

## FOOD AND AGRICULTURAL PRODUCT INDUSTRY AS THE ECONOMIC DEFENCE FOR INDONESIA'S COVID-19 ECONOMIC CRISIS

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### ABSTRACT

The global economic crisis as a result of the COVID-19 pandemic has become one of the worst crises in the current era of the integrated modern economy. The decline in GDP and economic growth in almost all countries was forced to experience negative contractions throughout 2020. The paralysis of the manufacturing industry and the obstruction of the global production chain became one of the main causes of the crisis. All countries in the world are forced to re-evaluate and look again at the right solution amid international trade uncertainty. Indonesia, which is still dependent on the manufacturing industry, is forced to look for other solutions that can be applied in this situation. By prioritizing agricultural and food products, Indonesia has managed to get out of the economic crisis of the COVID-19 pandemic. Therefore, this paper aims to identify the government's decision to make agricultural and food products the spearhead of the national economy. Using a qualitative approach, and focusing on identifying solutions for the agriculture and food industry, the research team tried to look at the economic logic in international and national contexts. In this paper, the researcher's team agreed that Porter's Diamond theory can be used as a reference for the based framework because it is considered to be able to explain in detail the relationship between government decisions and changes that occur amid modern international trade uncertainty.

Keywords: COVID-19 Pandemic, Pandemic Economy Crisis, Food and Agriculture Industry, Porter's Diamond Theory, International Trade.

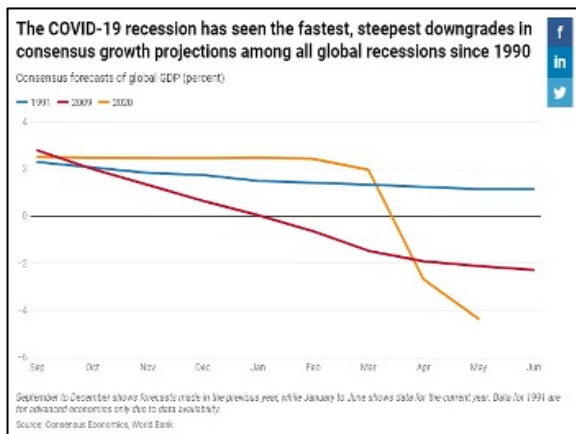
### ABSTRAK

*Krisis ekonomi global akibat dari pandemi COVID-19 menjadi salah satu krisis terparah di era ekonomi modern terintegrasi saat ini. Penurunan GDP dan pertumbuhan ekonomi hampir di seluruh negara terpaksa harus mengalami kontraksi negatif sepanjang tahun 2020 silam. Kelumpuhan industri manufaktur dan terhambatnya rantai produksi global menjadi salah satu penyebab utama krisis tersebut. Seluruh negara di dunia terpaksa untuk kembali melakukan evaluasi dan melihat kembali bagaimana solusi yang tepat di tengah ketidakpastian perdagangan internasional. Termasuk Indonesia yang masih bergantung dengan industri manufaktur terpaksa mencari solusi lain yang dapat diterapkan dalam keadaan ini. Dengan mengedepankan produk pertanian dan pangan Indonesia berhasil keluar dari keterpurukan krisis ekonomi pandemi COVID-19. Maka dari itu, tulisan ini bertujuan untuk memberikan identifikasi terhadap keputusan pemerintah yang menjadikan produk tani dan pangan sebagai ujung tombak perekonomian nasional. Dengan menggunakan pendekatan kualitatif, dan berfokus kepada identifikasi solusi industri tani dan pangan, tim peneliti mencoba untuk melihat logika ekonomi dalam konteks internasional dan nasional. Dalam penyusunan tulisan ini, tim penulis sepakat bahwa teori Porter's Diamond bisa digunakan sebagai acuan pikir dalam tulisan, karena dinilai dapat menjelaskan secara mendetail mengenai hubungan antara keputusan pemerintah dan perubahan yang terjadi di tengah ketidakpastian perdagangan internasional modern.*

*Kata kunci: Pandemi COVID-19, Krisis Ekonomi Pandemi, Industri Pertanian dan Pangan, Teori Porter's Diamond, Perdagangan Internasional.*

## 1. Introduction

The COVID-19 pandemic has had a significant impact on the global economy, starting from a decline in economic growth, a decrease in the volume of international trade, and even affecting the country's fundamental principles on how countries are required to maintain their economy (Pattinussa, 2021).



