

G20: Vehicle for Indonesia's Economic Recovery

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Abstract: This article aims to explain about the G20 as a form of international cooperation in the world economy and monetary sector. The G20 was formed in 1999 as a form of agreed solution in dealing with the monetary crisis that occurred in 1998. As a result of this incident, there was an understanding that the economic issues of a country cannot be faced alone. Thus, cooperation is needed to solve these problems. For developing and developed countries, the G20 meeting is seen as important as a medium for reviewing and reviewing issues and possible solutions through the forum discussion method. In 2008, Indonesia itself joined the G20 forum after being deemed to have met the criteria as an economic country with a strong foundation and is the only country in Southeast Asia that is a member of the G20. This article then uses a conceptual method to describe how the role of this forum can help restore the global economy and its impact in improving the Indonesian economy during the G20 presidency this year.

Keywords: G20 Forum; Economy; Indonesia.

Introduction

Talking about global economic conditions will certainly never subside. The governments of every country in the world are endlessly implementing many strategies to advance their respective national economies. Although the public is more concerned with resolving issues in the national economy, it should be understood that issues in the global economy also need proper handling. In fact, international relations have been established for discussion forums since 1999, namely the G20.

The G20 was originally formed to respond to the monetary crisis in 1998 by combining developing and developed countries. The hope is that there will be an even opinion so that the solutions issued will not only benefit developed countries but also benefit all parties. After that, the G20 was formed as a form of international cooperation with the aim of advancing the world economy together. In the study, the Ministry of Foreign Affairs of the Republic of Indonesia explained that there were twenty countries that were members of the G20, including the United States, Saudi Arabia, Argentina, Australia, South Africa, Brazil, United Kingdom (United Kingdom), China, Italy, Japan, Germany, Canada, South Korea, Mexico, Turkey, France, Russia, the European Union, India, and Indonesia (RI Ministry of Foreign Affairs, 2022). This paper argues about the importance of the function of the G20 as a forum for discussion for the progress of Indonesia's national economy as well as globally and assists in providing action solutions

to face the world economic crisis. Even though there are many people who know about the G20, the literature discussing the G20 is relatively minimal (Ibrahim, 2022).

To further understand this article, the author divides it into three parts. First, the author will explain the history of the G20 in more depth. Both in terms of the historical concept of the G20 and what has been done by this forum is important in order to see more thoroughly the concept of The Group of Twenty (G20) Finance Ministers and Central Bank Governors. Second, the author will explain global economic conditions and also Indonesia's national economic conditions that are currently occurring from the pandemic period to 2022. The author takes data for that time period because issues of post-pandemic economic recovery are a trend that is being widely discussed. Finally, the author will analyze the correlation between the existence of the G20 Presidency and the recovery of the Indonesian economy.

The Concept of Economic Globalization

For centuries, the world economy was divided into several theoretical systems according to the needs of a country. This is based on the form of government system that varies from one country to another. The presence of a government system with various forms such as federal, democracy to communism resulted in an economic system that also had to be diverse. The economic system in this world also has its own theories. However, through the existing economic system, of course there are several things that create a barrier between the national economy and the international economy. This is what then causes the bottleneck in global trade that occurs. Globalization, which is a worldwide process, has spread a chain of habits or innovations to open opportunities for the world to be better in a broad aspect. It is unavoidable if then the world economy becomes an aspect that is also touched by globalization.

Like the entry of foreign products into the domestic market is one of the impacts of economic globalization, and also with the opportunity for domestic products to enter international markets to become more wide open and competitive (Cahyadi & Magda, 2021). Many implementations have been carried out because of the globalized world economy. Starting from manufacturers who use strategies to produce goods at low rates but the same quality. Then also the opening of the workforce, indicated by the limited domestic workforce staff, but a worker can be recruited to work in a foreign company if they have adequate capabilities. Until the most important thing is about the globalization of trade. Globalization of trade is concerned with trade tariffs.

G20 Formation Journey To Date

There is a sad history in the world economy when there was a monetary crisis that struck throughout 1997 to 1999. The monetary crisis that occurred gave rise to a

“RENEWABLE SUSTAINABILITY FOR YOUTH” EDITION

Volume: 1, Issue: 1, DOI: 10.31219/osf.io/8cvjp

movement formed by the finance ministers of several major countries in the world. This was later called the G7 or The Group of 7. This forum was formed as a response to the concerns that hit the world community due to the monetary crisis that occurred at that time. Exactly in 1997 the monetary crisis spread in the Asian continent, especially Thailand, which experienced a fall in the Baht currency. This is because foreign currency has a very minimal nominal amount so that Thailand is unable to maintain the value of the Baht against the United States Dollar. This then made Thailand carry suffering in the form of debt that could be said to be very large,

