

Implications of Covid-19 Pandemic Towards Economic Policy in Southeast Asia

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Abstract

Throughout history, the world has faced various types of pandemics that not only threaten human health but also significantly affect social and economic aspects. Recently the world is suffering from a pandemic, which is caused by the Covid-19 virus that began in Hubei Province, China. Southeast Asia geographically close to the virus outbreak, and as a region consisting of a majority of developing countries, SEA's economic situation will be significantly affected by the spread of this virus. Throughout the Southeast Asian region, ASEAN helping its members by taken various measures and recommendations to counter the spread of the pandemic. Some efforts to stimulate these goals are carried out by eliminating taxes among ASEAN members, provide subsidies in the form of cash assistance for vulnerable parties, moratoriums on loan payments, pension contributions, and cooperate with an external partner to deal with the pandemic. The central bank also reduced interest rates, reduced reserve requirements, and purchased government bonds. Utilize the qualitative approach and descriptive method; this article will explain and explore the economic policy in the Southeast Asian region during the Covid-19 pandemic.

Keywords: Pandemic; Economic Policy; ASEAN

Abstrak

Sepanjang sejarah, dunia telah menghadapi berbagai jenis pandemi yang tidak hanya mengancam kesehatan manusia, tetapi juga sangat mempengaruhi aspek sosial dan ekonomi. Dunia saat ini sedang menghadapi sebuah pandemic yang disebabkan oleh virus Covid-19 yang bermula dari Provinsi Hubei, Cina. Menurut geografis Asia Tenggara dekat dengan tempat

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penyebaran pertama Selain itu karena terdiri dari mayoritas negara berkembang, situasi ekonomi Asia Tenggara akan sangat dipengaruhi oleh penyebaran virus ini. Di seluruh wilayah Asia Tenggara, ASEAN membantu anggotanya dengan mengambil berbagai langkah dan rekomendasi kebijakan untuk melawan penyebaran pandemi. Beberapa upaya tersebut dilakukan dengan menghilangkan pajak di antara anggota ASEAN, memberikan subsidi dalam bentuk bantuan tunai untuk pihak-pihak yang rentan, moratorium pembayaran pinjaman, kontribusi pensiun, serta bekerja sama dengan mitra eksternal untuk menangani pandemi. Bank sentral juga mengurangi suku bunga, mengurangi persyaratan cadangan, dan membeli obligasi pemerintah. Menggunakan pendekatan kualitatif dan metode deskriptif, artikel ini akan menjelaskan dan mengeksplorasi tentang kebijakan ekonomi di kawasan Asia Tenggara selama pandemi Covid-19.

Kata kunci: Pandemi; Kebijakan Ekonomi, ASEAN

Introduction

Throughout history, the world has faced various types of pandemics that its impact affects globally. Throughout modern world history, the Great Plague of London, Spanish Flu, Asian Flu, Hong Kong Flu, Swine Flu, and HIV / AIDS so far are the worst (Kompas.com, 2020). Outbreaks of disease not only threaten human health but also significantly affect social and economic aspects. This influence not only affects individuals but also affects the country and more broadly globally. Not to mention in the period of globalization with the interconnectedness and dependence, causing social and economic impacts will be felt in all parts of the world. The amount of spread of disease is also accelerating rapidly with the ease of movement of human and material flows.

Recently the world is suffering from a pandemic, which is caused by the Covid-19 virus. In April, data from ASEAN (2020) stated that this outbreak had spread to over 203 countries in the world. The outbreak that began in Hubei Province in China has caused at least 15,532 people to be infected and 529 deaths in Southeast Asia (ASEAN, 2020). This number, of course, also continues to increase over time. Many people lost their jobs, closed businesses because of bankrupt, and increased unemployment rates. The number of death from this virus may not exceed the

highest among other pandemics, but this virus inevitably hits hard on the global economy. It means that this pandemic more dominant, affecting the economy sector than other pandemics ever did.

The extent influence of the pandemic causes much research to be done. The research in question includes Evans's (2020) research, which discusses policies that can be taken to overcome the socio-economic impact of the spread of Covid-19. The second study used as a literature review for this article is from Borrios and Hochberg (2020), exploring the risk perception through political lense in the time of the Covid-19 pandemic. This study stated that most people in the United States see the risk from the Covid-19 pandemic from a different political perspective. This situation leads to people's ignorance of government announcements to prevent Covid-19 from spreading in the United States. Another study from Lisbet (2020) that explores the global response on Covid-19 spreading. This study shows that the first initiative that needs to be done during the pandemic is international cooperation. This cooperation is taken by the government to the non-government organization to survive the pandemic.

