



## *Government and Employers Synergy and Economic Stimulus Post COVID-19*

### **Topics :**

1. COVID-19 in Indonesia and its Impact to Automotive Industry
2. Government Stimulus for Manufacturing Industry

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# Introduction

As the COVID-19 pandemic will have domino impact to social, economic and financial of all impacted countries, **we need synergy all stake holders including employers and government.**

## Health

Create Health Crisis, lack of capacity on medical facility and medical care

## Social

Disturbing all activities including economic activities

## Real Sector

Significant decline all economic activities

## Financial

Risk on Exchange risk and interest, increasing NPL, declining profitability and solvability

# Impact of Covid-19

COVID-19 pandemic has significant impact to economic and there are many prediction on economic outlook progress by several institutions.

## Economic Outlook Progress

Source	IMF, World Economic Outlook database		World Bank	ADB	EIU	Moody's	S & P
Country	Outlook Estimates and Latest Projections		(April)	(April)	(April)	(April)	(April)
	2020	2021					
Thailand	-6.7	6.1	-0.5 to 2.1			-2.3	
Brunei	1.3	3.5					
Cambodia	-1.6	6.1					
Indonesia	0.5	8.2	-3.5 to 2.1	2.5	1.0	2.1	1.8
Laos	0.7	5.6					
Malaysia	-1.7	9	-4.6 to -0.1	0.5%		-0.3	
Myanmar	1.8	7.5					
Philippines	0.6	7.6	-5.0 to -3.0	-4.8%		2.3	
Singapore	-3.5	3				-4.5	
Vietnam	2.7	7	1.5 to 4.9	4.8		3.1	
China	1.2	9.2	0.1 to 2.3	2.3	1.0		1.2
India	1.9	7.4		4.0	2.1		1.8

Indonesia Government latest stress test indicates this year GDP will be ranging from -0.4% to 2.3%

# Recovery Scenario

As current situation, recovery Scenario will depend on How The Covid-19 Being Handled

## Rapid and effective control of virus spread

Strong public health response succeeds in controlling spread in each country within 2-3 months

B1



Virus contained, but sector damage;  
lower long-term trend growth

A3



Virus contained, slow recovery

A4



Virus contained; strong growth rebound

## Effective response, but (regional) virus resurgence

Public health response initially succeeds but measures are not sufficient to prevent viral resurgence so social distancing continues (regionally) for several months

B2



Virus resurgence; slow long-term growth

A1



Virus resurgence; slow long-term growth  
Muted World Recovery

A2



Virus resurgence; return to trend growth  
Strong World Rebound

## Broad failure of public health interventions

Public health response fails to control the spread of the virus for an extended period of time (e.g., until vaccines are available)

B3



Pandemic escalation; prolonged  
downturn without economic recovery

B4



Pandemic escalation; slow progression  
towards economic recovery

B5



Pandemic escalation; delayed but full  
economic recovery

## Ineffective interventions

Self-reinforcing recession dynamics kick-in; widespread bankruptcies and credit defaults; potential banking crisis

## Partially effective interventions

Policy responses partially offset economic damage; banking crisis is avoided; recovery levels muted

