

Assessing The Impact of COVID-19 on The Indonesian Tourism Industry

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ABSTRACT

Tourism plays a significant role in the economic development of Indonesia. Aside from being a source of revenue, tourism creates employment opportunities and promotes the hospitality industry in the country. However, the emergence of COVID-19 has adversely implicated on tourism in Indonesia, as international travel restrictions have been imposed by many countries. This paper dialectically analysed the impact of COVID-19 on the Indonesian tourism industry. It was observed that labour and the earnings in the tourism were severely affected by COVID-19. This was because the number of foreign tourists that visited Indonesia declined significantly as countries partially shut down their economy and imposed travel restrictions. The paper reviewed the government of Indonesia's regulations and programmes and the tourism sector's actions to mitigate the impact of COVID-19 on the country's economy. It argued that government should introduce structures and guidelines for the introduction of smart tourism through non-contact, smart, and personalised travel in Indonesia.

Keywords: (COVID-19, Indonesia, Tourism, Presidential Regulations, Travel restriction, Economic shutdown)

INTRODUCTION

One of the strategic policies of the current Indonesian government to diversify the country's natural resources (especially crude oil) dependent economy is the enhancement of the tourism industry. For example, government introduced the National Medium-Term Development Plan for 2015-2019 and the tourism strategy: *Pengembangan Destinasi dan Industri Pariwisata* policies to boost the Indonesian tourism (Anele K.K. (a), 2019, 12 and Adi D.P. & Tinada A., 2020, 24). Given the fact that Indonesia is a multicultural, multiethnic, and multireligious country, the existence of diverse art-crafts attracts a large number of tourists, especially foreign tourists, abound

(Anele K.K. (b), 2020, 135-139; Anele K.K. (c), 2020, 41-52 and Anele K.K. (a), 2019, 5-15). More importantly, there are a lot of cultural heritage destinations that attract tourists from across the world to Indonesia. For instance, Lake Toba, the largest volcanic lake in the world (Lake Toba, 2019, 13), is one of the most important tourist destinations in the world, as it is ranked 40th in the Travel and Tourism Competitive Index in 2019 (Lake Toba, 2019, 13), and located in North Sumatra, Indonesia. On the other hand, Indonesia is rife with art-craft products, such as batik and ulos fabrics, and cultural heritage sites that effectively generate foreign exchange and revenue for the country and income for the local artists and small and medium enterprises (SMEs).

In line with the previously mentioned explanation, the Indonesian government introduced a series of regulations ([Presidential Regulation No. 21 of 2016 regarding visa-free visit, which is intended to increase the number of foreign tourists in Indonesia](#)) and policies to bolster the tourism industry, especially given the fact that inadequate infrastructure, the lack of private sector participation and foreign investment, acquisition of land, among others ([Anele K.K. \(b\), 2020, 139-144](#)), impedes the development of tourism in the country. Beyond the short-term tourism development plan ([Anele K.K. \(a\), 2019, 12](#)), the government also introduced the blue economy to explore, among other things, the tourism potentials of the coastal areas and marine resources in Indonesia ([Sari D.A.A. & Muslimah S., 2020, 1-8 and Dinarto D., 2017](#)). In the same vein, the Presidential Instruction No. 6 of 2009 was introduced to propel the creative economy, which plays a pivotal role in the tourism sector in Indonesia. Furthermore, the government enacted the Presidential Regulation No. 92 of 2011, which created the Ministry of Tourism and Creative Economy, to bolster the tourism industry in the country, and the Presidential Regulation No. 3 of 2016 that set aside ten priority tourism destinations in Indonesia. These ten priority tourism destinations include: Lake Toba, Kelayang Cape, Lesung Cape, the Thousand Islands, Borobudur Temple Tourist Park, Bromo-Tengger-Semeru National Park, Mandalika, Labuan Bajo, Morotai Island, and Wakatobi National Park ([Sijabat R., 2019, 101](#)).