This article will mainly analyze the impact of the Covid-19 outbreak on economic policy in the Southeast Asia (SEA) region. The main reason Southeast

Asia becomes the focus of this study is that it is geographically close to the starting point for the first virus outbreak. Besides, as a region consisting of a majority of developing countries, economically, of course, SEA will be significantly affected by the spread of this virus.

This article will give a more specific scope for understanding the shifting in economic policy during pandemic rather than studying from more significant scope like Evans's study. The smaller scope of the study done to study the economic policy during the pandemic with in-depth exploration. This article also different from Borrios and Hochberg's study because this article saw shifting political decision making during the pandemic with a humanitarian approach. Borrios and Hochberg's study focused more on specific political interests in the United States approach.

Last, when Lisbet (2020) explores the global response on Covid-19 spreading, this article will specify its scope to the Southeast Asia region. This article will add a new perspective on how a pandemic can changes economic policy, especially at a regional level. Many studies explore how pandemic affects developed countries, but this article focuses more on developing countries as vulnerable parties. This article will explain and explore the economic policy in the Southeast Asian region during the Covid-19 pandemic.

Research Method

The research method used to analyze the problems in this paper is qualitative. The qualitative method was used to identify the implication of Covid-19 as a global pandemic affecting the socio-economy sector in the Southeast Asia region comprehensively. The data obtained will be presented in the form of words generated from researcher understanding because the researcher becomes the main instrument in the study (Moelong, 2007).

The data source used in this paper is secondary data where the author collects relevant information and data from books, articles, journals, documents, and internet browsing or using the study of literature. Data analysis obtained in this paper is done by reading and collecting various data sources, which are then grouped until finally sorted out, which can explain the implication of Covid-19 as a global pandemic affecting the socio-economy sector in Southeast Asia region. Finally, to test the validity of the overall data, the researcher used the triangulation of data sources by comparing data from various existing sources.

Discussion

Virus Outbreak towards Economic Situation

Despite significant medical progress over the last centuries, infectious diseases still become threats for us who live in modern societies. Some have been fought successfully and are only found within a specific area geographically; others can spread quickly from a limited outbreak. The spread of the virus not only threatening people's health but also have implications on the economic sector (European parliament, 2020). The losses value estimation of the global influenza pandemic in 1918 could reach about US\$500 billion per year equal to 0.6 % of global income (European Parliament Research Centre, 2020). EPRC (2020) stated data from World Health Organization (WHO) and the World Bank estimates the impact of such a pandemic upwards, bringing the total cost vary from two to almost five percent of the state's GDP. An article from International Monetary Fund, finds particularly the poor as the vulnerable population, are likely to suffer because of an outbreak they have less access to health care and low savings to protect them during the catastrophe.

The crisis also can be transformed into an economic and labor market shock,

impacting not only the production of goods and services but also consumption and investment (ILO, 2020). All businesses are facing some serious challenges during the spread of the virus. Sustaining business operations will be particularly tricky for Small and Medium Enterprises (SMEs). Some sectors that profoundly affected are travel, aviation, and hospitality because of following travel bans, border closures, and quarantine. Forecasts all point to a significant negative impact on the global economy, at least in the first half of 2020 (ILO, 2020). The virus outbreak affects the economic situation, but which sector is varied. A conclusion from all of those shows growing signs of a global economic recession from a virus outbreak (ILO, 2020).

Covid-19 pandemic shows a significant effect on the world's economic situation. This virus spreading rate is quite high, almost eight to nine times from SARS cases (CEPR, 2020). Now, this virus is spreading worldwide, starting from Wuhan, China, to other countries. The ten nations hit hardest by Covid-19 are almost identical to the list of 10 largest economies in the world (except for Iran and India). Those ten countries based on CEPR data (2020) have significant impacts on the global economy since they account for 60% of world supply and demand (GDP), 65% of world manufacturing, and 41% of world manufacturing exports. To understand how the Covid-19 pandemic affects the world's most massive economics, we can see Table 1 below.

Table 1 Large Economies and Covid-19 (February 2020)

Countries	GDP	Covid-19 cases
United States	24%	159
China	16%	80.410
Japan	6%	331

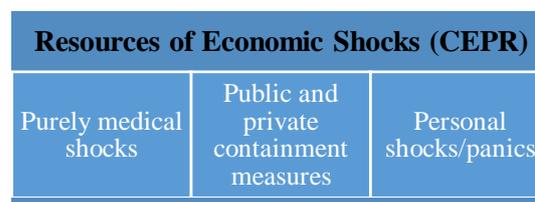
Germany	5%	262
UK	3%	85
France	3%	285
India	3%	28
Italy	2%	3.089
Brazil	2%	4
Canada	2%	34

Source: World Bank, World Data Bank, (<https://www.ft.com/content/a26fbf73-48f8-11ea-aeb3-955839e06441>)

The impact of the existence of the Covid-19 pandemic in the ten countries will undoubtedly be very influential in other countries. As mentioned earlier, these ten countries contribute more than half of world GDP and control the demand and availability of materials, products, and services. These circumstances will inevitably affect developing countries that depend on export and import. Moreover, those ten countries have a significant influence on the tourism sector. So it is inevitable that the pandemic impact in those ten countries will create economic shocks for the world.