Picture 1.1.: Consensus forecast of global GDP (pct).  
The Global Economic Outlook During the COVID-19 Pandemic: A Changed World (worldbank.org)

Based on the data above, it can be seen that there was a sharp decline in GDP (Gross Domestic Income) from March to May 2020. This decline was due to international trade restrictions imposed by countries worldwide to limit the spread of COVID-19. The consequence that must be accepted is the decline in domestic production due to falling demand in the international market.

According to the World Bank, approximately 70% of full-time workers from developing countries (manufacturing countries, such as Indonesia, India, and Thailand) are threatened with layoffs. (World Bank, 2020). While these numbers are equivalent to one in three workers worldwide being threatened with termination of employment. Therefore, it is important for countries like Indonesia, which are still very dependent on the manufacturing industry (Investment Ministry/BKPM, 2018), to consider and formulate appropriate policies to overcome the problems of the economic crisis in the era of the COVID-19 pandemic.

One of the interesting points that need to be considered in seeking or assessing a suitable formulation, is to pay attention to the anomalies in the process of formulating solutions to the economic crisis in the first two-quarters of the global economic crisis due to the pandemic (2020). In general, in the era of the modern international economy, global economic problems are responded to by consensus. By the nature of economic cooperation, it tends to be multilateral (cooperation with more than two countries, within the region or inter-regional) (Lee, 2013). For example, in the 1997-1998 Asian Crisis solution where Asian countries such as Indonesia, Hong Kong, Malaysia, and Thailand were asked to open up their economies more to foreign investors and were required to revise fiscal and monetary policies simultaneously. In this way, the economies of these countries can rise and become the economic power of Asia as we know it today (South Korea, Indonesia, and Malaysia).

Changes in the approach of countries in solving economic problems currently lead to individual economic problems, by stimulating domestic employment by providing subsidies to local MSMEs (Micro, Small, and Medium Enterprises) and domestic manufacturing industries as has been done in the United States and other European countries (OECD, 2020). Then according to data from the World Bank and the ILO (International Labor Organization), in addition to providing subsidies and bailouts to industries that are considered vital by the government in strong economic countries such as China, it also encourages people to enter the capital market (Pattinussa, 2021).

However, for Indonesia, in the early days of the pandemic, where manufacturing (factory) production is very difficult to do and it is difficult to be consistent in producing goods as a result of government regulations regarding PPKM (Enforcement of Restrictions on Community Activities) which continue to change and affect the domestic

productivity climate and many reducing the number of workers and then affecting the market climate on a micro basis (supply and demand in the market), causing instability in the price of goods in the market. The effect of these price changes affects the behavior of producers and their presence in the market (Wahyuni, 2021).

Data in the first quarter of 2021 (the fifth quarter since the COVID-19 pandemic entered Indonesia) shows that there are at least 87.5% of Indonesian MSMEs affected by COVID-19, and then it affects the banking credit system because MSMEs constitute 72.5% (16 million MSMEs) of the total creditors in banks (Saputra, 2021). This is a dangerous sign for the government if it continues to rely on the manufacturing industry as a foothold to rise from the slump in the national economy due to COVID-19.