Also, it is instructive to note that the Indonesian government launched the Indonesian Tourism Development Priority Program (ITDPP) to move towards a more expansive and inclusive approach to tourism development in the country ([Anele K.K. \(a\), 2019, 12-13](#)). These regulations and policies are designed to put the tourism sector in Indonesia on the right track to attract foreign tourists and to woo foreign investors to the sector. However, these commendable steps taken by the

Indonesian government to strengthen the country's tourism sector have been rolled back by the impact of the novel coronavirus (COVID-19), which was declared a pandemic on the 11th of March 2020 ([Djanlante R., et al, 2020, 1](#)), as international travels have been suspended, businesses temporarily closed, while the movement of people is restricted. It has been observed that “[t]ravel and tourism is among the most affected sectors with airlines..., hotels closed and travel restrictions implemented in most countries around the world” ([UNWTO & Data Partners, 2020](#)). In fact, jobs, revenue and income are lost in Indonesia due to the pandemic.

This paper aims to use data and available literature to critically analyse the impact of COVID-19 on the Indonesian tourism industry. The paper argues that the pandemic adversely implicates on the economy of Indonesia as revenues have been lost, the unemployment rate has increased as many workers have been laid off, many hotels have closed down, the transportation sector have received little or no patronage, and other aspects of the hospitality industry have become redundant. Further, the paper observed that while the government of Indonesia has rolled out many palliative measures to alleviate the impact of the pandemic to the economy, like the introduction of tax incentives, the tourism industry is expected to recover slowly from the devastating effects of COVID-19, especially in view of the response of the government to curb the spread of the pandemic.

This paper is divided into 6 parts. The introduction is contained in part I while part II discusses the tourism industry in Indonesia. Part III comparatively examines the existence of COVID-19 in Indonesia and part IV dialectically interrogates the effects of the pandemic to the Indonesian tourism sector. It is argued that the economic impact of COVID-19 on the tourism industry in Indonesia is overwhelming as revenue and

jobs have been lost whereas businesses in the hospitality industry, such as hotels, are closing down. In addition, the transportation sector is adversely affected too. Part V addresses the measures put in place by the government of Indonesia to mitigate the effects of the pandemic to the country's economy, especially the tourism industry. The paper submits that though the tourism industry may slowly recover, the palliatives, which includes financial assistance, tax incentives, and regulations to put paid the spread of the virus are steps in the right direction. The government of Indonesia should also expand its COVID-19 vaccination programme to include workers in the tourism and other related sectors. It is further submitted that the tourism industry should also introduce guidelines that will ensure good sanitary behaviour and environment to curb the spread of COVID-19 as the economy reopens in Indonesia. The paper is concluded by reiterating the fact that the Indonesian tourism industry will eventually recover from the shock of the pandemic and more work is needed in maintaining healthy tourist destinations in Indonesia.

LITERATUR REVIEW

2.1 Overview of tourism in Indonesia

Figure 1. Indonesia's Foreign Tourist Arrival 2015-2020



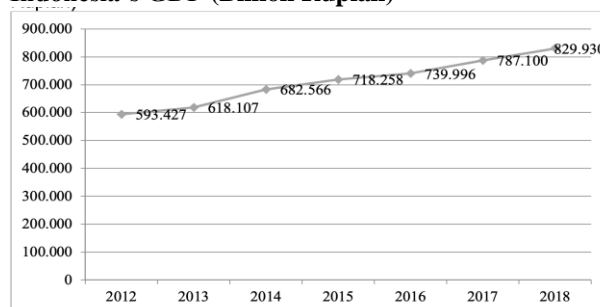
Source: R.R. Mufti, *The Jakarta Post*, 6 April 2020. Retrieved from <https://www.thejakartapost.com/news/2020/04/06/tourism-will-take-at-least-a-year-to-recover-from-covid-19-outbreak-economists.html>.