CEPR (2020) stated that when it comes to the economic shocks, there are three resources, two of them are tangible.

Figure 1 Resources of Economic Shocks (CEPR)



Source: Centre for Economic Policy Research

Based on the table above, economic shocks can be classified into three categories. First is purely medical shocks. This condition occurs when workers ill and can not be productive. As a result, workers cannot generate income. Second, the economic impact due to public and private

containment measures. The impact happened due to the closure of schools, factories, travel restrictions, and quarantines. People lose their job and not able to do travel as free as before the pandemic hits. Third, economic shocks caused by psychological conditions experienced when the pandemic takes place. Individuals feel panic due to the significant changes in their lives during the period of the pandemic.

The current Covid-19 pandemic raises all three economic shocks. First, since the emergence of this virus has infected millions of people, people who are infected by it certainly cannot move as freely as usual and be productive. As a result of this, the income becomes reduced, or they are not even able to make money. If the situation happens for an extended period, it may cause a decline in the GDP of a country, especially if the infected people are people of productive age.

Secondly, the spread of the epidemic has caused some public and industrial facilities to close temporarily, even permanently. Schools were closed, many small industries went bankrupt, not to mention a business in the tourism sector experienced a downturn due to a ban on travel and quarantine. The limitation of social space not only causes losses in the economic sector, but people are no longer able to travel freely and carry out activities as they should. Finally, the existence of the Covid-19 pandemic caused a personal panic experienced by individuals. Everyone must feel a significant change that has occurred since the pandemic. The fear of losing a source of income is among the many waves of panic experienced by everyone during a pandemic, although this is not necessarily the case.

Importance of Shifting Economic Policy during Outbreak

Ensuring the safety and welfare of the people is part of a state's responsibility.

World conditions that are currently being hit by the Covid-19 pandemic cause the country and other various parties must work extra hard to survive in this challenging situation. Efforts to survive in a pandemic situation can be realized if each party synergizes to carry out their respective roles. The plague is an invisible enemy, coupled with the rapid spread of the Covid-19 virus, making everything and every party connected.

In such conditions, a coordinated policy is needed, both at the local, national, regional, and global levels, as a direct effort to tackle the pandemic. Besides, policy and institutional reforms are also needed to strengthen recovery and development in the social and economic sectors to be more stable (ILO, 2020). Reforms also will increase public confidence in the government as decision making in this hard situation. Therefore to obtain public confidence, it is essential to have a dialogue between agencies, organizations, and stakeholders with the government. The dialogue is an effort to implement sustainable solutions that involve various parties from the community level to the global level. The Great Recession and other crises have shown that we can prevent the risk of a vicious downward cycle only through large-scale, coordinated, and decisive policy measures (ILO, 2020).

Data from ILO (2020) states that a disease outbreak will affect economic conditions and exacerbate inequality in society. Based on experience from previous pandemics, there are groups of people who are more vulnerable to discrimination. The groups include:

- People who have medical illness history and the elders that are easily exposed to infectious diseases
- Young people who have difficulty finding work and older people who face the threat of working termination

- Women who have to work in the health service sector. Women usually dominate in this sector and face the risk of interacting with the virus more, and women are more difficult to access social protection facilities.
- Daily workers and self-employed people. This group will feel the pandemic impact because of the risk of not having a job during the pandemic and the lack of social protection they receive.
- Migrant workers. This group will feel discriminated against during the pandemic because there is no freedom to travel, including returning to their home countries.

It is undeniable that the world situation will change in all aspects after the occurrence of a pandemic. Not all groups of people experience the same thing during a pandemic. However, everyone will surely feel the impact of the pandemic even though to a different degree. Some community groups are more vulnerable to the effects of a pandemic, as mentioned above. Nevertheless, there are also groups of people who are given benefits with certain economic conditions and social status. The pandemic impact will also vary among developed and developing countries. Developed countries with health facilities and stable economic conditions can provide more protection for their citizens than developing countries. The condition of developing countries is certainly more vulnerable to being affected by a pandemic, considering that developing countries have relatively lower economic levels than in developed countries. Many citizens are still struggling to live in poverty, not to mention the lack of literacy in the health and education sectors, making developing countries vulnerable during a pandemic. Therefore, each country needs to adjust its policies when a pandemic occurs and intended to ensure that all groups of

people can survive in severe pandemic conditions. This policy must be prepared carefully and thoroughly so that no party is discriminated against. Policies that should be the focus are policies in the economic, health, and social fields.

