90% of global national product, 80% of world trade, and the world's population (Hermawan, 2011) <sup>[2]</sup>.

With the success of the G20 in overcoming the economic crisis in 2008, then it is hoped that the G20 summit will be held in Indonesia is also able to solve economic problems experienced by other countries in the world now. Indonesia's G20 in 2022 will be raised the big theme "Recover" Together, Recover Stronger", It's mean the use of the theme is Indonesia as an independent and sovereign country want to invite the world to shoulder each other together, and support each other to recover and grow stronger and more sustainable in the face of the Covid-19 Pandemic (Bank Indonesia, 2022) <sup>[12]</sup>.

With regards to efforts to realize the theme, then the agenda G20 Presidency's financial pathway priorities Indonesia in 2022 (Bank Indonesia, 2022) <sup>[12]</sup>, which are as follows:

First, Sustainable Finance, or Sustainable Finance, is a policy taken from the point of view of macroeconomics and aims to improve financial stability. Sustainable Finance focuses on the basic discussion related to climate risk and risks of the transition from economic activity to a low carbon economy.

Second; International Taxation or International Taxation, in 2022 G20 countries discussed the implementation of the framework in tax planning known as Base Erosion and Profit Shifting (BEPS).

Third; Financial Inclusion: Digital Financial Inclusion and SME Finance, one of the efforts that can be done to improve the economy and finance inclusive, while at the same time encouraging productivity for the underserved community, namely youth, MSMEs, women, as well as cross-border aspects with taking advantage of open banking.

Fourth; The Payment System in the Digital Era, which is presenting standards for cross-border payments (CBO), and CBDC development principles (General Principles of Developing).

Fifth; The Exit Strategy to Support Recovery, aims to protect developing countries that are in a period of economic recovery from the spillover effect of the exit policy that has been implemented by countries that have economy recovered, which generally occurs in developed countries.

Sixth; Addressing Scarring Effect to Secure Future Growth, is a strategic step taken to overcome the scarring effect prolonged by a crisis with increased productivity and growth in the long term. Another thing that should not be missed is to pay attention to rules and policies related to employment, household, the financial sector, and the cooperative sector. The real realization that is often done by the government in echoing the era of the digital economy as inclusive as it today is an e-commerce policy roadmap, especially for MSMEs, with digital platform development. Apart from discussing the strategic steps above. As for which is the focus on bringing about recovery sustainability is as follows:

First; Regarding the energy transition, this is to ensure a sustainable future and green to face real climate change. Indonesia as The G20 2022 presidency is pushing to promote the energy transition towards new and renewable energy, with pay attention to affordability, energy accessibility, and affordability.

Second; Digital transformation is a wrong solution to the digital economy currently facing the Covid-19 Pandemic through digital transformation. The thing is done by doing improvement of digital skills and digital literacy, to ensure digital transformation in an inclusive and accessible way enjoyed by all countries.

Third; Architectural reinforcement of global health. This reinforcement is not only conducted in relation to the response to the Pandemic Covid-19 only but also as an effort to prepare the countries to face a possible health crisis that can only come forward.

These strategic steps are expected able to present a multiplier effect on the economy of Indonesia and the world so that countries in the world can survive the economic crisis and recover after experiencing an economic downturn due to pandemics.

## Conclusion

The G20 presidency is an excellent opportunity given to Indonesia, which is an opportunity that can come once in 20 years. The momentum must, of course, be utilized properly and efficiently, not only focusing on the recovery of the post-Covid-19 economy, but also paying attention to aspects and other opportunities, such as tourism, investment, and so on. This opportunity can also be used in Indonesia to incorporate values, norms, culture, as well as local or local wisdom possessed by Indonesia in solving various problems that are happening right now. It is hoped that these norms can be applied in the country another G20, so it can raise the degree of the nation Indonesia.

Indonesia as G20 Presidency makes various efforts to overcome the economic crisis due to the Virus Pandemic Covid-19, the strategic focus taken by G20 is on energy transition, digital transformation, and strengthening global health architecture. Real form or its concretization can be seen from policies taken during the G20 summit namely: Sustainable Finance, International Taxation or International Taxation, Financial Inclusion: Digital Financial Inclusion and SME Finance, Payment System in Digital Era, Exit Strategy to Support Recovery, aims to protect developing countries who are in recovery the economy from the spillover effects of exit policies that have been implemented by countries that have economy recovered, generally happens in developed countries. Addressing Scarring Effect to Secure Future Growth these strategic policies are expected to be able to present a multiplier effect so that countries in the world can face an economic crisis well.

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