Table 1. Foreign Tourist Visits to Indonesia

Month	2013	2014	2015	2016	2017	2018
Jan	614,328	753,079	723,039	814,303	1,107,968	1,100,677
Feb	678,415	702,666	786,653	888,309	1,023,388	1,201,059
Mar	725,316	765,607	789,596	915,019	1,066,588	1,363,339
Apr	646,117	726,332	749,882	901,095	1,142,180	1,300,277
May	700,708	752,363	793,499	915,206	1,150,067	1,242,588
June	789,594	851,475	815,148	857,651	1,111,616	1,318,094
July	717,784	777,210	814,233	1,032,741	1,379,961	1,540,549
Aug	771,009	826,821	850,542	1,031,986	1,404,664	1,511,342
Sept	770,878	791,296	869,179	1,006,653	1,213,640	1,370,842
Oct	719,900	808,767	825,818	1,040,651	1,158,599	1,294,463
Nov	807,422	764,461	777,976	1,002,333	1,062,030	1,157,483
Dec	766,966	915,334	913,828	1,113,328	1,147,031	1,405,536
Tot	8,802,129	9,435,411	9,729,350	11,519,275	14,039,799	15,806,249

Source: R. Sijabat, IIASS, 2019, 108.

Figure 2. Contribution of the Tourism sector to Indonesia's GDP (Billion Rupiah)



Source: R. Sijabat, IIASS, 2019, 109.

Table 2

Year	Labor in The Tourism Sector	Number of Indonesian Workers	%
2012	9,350,000	112,504,868	8.31
2013	9,610,000	112,761,072	8.52
2014	10,152,900	114,628,026	8.86
2015	10,363,657	114,819,199	9.03
2016	12,279,000	118,411,973	10.37

Source: R. Sijabat, IIASS, 2019, 109.

Aside from its economic importance, the tourism industry is a strategic sector and a mechanism for the integration of programmes and activities among other sectors in promoting and strengthening the development of Indonesia (Anele K.K., 2019, 55 and Gustato W.I.M., 2019, 2411). From a regional purview, the Provincial Medium-Term Development Plan (RPJMD),

North Sumatra Province (2013-2018) was introduced to strengthen the tourism sector in the region. The RPJMD culminated in the introduction of the development of the tourism marketing, the tourism destination development, the partnership development, the cultural value development, the cultural wealth management, the management of cultural diversity, and the development of wealth management cooperation culture (Gustato W.I.M., 2019, 2414).

In furtherance of the importance of tourism to the economic development of Indonesia, the present administration instituted the 'Ten New Bali' project to attract foreign investment in funding the ten new tourist hubs across the country and set some strategic goals toward achieving economic development in the tourism sector. These goals include, *inter alia*, increasing the number of foreign tourists from 20 million in 2019 to 30 million in 2024, increasing foreign exchange revenue to USD 40 million, and optimising the tourism potential: developing human resources (Sijabat R., 2019, 103). The tourism industry creates a multiplier benefit for many countries, as tourism plays a significant role in the economic development of Indonesia (Gustato W.I.M., 2019, 2414 and Simatupang P., 2018, 43). This is exemplified by the contribution of tourism to the sustainability of economic development in Indonesia (Anele K.K., 2019, 55 and Simatupang P., 2018, 43). Lending credence to this point, it has been argued that "tourism has become one of the most significant export sectors in many developing countries and it not only increase foreign exchange, but also creates employment opportunities, ... the growth of tourism industry triggers overall economic growth" (Simatupang P. & Chik A.R., 2014, 43) in Indonesia.

A glean at Figure 1 above reveals a steady rise in the number of foreign tourists arriving in Indonesia from 2015 to 2020. Prior to 2020, when COVID-19 was

declared a pandemic, the number of tourists that visited Indonesia increased from 8,626,709 million people in 2015 to 13,661,223 million people in 2019, which signifies that the regulations, policies, and programmes of the government of Indonesia to promote and strengthen tourism yielded a positive result. Moreover, the implication of this increment is that the revenue derivable and job opportunities as a result of tourism have significantly increased.