Adjustments to policies in the economic sectors are expected to be able to guarantee the availability of jobs to continue making the wheels of the country's economy run. Furthermore, policy adjustments in the health sector are expected to be able to guarantee the availability and ease of access to health and treatment facilities so that the number of infected patients can be minimized, cure rates increased, and mortality rates reduced. Finally, adjustments in the social sector are intended so that each class of society does not experience discrimination during the pandemic.

Southeast Asia's Economic Situation

Southeast Asia is a region that consists of 10 countries: Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam. In this region, countries are incorporated into a regional organization, ASEAN (Association of Southeast Asia Nations). Although not as strong as the European Union and does not act as a supranational organization, this regional organization still has a role in its member countries. At the ASEAN organizational level, policies may not have a strong binding force on member countries, but rather become recommendations.

In the Covid-19 pandemic situation, countries in Southeast Asia certainly be affected. In addition to making policy adjustments at the country level, policy recommendations are also made at the regional level. The majority of ASEAN countries are included in developing countries so that they become vulnerable

during the pandemic. Not to mention, the countries in Southeast Asia are quite dependent on the export and import sectors. Restricting the movement of goods and human flows make economic conditions difficult. The Southeast Asian region is also dependent on the tourism sector; we know Indonesia, Thailand, Malaysia, and Singapore are popular tourist destinations. The tourism sector, which has been severely affected by the pandemic, has added to the impact on the economic sectors of these countries. So it is not surprising, in addition to the increasing number of sufferers, unemployment also increases during the pandemic. Many small and medium-sized businesses were closed because they could not operate optimally during the pandemic.

In carrying out its economic activities, countries in Southeast Asia do not only conduct trade between countries in the region. Cooperation and trade are also carried out with partners outside the Southeast Asian region although trade activities between countries in the region still dominate the GDP of ASEAN member countries, partner countries outside ASEAN also have a significant amount of trade value. China is currently still the largest partner of the ASEAN countries. Data in 2018 showed that the trade value of ASEAN countries with China reached 17.1% of total trade while contributing as much as 6.5% to Foreign Direct Investments.

Table 2. ASEAN Trade in Goods with Major Partners (2018)

	Share to ASEAN total, in %		
	Total Trade	Export	Import
ASEAN Total	100.00	100.00	100.00
Intra ASEAN	23.03	24.12	21.91
China	17.12	13.85	20.51

EU	10.20	11.20	9.17
US	9.31	11.16	7.40
Japan	8.20	7.99	8.42
Korea	5.72	4.21	7.27
Hong Kong, China	4.19	6.98	1.30
Chinese Taipei	4.15	2.77	5.59
India	2.87	3.53	2.18
Australia	2.34	2.73	1.94

Source: ASEAN Statistics (2020)

The table stated the largest trading partner for ASEAN countries. The table shows that total trade in this region is still dominated by trade between countries in the region with export values higher than the import value, which indicates as a reliable indicator of regional trade because trade within the region is still dominated by trade carried out internally. China, the EU, and the US are also the next most significant trading partners. To be specific, trade relations between China and ASEAN are dominated by imports, in contrast to trade relations between ASEAN and the EU and the US which are more dominated by exports from ASEAN. Unfortunately, all three trading partners are severely affected by the Covid-19 pandemic. China is the country where the initial spread of the virus, while European countries and the US were severely affected by this pandemic. Such conditions will undoubtedly have an impact on the economies of ASEAN countries. All these trade shocks will damage Southeast Asia's regional economy, but its effects will vary depending on the market structure of ASEAN member countries. The best prevention to reduce losses in the trade sector is to support the diversity of trade structures. Trade is not only focused on one commodity but also a more diverse choice of commodities to deal with shocks in the trade sector for the ASEAN economic stability (ASEAN, 2020).

The relationship between ASEAN and China in the manufacturing industry sector is very integrated, considering that the ASEAN tourism sector benefits significantly from Chinese tourists. Besides, the Covid-19 pandemic also attacked partner countries important to ASEAN, namely the US and countries in the European region. Both besides China become a big market for ASEAN countries as well as a profitable foreign investment partner. Data from the ASEAN website (2020), WTO estimates that world trade is expected to decrease by 13% to 32% in 2020 and potentially cause a global crisis that will have a different impact in each ASEAN member country. Until April 2020, it was seen that the Covid-19 pandemic caused chaos in the economic sector throughout the Southeast Asian region through the decline in tourism activity, the quantity of air travel, and the weakening of the purchasing power of consumers and businesses. Due to the implementation of lockdowns conducted by several ASEAN member countries, social quarantine, calls for stay at home, temporarily closed business activities, and travel bans to prevent the more extensive spread of the virus.