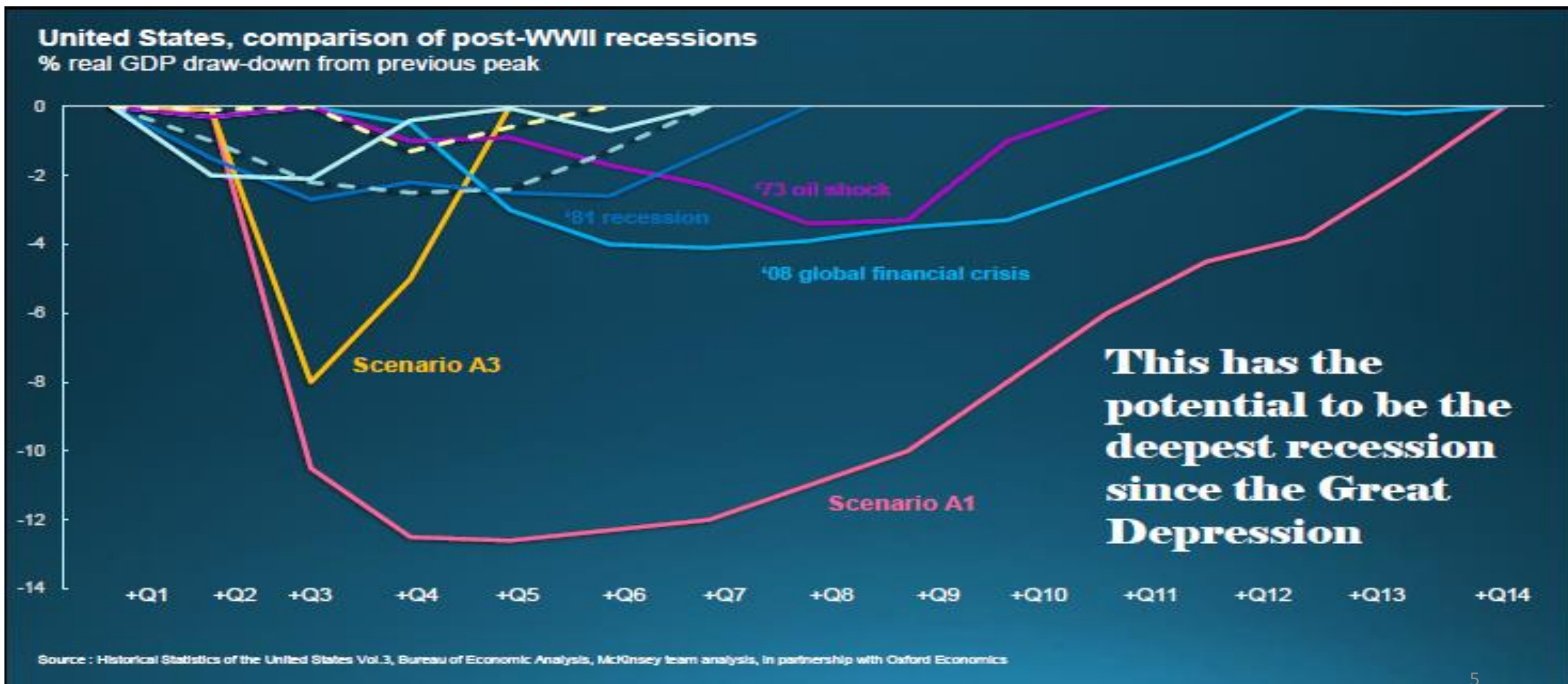
## Highly effective interventions

Strong policy responses prevent structural damage; recovery to pre-crisis fundamentals and momentum