Since then the monetary crisis has become a spreading epidemic. The ones that received the greatest impact due to the monetary crisis in 1997 were Indonesia, Thailand and South Korea. However, it cannot be denied that several other Asian countries are also feeling the impact, although at different levels. The monetary crisis epidemic spread so quickly through Asia and touched Russia to the United States after the LTCM fell and finally touched Brazil in 1998. Although in this case countries outside the Asian continent did not really feel the impact of the monetary crisis that occurred, with the collapse of the Asian continent's economy, the European and the United States' economies also slumped as this epidemic spread to all layers of the world. Based on this background, the G7 was formed as a discussion forum that could be a new hope for solutions to existing problems. The forum, which was attended by seven finance ministers from countries with the strongest economies in the world, felt the need for the participation of other countries in order to obtain maximum discussion results. As finance ministers Paul Martin from Canada and Lawrence Summer from the United States who realized that they could not only include European countries and the United States, but they must also include countries from various continents in order to produce more maximum discussions and can touch all areas of the regions experiencing economic problems without exception. The forum, which was attended by seven finance ministers from countries with the strongest economies in the world, felt the need for the participation of other countries in order to obtain maximum discussion results. As finance ministers Paul Martin from Canada and Lawrence Summer from the United States realized that they could not only include European countries and the United States, but they must also include countries from various continents in order to produce more maximum discussions and can touch all areas of the regions experiencing economic problems without exception. The forum, which was attended by seven finance ministers from countries with the strongest economies in the world, felt the need for the participation of other countries in order to obtain maximum discussion results. As finance ministers Paul Martin from Canada and Lawrence Summer from the United States who realized that they could not only include European countries and the United States, but they must also include countries from

various continents in order to produce more maximum discussions and can touch all areas of the regions experiencing economic problems without exception.

This transformation then becomes an important thing regarding awareness of the global dimension which has become wider with a much larger scope of coverage. Awareness of this global dimension also plays an important role for developing countries because this thinking has brought developing countries to be able to join together in a large forum. This awareness of the global dimension also became the root of the extension of the G7 to the G20. Although ironically an important forum like the G20 was formed as a result of encouragement from the crisis. Like the summit that took place in 2008 due to the financial crisis which required the G20 to hold a summit meeting at least once every six months. Until the 2010 second quarter summit in Seoul, the officials then agreed that the G20 Summit would be held once a year. This continued at the G20 Summit in 2020 which was held in Riyadh and Saudi Arabia online with the theme being discussed, namely empowering people, protecting the planet, forming new frontiers. The G20 Summit in Rome in 2021 will continue to focus on vaccination targets of 40% by the end of 2021 and 70% by mid-2022 as a global strategy. And at the G20 summit in 2022, Indonesia takes over the presidency. The G20 Summit in Rome in 2021 will continue to focus on vaccination targets of 40% by the end of 2021 and 70% by mid-2022 as a global strategy. And at the G20 summit in 2022, Indonesia takes over the presidency. The G20 Summit in Rome in 2021 will continue to focus on vaccination targets of 40% by the end of 2021 and 70% by mid-2022 as a global strategy. And at the G20 summit in 2022, Indonesia takes over the presidency.

Global and National Economic Conditions (2020-2022)

Since the Covid-19 pandemic situation was determined by the World Health Organization (WHO) on March 11, 2020, the corona virus has spread widely throughout the world. According to data from Worldometers, until August 17, 2021. More than 200 countries in the world have been infected with the virus and the total cases have jumped to 200.09 million and the death toll is 4.39 million. Not only having an impact on the health crisis, the Covid-19 pandemic has also caused the world economy to grow negatively and even reach the recession category. The current economic risk is shifting from the pandemic to the global economic turmoil. Global inflation soared due to supply disruption due to the pandemic and the Russia-Ukraine war, which was accompanied by a tightening of monetary policy in developed countries. However, Indonesia's economic growth in Q2 remained impressive and Indonesia's external performance remained strong. The global economic growth projection is corrected quite deeply (significant downward revision and broad-based), including in major countries such as the US, China, and

Europe. Inflation projections are revised upwards due to rising energy and food prices and persistent supply-demand mismatches.

However, Indonesia's economic performance in the export and import sectors continued to grow positively amidst global economic pressures. In July 2022, Indonesia's exports reached USD 25.57 billion and imports reached USD 21.35 billion. On a month-to-month basis, exports contracted by 2.2% while imports grew by 1.6%. Annually and cumulatively, exports and imports show a positive direction. Exports grew 32.03% (yoy) and 36.36% (ytd) respectively, while imports grew 39.86% (yoy) and 29.38% (ytd) respectively. The July 2022 trade balance recorded a surplus of USD 4.23 billion, although it fell but still continued the surplus trend for 27 consecutive months.

The Role of the G20 Presidency in Improving Indonesia's National Economy

The Covid-19 pandemic has had an extraordinary impact on all countries in the world, including Indonesia. Not only has an impact on health, but also affects the condition of the economy, education, and social life of the community. Some of the impacts of the slowdown in the economy were felt in the trade, transportation, hotel, tourism, industrial and retail sectors. One of the real efforts made by Indonesia in restoring the national economy is through the G20 International Forum. Indonesia has officially hosted the implementation of the G20 Presidency (Group of Twenty) since it was handed over by Italy.