It was recorded that in the fourth quarter, the government managed to find a solution to generating national economic growth. According to data obtained by the researcher's team, Indonesia managed to emerge from the economic crisis of the COVID-19 pandemic with a growth rate of -1.6% to 0.6% (end of 2020). This is higher than in the second quarter of 2020, where the growth rate only reached -5.32%, and in the first quarter of -3.49%. Growth from -5.32%. The economic growth rate of -1.6% to 0.6% (in Q4 2020) can be achieved by strengthening the agriculture and food sectors. For example, the increase in agricultural and food production in the final quarter of 2020 succeeded in providing growth of an average of 20.8% (MtM) and 16.2% (YoY). (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2020). Various policies and supporting regulations were made to further sharpen the agriculture and food sector as one of the main solutions for the revival of the national economy at that time.

Based on the phenomenon of the increase in the agricultural and food sectors as a pioneer in the revival of the national economy from the global economic crisis.

The writing team wants to observe and explain how agriculture and food are one of the most optimal solutions to be taken by the government to overcome the national economic crisis amid global uncertainty in the first year of the COVID-19 pandemic crisis.

## **2. Literature Review**

In this section, the writing team wants to provide an overview or understanding of the topic under study based on previous studies. The writing team divides the findings from previous writings into three sub-chapters, namely the Impact of the COVID-19 Pandemic Crisis on Food; Economic Independence; Indonesian Food and Agriculture Security.

### **2.1. Impact of the COVID-19 Pandemic Crisis on Food**

The COVID-19 pandemic has had a negative impact on the international economy. Not only third-world countries but countries with strong economies such as the United States and China are forced to feel the economic impact of the COVID-19 virus. According to Lukasz Gruszczynski in a journal article entitled "The COVID-19 Pandemic and International Trade: Temporary Turbulence or Paradigm Shift?" Stating that the worst impact of the COVID-19 pandemic on the international economy is at the micro level, namely how the food chain in society can be fulfilled. Gruszczynski argues that trade and manufacturing failures are only a side effect of the real concern, namely the food crisis (Gruzsczynski, 2020).

In line with Gruszczynski's opinion, Chainani in a scientific article entitled "COVID-19 & the Little Red Dot – Important Lessons for Trade in Times of Global Pandemics based on Singapore's Experience", argue that countries that depend on the mobilization of goods and services sector are very vulnerable, because of too sudden changes in the global production chain system (both in the form of goods and services). This can be seen from the direct

impact of COVID-19 on the Singaporean economy. Furthermore, (Chainani, et al.) argue that Singapore's dependence on the international trading system and the "regime" in it has made Singapore overwhelmed in dealing with the crisis. GATT (General Agreement on Tariffs and Trade) and FTA (Free Trade Agreement) which became the foundation of Singapore's economy suddenly became useless, as a result of the sudden cessation of international trade. (Chainani, et al.). In line with Chainani, Jonathan Anderias Lassa, in a journal article entitled "Food Security Under COVID-19 in Indonesia: From Protection to Empowerment", said that the country's economy like what happened in Singapore is also happening in Indonesia. (Lassa, 2021).

Furthermore, Kamel Mouloudj in a journal article entitled *The Impact Of Covid-19 Pandemic On Food Security* explained that there are at least four dimensions of food safety that are affected by the COVID-19 pandemic, the first is the availability of food, namely the amount and quality of food, existing ones (this relates to domestic production capacity and international trade); second, access to food, the community essentially has access to decent food. This means that the community has the right and authority in the economic, political, social, and legal aspects to be able to choose and eat in the community's environment; third, usability, the community is required to benefit from the food that is in an area; fourth, stability, food must be sufficient for the community/household under any circumstances and conditions (including sudden changes in the structure/economic climate). In their writing, (Mouloudj, et al.) argue that the trend shown as a result of the pandemic/during the COVID-19 pandemic is negative (Mouloudj, et al, 2020). Thus, food security in every country is at stake during the crisis due to the COVID-19 pandemic.