Again, Table 1 above affirms the importance of tourism to the economy of Indonesia as the number of tourists continued to increase. The significant increase in the number of foreign tourists that visits Indonesia prompted the government of Indonesia to introduce policies and programmes, i.e policies to strengthen the infrastructure development projects, to drive the country's tourism industry (Sijabat R., 2019, 107). The aim of these policies and programmes is to increase the number of foreign tourists visiting the country to 21.6 million by 2020, 31.8 million by 2025, 42.8 million by 2030, 57.5 million by 2035, 65.1 million by 2040, and 73.6 million by 2045 (Sijabat R., 2019, 107). It is argued that while the outbreak of COVID-19 implied that the number of foreign tourists visiting Indonesia in 2020 will be far below the projected number, it potentially threatens the realisation of the subsequent projections.

In terms of the contribution of tourism to the gross domestic product (GDP) of Indonesia, Figure 2 above reveals a steady increase from 2012 to 2018. A breakdown of the impact of tourism to Indonesia's GDP depicts that in 2012, tourism contributed 593.4 billion Indonesian Rupiah (Rp), increasing by 4.16 per cent in 2013 to reach Rp. 618.1 billion. In 2014, it reached Rp. 682.5 billion and in 2018, the contribution of tourism to Indonesia's GDP was Rp. 829.9 billion and according to "World Travel and Tourism Council, the tourism sector is expected to directly contribute 6.6% of

Indonesia’s GDP by 2028” (Sijabat R., 2019, 108). Again, the impact of the pandemic may derail the realisation of the projection made by the WTTC on the contribution of tourism to Indonesia’s GDP by 2028.

More pointedly, the tourism industry plays a significant role in the economic development of Indonesia in terms of creation of employment opportunities to the teeming population of the country. Buttressing this point, Table 2 above shows that whereas in 2012, labour in the tourism sector was 9,350,000 with 112,504,868 number of Indonesian workers signifying 8 per cent workforce, there was an increase in 2016 as the number of labour tourism was 12,279,000 which absorbed 118,411,973 Indonesian workers at a growth rate of 10.37 per cent workforce. It is observed that one of the impacts of COVID-19 is job loss, which increases the rate of unemployment in Indonesia. In closing this subheading, it is imperative to note that though the tourism industry plays a significant role in the economic development of Indonesia as demonstrated by the Tables and Figures that have been analysed, the impact of COVID-19 potentially threatens these contributions.

METHODOLOGY

The methodology adopted in this paper is a qualitative analysis. Thus, the paper dialectically analyses the effect of COVID-19 to the tourism industry in Indonesia. Data analysis through pictures and tables is also undertaken. More importantly, the paper also interrogated primary materials, such as legal instruments, and secondary materials, such as journal articles, in arguing that COVID-19 negatively impacted on the tourism industry in Indonesia and the Indonesian government, with the contributory efforts of the private sector, can mitigate the losses incurred in tourism and enhance sustainable tourism in the country through tax cuts, among other policies. This research was conducted through desk review

of primary and secondary materials sourced from library and online.

1. Results and Discussion

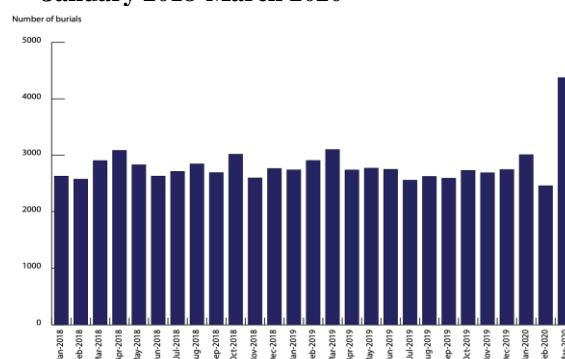
4.1 Brief Assessment of COVID-19 in Indonesia