In the G20 Forum there are 2 (two) lines of strategic issues discussed, namely the ‘Finance Track’ and the ‘Sherpa Track’. As the name implies, the finance track discusses financial issues, such as fiscal, monetary and real policies, infrastructure investment, financial regulation, financial inclusion, and international taxation. While the sherpa track discusses broader fields outside of financial issues. The entire agenda of the meeting which will be held according to the sector of discussion of the issues above will produce a “communique” which contains commitments and joint statements on the latest global issues and the results of the consensus of the members of the G20 forum to the public. The resulting “Communique” will certainly contain various benefits, especially for the Indonesian economy (Kementerian Keuangan RI, 2022).

The economic benefits that can be received by Indonesia from the implementation of the G20 Summit, among others, are that it will create a contribution of US\$ 533 million or around Rp. 7.4 trillion to Indonesia's GDP. In addition, there was an increase in domestic consumption of up to Rp. 1.7 trillion. In terms of tourism, the G20 Summit will contribute to the projected increase in foreign tourists of up to 1.8 million - 3.6 million and also 600 thousand - 700 thousand new jobs supported by good performance in the culinary, fashion and craft sectors. In addition, the G20 presidency by Indonesia will also

encourage investment in domestic MSMEs, considering that currently 80% of global investors come from G20 countries. Momentum shows the success of structural reforms,

The G20 presidency by Indonesia will play a role in designing world economic recovery policies. If the world economy improves, Indonesia will have a positive impact, one of which is exports that will grow high. The global and domestic economic recovery will also increase public consumption, increase investment and export-import activities that are growing rapidly. As a result, tax revenues grew by more than 18 percent, customs revenues grew by more than 24 percent, and PNPB revenues grew by more than 23 percent.

The collaboration of all G20 members in achieving world economic recovery has been carried out in several meetings. One of them was the Finance Ministers and Central Bank Governors (FMCBG) meeting which was attended by G20 member countries and discussed 6 (six) priority issues and strategies for the world to recover quickly from the impact of the Covid-19 Pandemic. The FMCBG meeting resulted in a communique showing the commitment of all G20 members and the real impact of economic recovery for Indonesia (Kementerian Keuangan RI, 2022).

The implementation of the G20 Presidency for 2022 carries the theme "Recover Together, Recover Stronger". Through this theme, Indonesia wants to bring the spirit of recovery together, provide high benefits to the world, and invite the whole world to work hand in hand and support each other in entering a new chapter, namely an inclusive and sustainable post-pandemic recovery. The responsibility and trust that has been received by Indonesia as the holder of the G20 Presidency for the 2022 period certainly requires the support of all Indonesian people to jointly strive for the success of the G20 Presidency because all Indonesian people must be aware that the success of the G20 Presidency greatly impacts almost all sectors of government, not only provide benefits for Indonesia itself, but also have an enormous impact on the world.

Conclusion

The G20 is a large discussion forum that collaborates with the United Nations (United Nations) and APEC (Asia-Pacific Economic Cooperation) to discuss the global economy. The G20 consists of 20 countries that are recorded as contributing a sizable percentage figure to the global economy. The twenty countries that are members of the G20 are the United States, Saudi Arabia, Argentina, Australia, South Africa, British Brazil, China, Italy, Japan, Germany, Canada, South Korea, Mexico, Turkey, France, Russia, the European Union, India, and Indonesia. The G20 holds a Summit Conference

“RENEWABLE SUSTAINABILITY FOR YOUTH” EDITION

Volume: 1, Issue: 1, DOI: 10.31219/osf.io/8cvjp

once a year. The venue for the Summit will rotate annually. Unlike most multilateral forums, the G20 does not have a permanent secretariat. The presidential function is held by one of the member countries, which changes every year. As has been entrusted to hold the G20 presidency in 2022, the implementation of the summit with the theme "Recover Together, Recover Stronger". Through this theme, Indonesia wants to invite the whole world to support each other to recover together and grow stronger and more sustainable. The G20 presidency in the midst of a pandemic has proven a good perception of Indonesia's economic resilience to the crisis. One of them is negotiating a post-pandemic economic recovery strategy. In addition, the G20 is a very appropriate discussion forum to pave the way for increasing economic growth, including the national economy. This presidential momentum only occurs once every 20 years and must be utilized as best as possible in order to provide added value for Indonesia's recovery, both in terms of economic activity and the trust of the domestic and international community. This year's G20 Indonesia presidency can orchestrate the discussion agenda to support and have a positive impact on the recovery of Indonesia's economic activity. In addition, this will make Indonesia one of the focuses of the world's attention, especially for economic and financial players. Indirectly, it can be used to show the various progress that Indonesia has made to the world, and become the starting point for restoring the confidence of economic actors after the pandemic, both domestically and abroad. The G20 meetings in Indonesia are a means of introducing tourism and Indonesia's superior products to the international community, so that they can help restore Indonesia's economic conditions.

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