As a concrete example, since the Covid-19 outbreak in Wuhan, concerns have emerged for Chinese trade cooperation partners, including ASEAN countries, because in addition to disruption of trade cooperation activities, there have also been temporary factories' closures in Hubei Province due to lockdowns. Consequently, Chinese citizens are prohibited from entering or entering the country to prevent transmission of the virus. Therefore, many business trips were canceled and caused losses in the tourism sector, including for countries in the Southeast Asian region. Initially, economists did not expect that the pandemic would hit the economy as strong as this. However, it turns out that the global economy has plummeted, and the economic growth of countries in the world, which is

expected to strengthen, will be the opposite. It can be seen from the table below that explains the estimated GDP growth of countries in ASEAN with the realization after the pandemic.

Table 3. AMS GDP Growth Forecasts for 2020

Country	Forecasts		Source
	Initial (%)	Revised (%)	
Brunei Darussalam	1.5 (Sep 2019)	2.0 (3 Apr 2020)	ADB
Cambodia	6.8 (Sep 2019)	2.3% (3 Apr 2020)	ADB
Indonesia	5.3 (Aug 2019)	4.7-5.0 (4 Mar 2020)	Ministry of Finance
Lao PDR	6.2 (Sep 2019)	3.0 (3 Apr 2020)	ADB
Malaysia	4.8 (Official target)	3.2-4.2 (Feb 2020)	Ministry of Finance
Myanmar	6.8 (Sep 2019)	4.2 (3 Apr 2020)	ADB
Philippines	6.5-7.5 (Official target)	5.5-6.5 (Mar 2020)	NEDA
Singapore	0.5-2.5 (Nov 2019)	-0.5 to 1.5 (17 Feb 2020)	Ministry of Trade and Industry
Thailand	2.7-3.7 (Nov 2019)	1.5-2.5 (17 Feb 2020)	National Economic and Social Development Board
Viet Nam	6.8	6.27 (5 Feb 2020)	Ministry of Planning and Investment

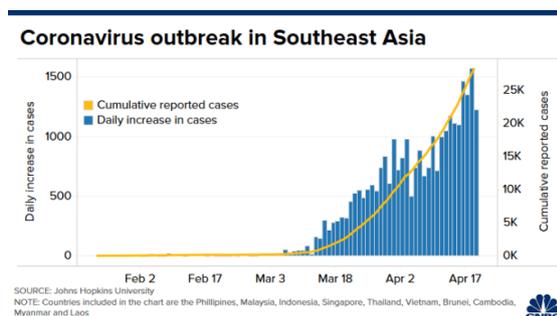
Source: ASEAN (2020)

Implication of Covid-19 Pandemic towards Economic Policy in Southeast Asia

The number of people infected with the Covid-19 virus is increasing every day. According to John Hopkins University, in

April 2020, there were 28,000 cases of Covid-19 in the Southeast Asia region (CNBC, 2020). The majority of Covid-19 cases in Southeast Asia are spread in Indonesia, Philippines, Malaysia, and Singapore. Although the number of Covid-19 cases in Southeast Asia is still far below the number in Europe or the US, this number is not necessarily valid because many sources say there are many undetected cases.

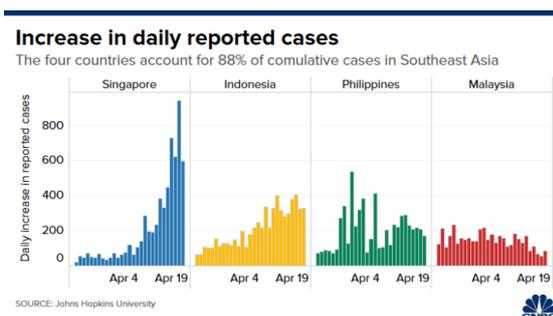
Figure 2. Corona Virus Outbreak in Southeast Asia



Source: John Hopkins University (2020)

The figure above shows the number of Covid-19 cases in Southeast Asia. The data is obtained from the number of Covid-19 cases that occurred in the Philippines, Malaysia, Indonesia, Singapore, Thailand, Viet Nam, Brunei Darussalam, Cambodia, Myanmar, Lao. The data presented in the figure starts from the February to April period. Between February and early March, there were no significant numbers of people with Covid-19 in Southeast Asia. It changes in the middle of March to April, the surge in cases of Covid-19 began.