Table 3. WHO’s data on COVID-19 in Southeast Asia

Reporting Country/ Territory/Area	Total confirmed cases	Total confirmed new cases	Total deaths	Total new deaths	Transmission classification	Days since last reported case
Guernsey	252	0	13	0	Community transmission	38
Faroe Islands	187	0	0	0	Pending	47
Gibraltar	176	0	0	0	Clusters of cases	1
Greenland	13	0	0	0	Pending	12
Jersey	313	2	30	0	Community transmission	0
South-East Asia						
India	276 583	9 985	7 745	279	Clusters of cases	0
Bangladesh	71 675	3 171	975	45	Community transmission	0
Indonesia	33 076	1 043	1 923	40	Community transmission	0
Nepal	4 085	323	15	1	Sporadic cases	0
Thailand	3 125	4	58	0	Clusters of cases	0
Maldives	1 942	26	8	0	Clusters of cases	0
Sri Lanka	1 859	2	11	0	Clusters of cases	0
Myanmar	246	2	6	0	Clusters of cases	0
Bhutan	59	0	0	0	Sporadic cases	2
Timor-Leste	24	0	0	0	Clusters of cases	47

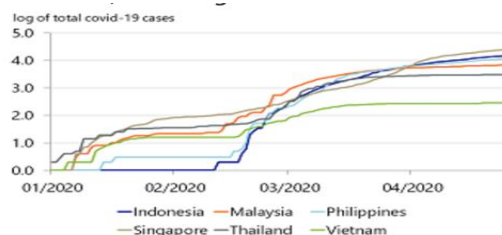
Source: WHO, Situation Report, 10 June 2020. Retrieved from https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200610-covid-19-sitrep-142.pdf?sfvrsn=180898cd_2.

Figure 3 The Number of Burials in Jakarta in January 2018-March 2020



Source: WHO, Situation Report, 9 April 2020. Retrieved from https://www.who.int/docs/default-source/searo/indonesia/covid19/who-situation-report-3-11042020.pdf?sfvrsn=1769c4fb_2.

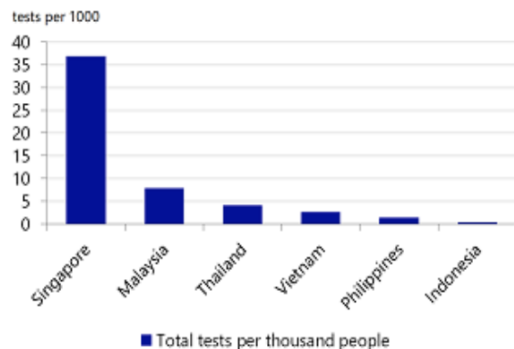
Figure 4. COVID-19 Cases Curves of Some Southeast Countries



Source: R. Hayat, RaboResearch-Economic Research, 19 May 2020. Retrieved from

<https://economics.rabobank.com/publications/2020/may/impact-covid-19-asean-recessions-and-weak-recovery/>.

Figure 5 COVID-19 Testing in Some Southeast Asian Countries



Source: R. Hayat, RaboResearch-Economic Research, 19 May 2020. Retrieved from <https://economics.rabobank.com/publications/2020/may/impact-covid-19-asean-recessions-and-weak-recovery/>.

The first confirmed two cases of COVID-19 infection in Indonesia was reported on the 2nd of March 2020 (Djalante R., et al, 2020, 2). Since the confirmation of these cases, the pandemic has spread across Indonesia, leaving in its wake a high number of deaths. Using Jakarta as a case study, Figure 3 above shows that the number of COVID-19 deaths in Jakarta peaked in March compared to January and February 2020. Moreover, the number of deaths as a result of COVID-19 in March 2020 was much higher than the deaths not related to COVID-19 recorded from January 2018 to December 2019. This simply means that the death rate in Indonesia has almost doubled as a result of COVID-19, which could implicate on the tourism industry in relation to local tourists and labour required in the tourism and other related sectors.

To put the existence of COVID-19 in Indonesia in proper perspective *vis a vis* the tourism industry, it is imperative to comparatively analyse the existence of COVID-19 in other Southeast Asian countries that may also compete with Indonesia in tourism development. According to WHO's situation report on the

10th of June 2020, though Indonesia (33,076) ranks third behind India (276,583) and Bangladesh (71,675) in terms of the number of confirmed cases, Indonesia's deaths (1,923) is second behind India (7,745), as they can be seen in Table 3 above. The logical conclusion is that testing, treatment, and the management of COVID-19 in Indonesia may not be as effective as it should be.