## **2.2. Economic Independence**

Based on the writings of Eqbal Al-Rahmani in a book entitled *Economic*

*independence: Concepts and strategies*, a theoretical investigation and an empirical case study, it is stated that in general economic independence is a tactic or strategy for third world countries that have just broken away from western colonialism, to be completely free from modern imperialism. An interesting proposition offered by Al-Rahmani is that economic independence does not mean opposing international trade regimes, or radical international trade (trade cooperation), but offers another side, where unbalanced interdependence often occurs in international trade. Thus, when trade fails, third world countries will suffer the most (compared to developed countries), so sooner or later third world countries with endowed factors must be prepared to be more flexible. (Al-Rahmani, 1988).

In line with Al-rahmi, Heba E. Helmy in a journal article entitled *The Index of "Economic Independence": A New Measure of an Economy's Ability to Survive Unilaterally* said that the economic independence of a country signifies the strength and position of a country in the international structure. Helmy also added that in several cases of international trade, developed countries often impose unreasonable (illegal) and coercive sanctions so that other countries that do not have political and economic power, comply with the requests of these countries. Overall Helmy believes that economic independence can be a benchmark (index) and is vital for countries that are subject to economic sanctions to survive and defend themselves. (Helmy, 2017).

Slightly different from the two previous authors, Dharam P. Ghai in a journal article entitled *Concepts and Strategies of Economic Independence* stated that economic independence could be an alternative for countries with endowment factors to not only survive unfair sanctions, but also become a tool in defense of the country's economy from the impact of natural disasters, and global economic disasters. With economic independence, the state

becomes freer to determine its future (Gihai, 1973).

### **2.3. Indonesia's Food and Agriculture Security**

Zuhud Rozaki in his article entitled "COVID-19, Agriculture, and Food Security in Indonesia" said that food and agriculture security in Indonesia is growing rapidly in almost all aspects. This is because only the agricultural sector is not fully dependent on the production chain in the industry. By relying on natural wealth capital and national demand and high national needs, the agriculture and food sectors can create more jobs. However, unfortunately, according to Rozaki, the national protein and nutritional needs have not been optimally fulfilled and this will continue to happen in the future (even after the pandemic), because the workforce in agriculture is currently elderly (elderly), while young Indonesian workers reluctant to enter into the agriculture and food industry (Rozaki, 2020).

In contrast to Rozaki, C. Peter Timmer in a journal article entitled "Food Security in Indonesia: Current Challenges and the Long-Run Outlook is optimistic about the future of food security in Indonesia", according to him, the role of the government in formulating agricultural and food stimulus policies in Indonesia has been appropriate (eg subsidies for superior seeds and a qualified agricultural support system). Furthermore, Timmer emphasized that the challenge for food security in Indonesia is pricing in the domestic market because prices that tend to be too volatile can affect farmers' performance and national food security. Therefore, the role of *Bulog* (Logistics Business Entity) to determine the minimum price of rice, for the lower middle class is considered important (Timmer, 2004).

Slightly different from Rozaki and Timmer, Michelle Engel Limenta and colleagues in a journal article entitled Indonesian Food Security Policy argue that food security is not only achieved through independent production. Limenta and

colleagues describe the process of malnutrition in Indonesia, while the achievement of food production is quite high and is considered capable of meeting domestic needs, the condition of the Indonesian people who are in the lower middle class makes people unable to access nutritional needs of different foods. Therefore, in the conclusion of their paper, Limenta and colleagues argue that the government can only answer domestic nutritional needs, including national food security, if the country engages in international trade and cooperation in agriculture. The goal is not only to meet domestic needs but also to get people out of the poverty trap (Limenta & Chandra, 2017).

### **3. Research Method**

The researcher team uses qualitative research methods in this journal article because the researcher's team see that the data provided in economic reasoning or logic will be very useful if additional interpretations of meaning can be given in the context of global political contestation. Thus, the phenomenon or case being investigated can later be seen in more depth. Then, the limitations of researchers in collecting field data, require the researcher's team to make more use of qualitative data and secondary data from table studies (eg studies, literature, and government reports). In presenting the data, the researcher chose to use the descriptive-explanative method to maintain the consistency of the use of the literature study which was used as the main source.