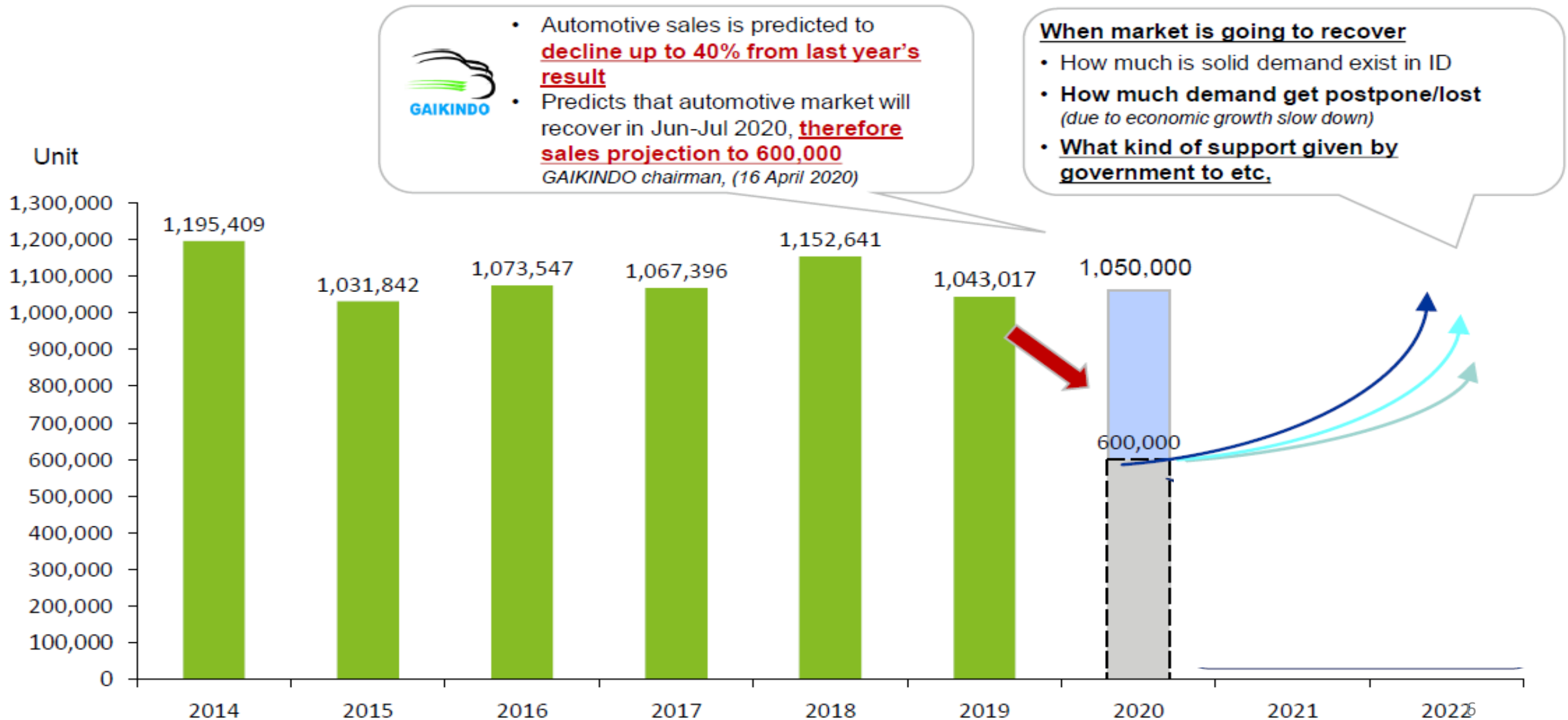
# Reference on Recovery Scenario

As reference on how long of each scenario, we may need 14 Quarters (3.5 years) if we follow scenario A1.



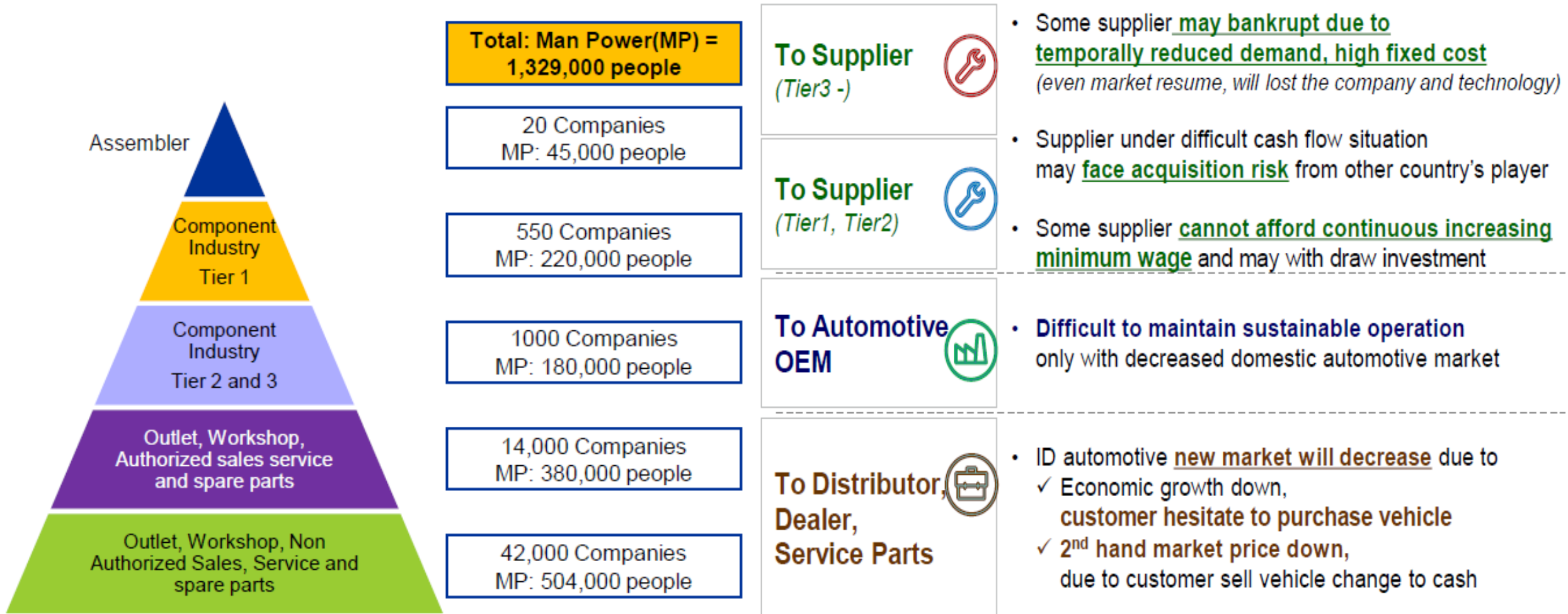
# Impact of Covid-19 : Case of Automotive Sector

Due to Covid-19, the market estimation had significant drop compared to original estimation.