Figure 3. Increase in Daily Reported Cases of Covid-19



Source: John Hopkins University (2020)

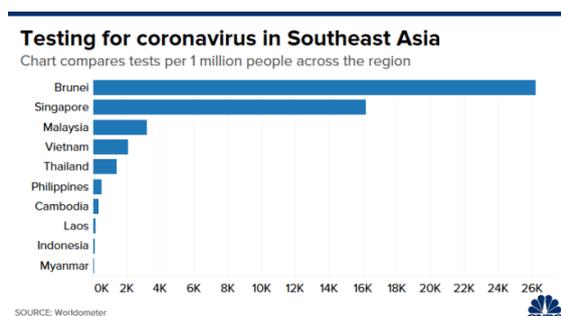
Increased cases of Covid-19 in Southeast Asia occur differently in each country. The four countries with the highest cases of Covid-19, Philippines, Indonesia, Singapore, and Malaysia, experience a different number of cases each day. From the figure above, it can be seen that Singapore experienced a drastic increase in cases at the end of April, while Indonesia in April experienced a trend of increasing numbers of sufferers but not as drastic as that experienced by Singapore. On the other hand, the Philippines is also experiencing increasing cases every day in April. While Malaysia has the fewest number of sufferers compared to the previous three countries, it showed a fluctuating number.

Singapore drastic increase in the number for Covid-19 cases due to the presence of densely populated dormitories occupied by migrant workers. Previously, the Singaporean government's performance was praised by the international community as a pilot to handle the Covid-19 case. Simon Tay, chairman of the Singapore Institute of International Affairs think tank said that the Covid-19 case has increased (CNBC, 2020). The increasing number of Covid-19 cases in Southeast Asia alone has raised concerns among experts that the region could become a hot spot for rapidly spreading diseases. Therefore, Simon added that it was essential to know the exact number of infected in order to prevent the spread of the virus effectively.

As mentioned above, determining the exact number of infected is vital to reduce the spread of the virus. The test must be done to determine if a person is infected or not by Covid-19. That test becomes a problem in the Southeast Asian region. The availability and ability to do this test varies from country to country. Among ASEAN countries, Singapore has a high number of tests despite the rapid number of the infected. Singapore can do 16,203 tests for every one million people, while Myanmar is the lowest by only carrying out 85 tests

for every 1 million people (Worldometer, 2020). Even though Myanmar is only able to do a few tests, experts are even more concerned about Indonesia and the Philippines. It is because both have large populations and need to do more tests.

Figure 4. Testing for Coronavirus in Southeast Asia



Source: Worldometer (2020)

Indonesia is a country with a large population. In the fourth position in the world, Indonesia has a population of around 270 million. Of the total population, only about 42,000 tests have been conducted or 154 tests per one million populations, and this number is considerably low based on Worldometer's data (CNBC, 2020). The Indonesian government plans to do 100,000 tests every day. While the Philippines, which also has a problem with the population, is planned to add around 900 thousand tests after previously dividing 100,000 test kits (CNBC, 2020). President Joko Widodo received criticism due to a lack of access to the Covid-19 virus test kit. Criticism also arises because the government of Indonesia is less assertive in implementing lockdown policies throughout the country and prohibiting domestic travel. In reality, the president has given authority to the government at the regional level to make policies to prevent the spread of the Covid-19 virus in their respective regions.

Bradley Wood, a research officer at the Australian National University's Strategic and Defence Studies Centre, stated that Joko Widodo prioritizes the

economic sector rather than preventing the spread of the virus because of the motive for power and personal interests (CNBC, 2020). Several facts also evidence critics of the lack of restrictions on travel permits in Indonesia. Many Indonesian citizens travel to return to their hometowns at the end of Ramadan. It certainly raises the risk of people being infected by Covid-19 in large numbers. Prevention of this possibility, according to Doni Monardo, heads the Indonesia Covid-19 task force is done by only allowing the unemployed to travel. Besides, people who are forced to travel to their hometowns are required to perform self-quarantine for 14 days (CNBC, 2020).

Another country in Southeast Asia that also in the spotlight because of the Covid-19 pandemic is Singapore. In Singapore, the number of people infected continues to grow every April, while the Singapore Government imposes strict rules and health checks that are easily accessible. Previously Singapore represented a country outside of China that first reported the existence of the Covid-19 case. Singapore even initially succeeded in releasing the number of people who succeeded at a relatively low level, while schools and businesses remain open (CNBC, 2020). According to CNBC (2020), there are many new cases in Singapore because of migrant workers from South Asia that working in construction. Leong Hoe Nam, an infectious disease specialist at Mount Elizabeth Novena Hospital in Singapore, said migrant workers were difficult to control. It is considering the difficulty of managing their dense housing compared to controlling Singaporeans to combat Covid-19.