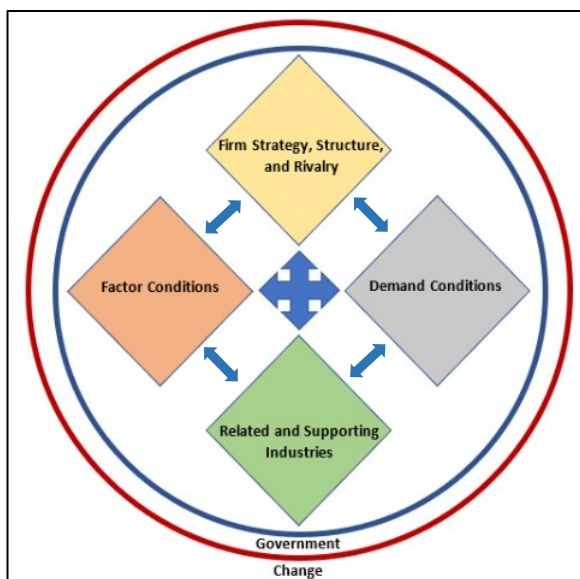
### **4. Results and Discussion**

#### **4.1. Damage to the International Trade System**

International policies that require countries to lock down have an impact on trade activities. This has caused global economic activity in the era of the COVID-19 pandemic to experience significant changes, as can be seen from the changing trend of international trade in a negative direction. Indonesia, which is included in the

trading system, is also affected by the same, especially in the domestic economic sector. It was recorded that in the first quarter of 2020, the economy was still growing at around 2.97% (YoY), but in the second quarter, it contracted by 5.32% (YoY) (Purwanto, 2021). Then, contraction also occurred in almost all countries in the world, such as the United States, which was negative 3.5%; Germany negative 5%; UK negative 9.9%; Japan negative 9.9%; France negative 8.2%; and Italy negative 8.9%. Including countries in the region such as Malaysia, Vietnam, the Philippines, and Singapore experiencing a downward trend of negative contraction by an average of 5% (Purwanto, 2021).

An explanation of the symptoms of a downward trend in international economic growth can be explained by using modern economic theory or commonly known as Potter's Diamond Theory.



Picture 4.1.1. Porter's Diamond Theory Model.  
 Adopted by the researcher's team

In this theory, it is explained that there is a fundamental attachment of endowment factors (factors of ownership of production in a country); with firm strategy, structure, rivalry (business actor strategy, structure, and competition); demand conditions; and related & supporting industries. The four variables are interrelated and connected, in other words, a slight change in the ownership factor of a

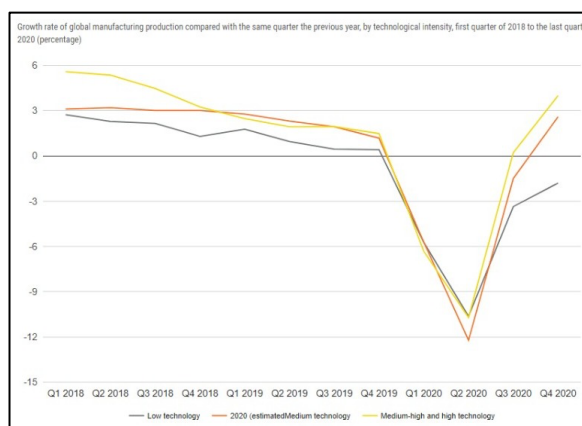
product in a country, the related company must also change the strategy and nature of the rivalry that is built between companies, as well as demand conditions in the market, also affected.