In light of the above mentioned, Figure 5 clearly lend credence to the fact that testing in Indonesia is grossly limited. A cursory look at Figure 5 reveals that while Singapore (about 37), Malaysia (about 8), Thailand (about 4), and Philippines (about 3) have conducted test per 1,000, Indonesia could only conduct about 1 test. The lack of test may have contributed to the high number of deaths recorded in Indonesia as those who have not been tested may not be quarantined and, therefore, will spread the virus. More so, since the majority of the people are not tested, they may not be treated, thereby increasing the death rate in Indonesia. Similarly, while the COVID-19 case curves in Singapore, Vietnam, Malaysia, and the Philippines are flattening, that of Indonesia seems to be going up (see Figure 4 above). This could be due to the dearth of testing in Indonesia and may have a far-reaching implication on Indonesia's tourism sector as foreign tourists may be persuaded to visit tourist destinations located in countries, e.g. Malaysia, that have the capacity to test people for COVID-19.

4.2 Dialectical analysis of the Impact of COVID-19 on the Indonesian Tourism Industry

Having comparatively interrogated the tourism sector and the existence of COVID-19 in Indonesia, it is imperative to critically analyse the impact of the pandemic on the Indonesian tourism industry. To determine the impact of COVID-19 on the tourism industry in Indonesia, it is necessary to interrogate the direct effect of the pandemic on the industry. Subsequently, the implications of COVID-19 to other industries

that facilitate the tourism sector, i.e the hospitality industry, the transport industry, the food and beverage industry, and the retail industry, will be underscored. It is important to note that due to COVID-19, Indonesia and other countries restricted their borders from foreigners by closing their international airports (“[The Covid-19 impacts on investments in Indonesia](#)”). Consequently, this paper submits that the tourism industry and the other related industries experienced a significant decline in their earnings as a result of the travel restriction imposed due to the pandemic.

Djalante, *et al*, observed that being the fourth most populous country in the world, it is expected that the impact of COVID-19 on Indonesia, especially in the country’s tourism industry, would be higher than the less populous countries in Southeast Asia (Djalante R., *et al*, 2020, 2). As rightly observed, the COVID-19 outbreak “has paralysed the tourism industry, leaving travelers scrambling to return home and devastating economies that are largely dependent on tourism” (“[COVID-19 and the tourism sector](#)”). COVID-19 not only impacted on China but also prevented the Chinese from travelling to tourist destinations one of which is Indonesia due to the economic impact and travelling restrictions impose as a result of the pandemic (Cheung M., 2020). Consequently, famous holiday destinations in Indonesia had to contend with cancellations from many tourists, thereby incurring losses worth trillions of rupiah (“[Covid-19 impacts across Indonesia’s business sectors: a recap](#)”, 2020).

According to a report from the regional head of the Indonesia Tour Guide Association (HPI), 45,000 tourists had cancelled their plans to visit major tourist destinations in the region from January to May (“[Covid-19 impacts across Indonesia’s business sectors: a recap](#)”, 2020). Evidently, these cancellations impacted on the livelihood of tour guides as 511 licensed

regional tour guides lost their main source of income due to COVID-19 (“[Covid-19 impacts across Indonesia’s business sectors: a recap](#)”, 2020). Accordingly, it has been stated that the estimated losses calculated from January because of the cancellations of trips were approximately US\$1.5 billion, “of which \$1.1 billion were from cancellations made by Chinese tourists and \$400 million from cancellations by tourists from other countries” (“[Covid-19 impacts across Indonesia’s business sectors: a recap](#)”, 2020).