The Covid-19 pandemic has disrupted economic activity, threatened human life, and hampered growth prospects throughout the world. Throughout the Southeast Asian region, ASEAN has taken measures and recommendations to counter the spread of the pandemic. Some efforts to stimulate these goals are carried out by

eliminating taxes among ASEAN member countries. In addition, subsidies were also provided in the form of cash assistance for vulnerable parties affected. Moratoriums on loan payments and pension contributions are also carried out to assist efforts to deal with a pandemic throughout the Southeast Asian region. The central bank also reduced interest rates, reduced reserve requirements, and purchased government bonds (ASEAN, 2020). It was done because of fears that the pandemic will last for a long time and is expected to continue to have implications for the economic sector, and purchased government bonds. The pandemic may lead to longterm and considerable economic implications.

So far, the key sectors affected by the existence of the Covid-19 pandemic in the Southeast Asia region are travel and *tourism as well as retail and the entire service sector*. Supply chain activities are disrupted, employment, and life sectors are threatened, and consumer confidence is declining. The Covid-19 pandemic had also experienced the prospect of economic recovery from a slowdown around the world last year. While the initial statement predicted a brief and limited impact on the global economy, the spread of the epidemic exponentially to other regions, including Europe, the US, and ASEAN, triggered a reduction in growth prospects (ASEAN, 2020).

To restore confidence and revive the economic sector affected by the pandemic, ASEAN provides several recommendations for ASEAN countries. The following recommendations are:

- Mobilize all macro, financial, and structural policy tools.
- Maintain economic productivity capacity
- Keep running the supply chains
- Increase trade using digital technology
- Strengthen the social security net

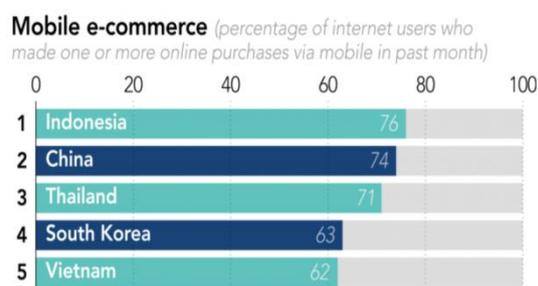
- Improve responses to pandemics at the regional level
- Double the determination to increase regional integration

The first point that becomes a recommendation from ASEAN for its member countries is to mobilize all macro and financial and structural policy tools. It means that countries are called upon to maximize all policies in the macro, financial, and structural fields of their countries to adapt to pandemic conditions. It is because the policies previously applied to the situation before the pandemic was unable to accommodate the pandemic needs. Second, ASEAN's recommendation is to maintain productive economic activities. Of course, this is important because the economic sector cannot be ignored during a pandemic. When the country's economy collapses, new problems will emerge in other sectors, such as the emergence of social problems and worsening health problems.

The third point in ASEAN's recommendations is to keep running the supply chains; by doing this, it is expected to maintain the country's economic condition. The supply chain is also one of the critical sectors that being affected by the existence of a pandemic, so it needs extra attention to maintain. The fourth point is an increase in trade using digital technology. It is undeniable that policies to maintain social distancing and quarantine cause consumers and business to face their challenges and difficulties. Therefore, trading activities using technology become the most realistic solution. If we look at the figure below, it can be seen that the utilization of trade activities by utilizing technology by Southeast Asian countries is quite high in Asia. Even Indonesia occupies the highest position compared to China in second place. Thailand follows in third place above South Korea, in the fourth position. Besides that, Vietnam occupies the fifth position. It shows that technology-

based trade is a fast-growing business for countries in Southeast Asia, primarily when a pandemic occurs. However, it is necessary to ensure the existence of mechanisms and cooperation between the government and business players to discuss mutually beneficial trade mechanisms during the pandemic.

Figure 5. Percentage of Internet Users Who Conduct Online Shopping Activities



Source: Hootsuite, We Are Social

Source: Hootsuite, via Forbes (2019)

ASEAN as an organization whose members are countries in Southeast Asia in order to help its members dealing with the pandemic, ASEAN gives some recommendations as mentioned above. In contrast to the European Union, which can make and implement some binding regulations, the recommendations given by ASEAN to its member countries are not binding and must be implemented. However, this recommendation is an essential reference that can be done by the members of ASEAN. The implementation and technical details carried out by member countries can be adjusted to the needs and conditions of member countries affected by the pandemic. A series of recommendations are expected to help the member countries to maintain their economic situation during the pandemic, especially in keeping key sectors keep productive.