# COVID Impact to Automotive Industry

The significant drop of the market will also bring huge negative impact to Indonesia auto value chain which means more than 1 million employees in Indonesia



# Government Stimulus Plan

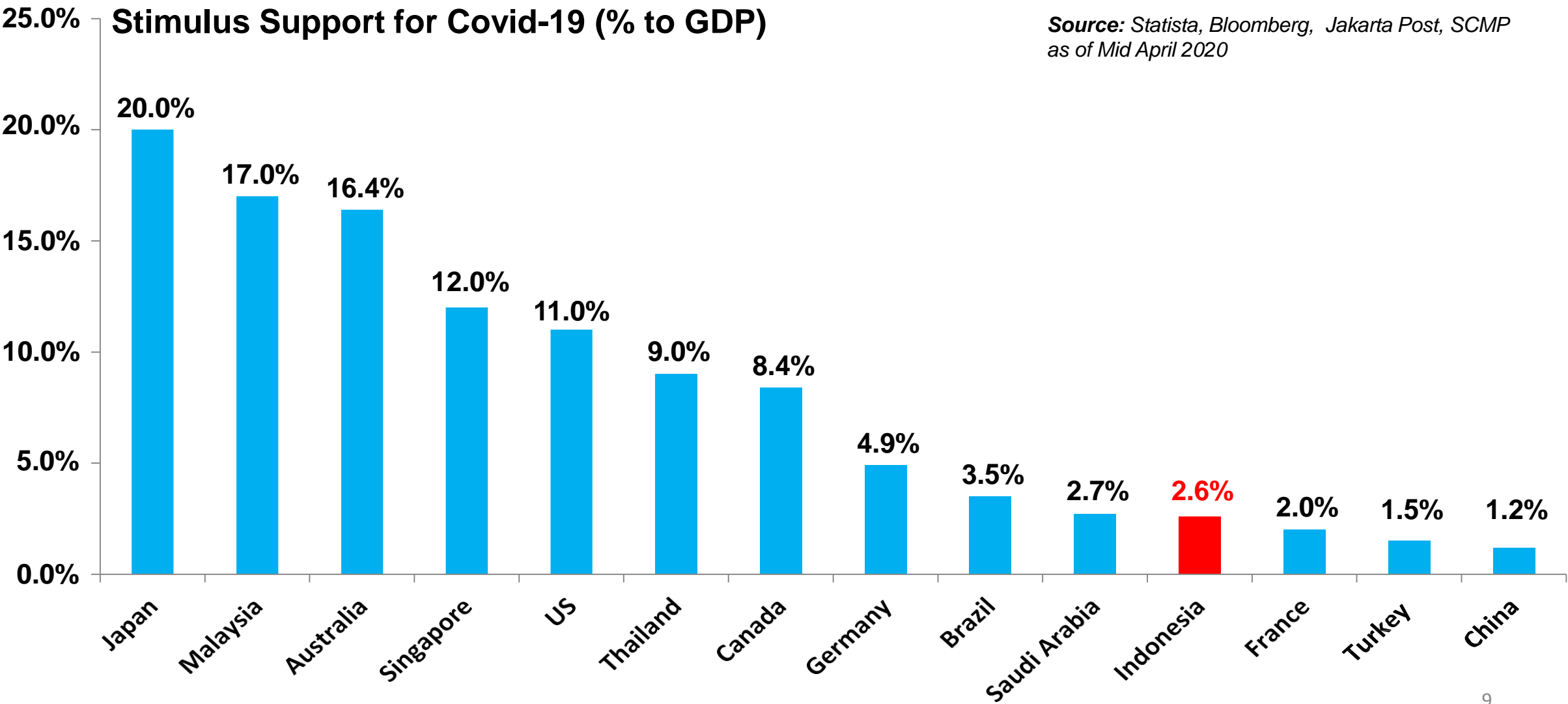
To reduce the negative impact to industry, Indonesia **Government announced and planning several stimulus package.**





# Comparison on Stimulus Support for Covid-19

Indonesia Stimulus Spending relatively smaller compared to Other Countries





*“...Keep motivation to get through the difficult situation..”*

Thank You ...