Similarly, hotel occupancy rates have decreased below the seasonal average across Indonesia (“[Covid-19 impacts across Indonesia’s business sectors: a recap](#)”, 2020). For example, the overall occupancy rate in Indonesia had plunged to 30 to 40 per cent due to the outbreak of COVID-19, lower than the regular low season average of 50 to 60 per cent, “with some hotels dropping as low as 20 per cent after Indonesia announced its first cases on March 2” (“[Covid-19 impacts across Indonesia’s business sectors: a recap](#)”, 2020). Using Batam as a case study, it was reported that between 23 March and 26 March, approximately nine hotels stopped their operations, and laid off more than 1,000 workers as occupancy rates plummeted to below 5 per cent (“[Covid-19 impacts across Indonesia’s business sectors: a recap](#)”, 2020). Nonetheless, in terms of the recovery of hotels and other aspects of the hospitality industry, it has been argued that though the hotels fully recovered within 18 months of the outbreak of Severe acute Respiratory Syndrome (SARS) across Asia-Pacific region in 2003, the protracted time COVID-19 lasts will influence the extent and time the hotels will recover in Indonesia (“[How to protect your hotel business during the COVID-19 outbreak](#)”, 2020). Put differently, given the nature of COVID-19 in Indonesia, particularly due to the low number of testing conducted in the country, the country’s tourism industry may take a longer time to recover from the pandemic.

In the aviation industry, the Indonesian airlines have witnessed a drastic decline in the number of passengers since early March, which prompted many airlines “to take efficiency measures and laying off their employees” (“Covid-19 impacts across Indonesia’s business sectors: a recap”, 2020). Specifically, the airlines have cut their flights and routes by 50 per cent or more because of the decline in the number of passengers caused by COVID-19 (“Covid-19 impacts across Indonesia’s business sectors: a recap”, 2020). In a similar vein, state-owned airport operator stated that about 12,703 flight cancellations that implicated on 1.67 million passengers in January and February, in which 11,680 were domestic flights while 1,023 were international flights, were recorded in Indonesia (“Covid-19 impacts across Indonesia’s business sectors: a recap”, 2020). In all, the airport operator incurred Rp. 207 billion financial losses because of the cancellations (“Covid-19 impacts across Indonesia’s business sectors: a recap”, 2020).

Another related sector in the tourism industry impacted by COVID-19 is the food and beverages industry. To avoid getting infected, the existing restrictions on travelling and movement have made people stay indoors instead of going out for meals, drinks, or snacks. From statistics provided by PT Moka Teknologi Indonesia, a homegrown startup that provides cashier services to about 30,000 merchants in Indonesia, many industries experienced losses as a result of COVID-19, such as the food and beverage industry (“Food & beverage industry hit hardest by COVID-19: Report”, 2020). It was reported that 13 out of 17 cities experienced a significant decline in their daily earnings due to the pandemic (“Food & beverage industry hit hardest by COVID-19: Report”, 2020). To support this fact, the food and beverage industry in Surabaya decreased by 26 per cent, while Bali plunged to 18 per cent, including areas in Greater Jakarta, *to wit*, Depok, Tangerang, West Jakarta and East

Jakarta (“Food & beverage industry hit hardest by COVID-19: Report”, 2020).

Similarly, the retail industry, which is an essential part of the tourism industry, has experienced a plunge in their earnings. For instance, it has been reported that about six shopping malls in Bandung, West Java, have temporary or partially closed consequent upon the outbreak of COVID-19 (Dipa A., 2020). The retail industry in West Java experienced the biggest decrease in daily earnings of about 32 per cent per outlet (“Covid-19 impacts across Indonesia’s business sectors: a recap”, 2020). It is imperative to note that the retail industry, especially the shopping malls, provide essential services, such as selling textiles and other art-craft products, to the tourists.

Above all, Indonesia’s Investment Coordinating Board (BKPM) has admitted that the outbreak of COVID-19 poses a threat to investment, especially in the tourism industry, in the country (“The Covid-19 impacts on investments in Indonesia”, 2020 and “Covid-19 impacts across Indonesia’s business sectors: a recap”, 2020). The implication is that even when the curve of COVID-19 spread has flattened, there may be an insufficient investment to revive the tourism industry in Indonesia. Moreover, such limited investment does not only affect the tourism industry but similar industries such as the hospitality industry, the transportation industry, among others.