International Cooperation and ASEAN Policy towards Covid-19 Pandemics

The current Covid-19 pandemic, of course, will require collective effort to be

addressed. This collective effort can be made by collaborating with various parties. It is because the spread of disease outbreaks occurs by crossing the jurisdiction boundaries and almost difficult to predict. Each country is not only responsible for the condition of the country but also for global solidarity. It is because the domestic conditions of a country will affect the global conditions and vice versa. As a region whose countries are part of a regional organization, Southeast Asia also cooperates with other parties in dealing with a pandemic. One of the collaborations is with China. ASEAN and China have collaborated to prevent the spread and reduce the impact of the pandemic in various sectors. The collaboration is in the framework of the Vientiane Special ASEAN-China Foreign Minister's meeting on the Coronavirus Disease in 2019 contained commitments to (Wanandi, 2020):

1. Promote regional level action against Covid-19 by sharing information and best practices related to the Covid-19 pandemic. It includes available epidemiological information, technical guidance, and solutions to epidemic assistance and control, diagnosis, treatment, and surveillance to increase regional preparedness and response to pandemic outbreaks.
2. Increasing cooperation between ASEAN member countries or with partners outside the region to overcome the Covid-19 problem comprehensively and effectively while taking into account differences in the level of development of the health system in the region.
3. Strengthen cooperation in communication about risk, community engagement readiness, and responses to ensure that people understand well and deeply about Covid-19 so they will not easily be

affected by fake news and misleading information related to Covid-19.

4. Strengthening dialogue on the latest policies and exchange developments related to Covid-19, including control and treatment of Covid-19, the latest studies and research through the existing collaborative mechanisms, as the ASEAN-China Health Ministers 'Meeting and the ASEANChina Senior Officials' Meeting on Health Development so that it can fully implement the ASEANChina Memorandum of Understanding on Health Cooperation and support mutually beneficial agreements agreed in the cooperation projects.
5. Commitment to reduce the impact of Covid-19 on economic and social developments in all affected countries, together with maintaining trade and investment exchange activities in the region, and based on prevention and control of the epidemic, resume and enhance exchange and cooperation.

The whole point of cooperation initiated and agreed by ASEAN and China is a significant effort to overcome coronavirus crises in the Asia-Pacific region and the world. It is because cooperation is not only about ASEAN countries and China but also about Japan and Korea, which is also intended to have a global impact. In the whole point of cooperation discussed and agreed upon above, one of the crucial points is the fifth point. The fifth point is agreeing to reduce the impact of the Covid-19 pandemic in the economic and social sectors. It is done by continuing to carry out trade and investment activities so that the wheels of the regional economy continue to run to certainly reduces one problem and worry in the economic sector, considering that China is an essential partner for ASEAN.

Conclusion

The pandemic caused by the Covid-19 virus is very influential in global economic conditions, including the Southeast Asian region. Many people lost their jobs, which has implications for the increase in unemployment and business closing, especially on a small and medium scale. Not to mention the difficulty of social mobilization and the inadequate industry and trade activities, causing shocks to the economy not only at the national level but also at the regional and global levels. Amid difficult conditions, it is necessary to find solutions that can guarantee the safety and prosperity of the people. The official government of a country must decide to maintain economic stability or to prevent the spread of epidemics from getting worse.

It is because, based on data and studies, a pandemic will significantly affect economic conditions, especially in certain sectors, such as tourism, air travel, and hospitality. It is necessary to adjust and formulate new policies so that each party can survive in a pandemic situation. Things that can be done are: First, promote regional level action against Covid-19 by sharing information and best practices related to Covid-19.

Second, increasing cooperation between ASEAN member countries or partners outside the region in health systems, particularly with China, is based on the Vientiane Special ASEAN-China Foreign Minister's meeting commitments on the Coronavirus Disease in 2019. One of the policies that can be established as related to the mobilization of health workers within the ASEAN and China region in order to speed up COVID-19 recovery within the ASEAN region. Third, strengthening cooperation in communication about risk, community engagement, readiness, and responses. The ASEAN needs to establish a policy to provide a mechanism to learn and implement necessary steps to handle the

implication of COVID-19 by fostering dialogue at various levels, from strategic to tactical level within the ASEAN region. Third, commitment to reducing the impact of Covid-19 on economic and social developments by supporting the overall effort to ease cooperation with various parties, among government officials, international organizations, and all existing stakeholders within the ASEAN. Cooperation and collaboration expect to mitigate the supply chain disruption and create a better mechanism to carry out digital technology-based trade and investment that is beneficial for every stakeholder. Forth, collaboration to establish a better and fairway in the logistic system within the southeast Asia region to support digital-technology based trade. Lastly, return consumers' confidence to travel again, particularly within the ASEAN region, by creating a safe and healthy traveling mechanism, a collaboration among government officials, and the travel and tourism business-related.

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