The four variables above are the basic core of the explanation of international trade in the modern era. However, these variables are very volatile (influenced) due to the influence of related government policies and external changes (e.g. force majeure). In the context of the economic crisis during the COVID-19 pandemic, it can be seen immediately that these four elements do not work optimally as a result of the government's lockdown policy (PPKM), which then shuts down all production activities, and in the long run, can change and shut down the country's domestic production system, even in the global realm as a result of globalization and the modern interdependent global production chain system. The decline in the function of the global economic system occurred in the manufacturing industry sector (finished goods industry such as textiles and clothing), this was due to declining market demand, which was the impact of the decline in global people's purchasing power as a result of the economic crisis caused during the pandemic.

The decline in economic strength also occurred as a result of the decline in the competitiveness index from rank 27th to rank 50th during the early 2020 pandemic, while the manufacturing industry (which is highly dependent on the production and distribution of goods) as emphasized by the Porter's Diamond concept that the business climate and healthy competition between producers can have a positive impact on the market as well as the quality and quantity of goods produced in a country, must experience a decline as a result of the failure of the national production system (the impact of PPKM, in the form of stopping production activities on a national scale). This has had a major and direct impact on the manufacturing industry in Indonesia. It is noted that in 2020-2021 the manufacturing industry has

decreased production capacity (capability) from 75.36% to 67.60% (Warta Ekonomi, 2021).

Not only in Indonesia, globally the industry that is most affected by the COVID-19 pandemic is the manufacturing industry, this is because there are many raw materials for international manufacturing industries such as electronics (mobile phones and televisions as much as 85% of raw materials for mobile phones and 75% raw materials for television) comes from China. So, when there are restrictions on the mobilization of goods between countries, it can be ascertained that industrial raw materials, and manufacturing production activities (co: cell phones, and televisions) are also restrained along with the imposition of restrictions on industrial activities. With the loss of raw materials and the disruption of global production chains due to the pandemic, the global manufacturing industry has decreased by 8.9% (United Nations, 2020).



Picture 4.1.2. Global Manufactured Production. == [SDG Indicators \(un.org\)](https://sdgindicators.un.org)

The data shows that at the beginning of the COVID-19 pandemic, especially in Q1 and Q2 (quarter 1 and quarter 2) of 2020, the manufacturing industry was powerless due to changes in government policies related to COVID-19. If the global giant (manufacturing) industry that is currently the most developed cannot survive, the government is required to find other alternatives to overcome the problems of the global economy. However, the damage to the

global manufacturing industry system not only brought havoc to the economies of almost all countries, but also made all parties aware that what Porter described on external market factors (change and government) was still relevant, and that the economic system that was predicted to have been mature, it still needs to be evaluated.

The need for evaluation of national trade policies must be viewed from the perspective of contemporary global political realities. All countries are closing in on themselves, prioritizing national interests, and trying to repair the damage caused by the COVID-19 pandemic crisis, so the value of collaboration in international trade is difficult to feel. The IMF (International Monetary Fund) states that the current global political and economic trend is towards individualism "...And the absence of a properly coordinated international response ought to have come as no surprise, given the celebration of "my country first" global politics in recent years." In this statement, it can be seen that the existence of domestic political interests (among political elites) and feelings of nationalism has caused the international economic system to be damaged and difficult to restore (Susskind, 2020).

Superpower countries such as the United States itself, which is often known as a liberal country (re: cooperation) also close themselves off and are labeled selfish because it closes access to vaccine base materials, and this openly closes the only solution for other countries to solve the global pandemic (Feffer, 2020). Like what happened in the United States and other countries, the issue of deglobalization, nationalization (and populism), and the closure of international trade became one of the factors why the government had to think of other ways to adapt to the international economic conditions at that time.

#### 4.2. Opportunities for Indonesia

The COVID-19 pandemic crisis, apart from bringing damage to the global economic system, also offers opportunities at the same

time, especially for Indonesia. The economic downturn has made all countries look back at what is important and a priority in the global economy. The paralysis of the global production chain, which of course also affects domestic purchasing power, brings another danger that is more threatening to humans, namely the food crisis. Simply put, when the (general) market economy cycle stops. So, automatically there will be a process of dating the basic needs of humans (decrease in basic economic functions). At the beginning of the 2020 pandemic, the trend of global consumptive patterns experienced a shift from hedonism (focusing on the willingness and not need) to utilitarianism (focusing more on the use value, and function of goods), this was due to a decline in income and purchasing power in the global community. (Yang, et al. 2020). In Indonesia, giants retail such as Matahari Department Store (focusing on clothing) and Centro Department Store (focusing on beauty tools and knick-knacks) were forced to close several outlets due to the impact of the decline in people's purchasing power. (Azanella, 2021).

The shift away from the mass consumption pattern of society is a sign that there is a change in market demand on a large scale. As previously discussed, COVID-19 completely disrupted global trade and supply chains in the first two quarters. As a result, the global food supply chain has experienced a similar decline. In general, the prohibition of import-export activities (international trade) aims to meet domestic needs and trigger the growth of domestic producers. However, unfortunately in this idea, things like comparative advantage are not taken into account. For example, South African countries experience crop failures of around 40% on average due to the absence of supporting materials, such as superior seeds, pesticides, and lack of human resources (due to pandemics and other outbreaks such as Ebola that hit other countries). South Africa). No less important, protectionism carried out by countries is temporary so it is not

supported by the right rules and regulations. In the end, the resulting product is distrust between countries toward international trade (Aday, 2020), and a total failure in efforts to meet food needs, because not all countries have the right climate and vegetation conditions to meet the food needs of their people.

In the end, the unpreparedness of countries and the decline in the function of international trade brought people closer to a food crisis. Lucky for countries with good vegetation and farming climate because it has natural advantages like Indonesia. If viewed through Porter's model, it can be understood that this is a positive change that can revive the Indonesian economy, given the availability of food, land, and energy which is quite abundant. The next problem was how the government's role as an external factor adapted to changes and succeeded in reviving the national economy at that time.

#### **4.3. Food and Agricultural Products as Economic Defence**

Indonesia managed to survive during the COVID-19 pandemic crisis because of its strong agricultural sector. In a public interview, the Deputy Minister of Finance of the Republic of Indonesia explained:

*“Di dalam situasi krisis, sektor pertanian adalah bempers dari sektor-sektor lain. Sektor-sektor yang lain bisa kontraksi, sektor pertanian yang menjadi bempersnya. Sektor pertanian adalah salah satu sektor yang tetap baik di dalam perekonomian, pertumbuhannya itu tetap positif,”*

This is not happened without reason because other industries in Q1 and Q2 of 2020 experienced a complete shutdown so the decline in various national industries fell. However, this does not apply to the agricultural sector, which only experienced a 1% decline but with a positive trend in the following quarters. This is due to the



domestic nutritional needs (during the pandemic) that must be met from agricultural goods. At least about 85% of people with COVID-19 in Indonesia relieve symptoms that arise by eating fruits and vegetables. (Hamid, 2021).

Soaring domestic needs, influenced by the national emergency nutritional needs, this is also due to the readiness of the national food industry and farmers in facing the pandemic. Signs of the readiness of the Indonesian food and agricultural industry, marked by a decline in national imports during 2020, which was around 54%, apart from the closure of international trade, the absorption and supply of domestic food and agricultural products was more than sufficient (Ministry of Agriculture of the Republic of Indonesia, n.d.). The government's decision to prioritize the domestic food industry is the right decision, given that Indonesia has a good quantity and quality of agricultural goods.

In Porter's Diamond theory, it is explained that one of the strengths of a country in conducting international trade is the factor of capital or goods that can be produced more efficiently and effectively. The research team sees that food security and national agricultural products are one of Indonesia's advantages, especially during the COVID-19 pandemic. Good soil structure and evenly available agricultural labor are the main reasons why the agricultural industry survives. It was recorded that 28.9% of the Indonesian workforce was engaged in the agricultural sector in 2020 ago, indicating that the national agriculture and food sector is a reliable industrial sector. In addition, the termination of work for farmers during the Enforcement of Community Activity Restrictions (PPKM) during the pandemic almost does not apply in the food sector (Hamid, 2021).

Apart from supporting conditions such as endowment factors, agricultural products also receive support from the government. Based on press release No. HM.4.6/175/SET.M.EKON.2.3/11/2020,

Coordinating Minister for Economic Affairs Airlangga Hartanto said that the increase in exports of food products in the third quarter of 2020 reached 16.2% (YoY) and 20.8% (MtM) (Coordinating Ministry for Economic Affairs, 2020). This success did not escape the government's contribution in providing seven assistance policies to economic actors in the agriculture and food sector, namely: first, the development of food estates in the context of strengthening the national system; the second is the development of a rice business cluster using a land management approach; 3rd export-oriented horticulture with a partnership model of creating shared value (CSV) between the central government, local governments, the private sector, and farmers; 4th inclusive partnership on horticultural commodities by implementing synergies between academia, business, government, and communities; 5th development of 1,000 cattle villages, a program to increase cattle productivity; 6th national seaweed industry development (optimizing domestic seaweed production); 7th development of fisherman-farmer corporations by establishing upstream to downstream agribusiness models by empowering local human resources (Coordinating Ministry for Economic Affairs, 2020).

Apart from the form of policy, the government also provides direct injections of funds to domestic farmers in the form of People's Business Credit (KUR). In 2020, the absorption of the budget is more than 100% of what the government has set. The government's encouragement in the form of deregulation, to direct financial assistance increased Indonesia's exports in 2021 with a total of 60 export destinations with foreign exchange earnings of 7 trillion rupiahs. (Kompas.com, 2021). In addition, the government's seriousness in promoting the agriculture and food sector as a leading industry is by holding digitalization training such as the Climate Smart Agriculture Program (CSA). Farmers and food industry players can adapt to the weather and know

which vegetation is suitable for the climate. Then, in the same form of training, the Indonesian Ministry of Agriculture implemented the Strategic Irrigation Modernization and Urgent Rehabilitation Project (SIMURP). The goal is so that national farming industry players can be efficient and effective (Department of Animal Husbandry and Animal Health of West Nusa Tenggara Province, 2020).

The national agricultural and food industry, which has full support and can continue to operate during the pandemic, of course also requires the intervention of private actors (agriculture-related industries). Therefore, the government also provides support in the national agriculture and food industry by encouraging private companies to contribute and 'awaken' the national economy. It is recorded that in 2020-2021 there have been 650 collaborative projects with the private sector, and support from 1600 international and national experts, to become the Indonesian agricultural and food industry a strong backbone during the COVID-19 pandemic crisis.

Collaboration in the Indonesian farming industry has indeed shown a positive trend and has proven successful in bringing Indonesia out of the 2020-2021 COVID-19 economic crisis. The government as a facilitator is assessed and trusted to be able to restructure, regulate regulations, and provide appropriate support. In accordance with the

principle in Porter's Diamond theory that the state is one of the determining factors in overcoming sudden changes, namely the COVID-19 pandemic. Not only direct assistance, to farmers and actors in the farming and food industry business, but the government also facilitates other related actors or industries as supporters of the agriculture and food industry during times of crisis.

## **5. Conclusion**

Agricultural and food products are the right answer to the current COVID-19 global crisis momentum. With government intervention, endowment factors, restructuring, and industrial intervention related to agriculture and food, Indonesia were able to survive and get out of the slump in the national economy. Ensuring this raises fundamental questions about the future of Indonesia's agriculture and food in the structure of the national economy. Previously in the 1997 Asian crisis, the manufacturing industry succeeded in being the solution, but now agriculture and food have become the solution to the 2020 COVID-19 economic crisis. This is a warning sign that a country's national economic strategy should not be rigid or only rely on one industrial sector. All industries must move forward together and simultaneously innovate so that further global crises can be faced.

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