4.3 Measures to Mitigate the Effects of COVID-19 on Indonesia’s Tourism Industry

Under this subheading, the paper will interrogate the various palliative measures put in place by the government of Indonesia to mitigate the impact of the pandemic in the economy of Indonesia, focusing on how the tourism industry will benefit from these measures. The paper observes that while there are both financial (sending of money to some tourism-related industries) and fiscal policies

(tax incentives) palliatives, most of the measures relate to how to curb the spread of COVID-19. It is argued that the tourism industry should also introduce guidelines in line with WHO directives to control as well prevent the pandemic as soon as the restrictions are lifted and the economy of Indonesia is open.

As part of the efforts to attenuate the impact of the pandemic to the economy, most Association of Southeast Asian Nations (ASEAN) countries, through their central banks, adopted a conventional approach. For instance, increased liquidity for banks and lower policy rates to spur bank lending, which, it has been observed, may have a limited efficacy since banks will be less willing to lend to firms due to extreme uncertainty (Hayat R. & Mechelen R., 2020). Also, lower rates potentially limit the banks' ability to sustain monetary stimulus in the future (Hayat R. & Mechelen R., 2020). Specifically in Indonesia, the government, through the instrumentality of law (Government Regulation in Lieu of Law No. 1/2020), introduced an unconventional monetary policy which allows the central bank to directly purchase the Indonesian government bonds on the primary markets (monetary financing or debt monetisation) (Hayat R. & Mechelen R., 2020 and Akhlas A.W., 2020). Although the result of this new policy is still not known, it is expected that it will facilitate the recovery of the Indonesian economy, especially the tourism sector.

From the foregoing, the Indonesian government also introduced a fiscal policy, which has been set up to facilitate the fiscal stimulus packages, including wage subsidies, tax exemption, and cash transfers (Hayat R. & Mechelen R., 2020). Using tax measures as a case study, the Indonesian government has introduced tax payment deferrals and rate reductions to mitigate the effect of COVID-19 to companies in Indonesia, particularly those involved in the tourism and other related industries (“Indonesia: government

and institution measures in response to COVID-19”, 2020). The impact of the reduction of the tax rate is to reduce the financial burden of firms who are in the tourism and other related sectors to prevent them from closing down, among other things.

In view of the transport regulations to stop the spread of COVID-19, the Indonesian Ministry of Transportation issued the Minister of Transportation Regulation No. 41/2020 on the amendments to the Minister of Transportation Regulation No. 18/2020 on the management of transportation in an effort to mitigate the spread of COVID-19, which relaxes the various restrictions placed by the amended regulation (“COVID-19 developments in Indonesia”, 2020). This regulation is of utmost importance because it will provide a seamless transition from closed tourism industry to open tourism since transportation is vital in the re-opening of the tourism sector in Indonesia.

It is important for the government of Indonesia to increase the number of testing in the country. The low number of testing conducted so far in Indonesia, according to Figure 5 above, contributes to the spread of the pandemic as well as the death recorded in Indonesia. Consequently, it is imperative that the government of Indonesia procures a significant number of testing facilities to increase the number of tested Indonesians. Moreover, the availability of testing kits would not only give foreign tourists the assurance that everything has been done to curb the spread of the pandemic but also reduce the number of COVID-19-related deaths in Indonesia.

On their part, the stakeholders, including businesses, in Indonesia have also participated in reviving the economy of the country, which will benefit the tourism industry. While some trade unions are distributing information about COVID-19 to members and discussing with business owners on the payment of salary during the

day off, others have provided basic needs to their members, particularly those who have lost their jobs ([“COVID-19 impact and responses: Indonesia”](#), 2020). For example, the Indonesian Textile Association has requested that the government should provide tax relief, as well as delay the payment of tax for 90 days, and to allow employers to defer electrical and gas bills ([“COVID-19 impact and responses: Indonesia”](#), 2020). These efforts, which also reflect in the tourism sector, strengthen sustainability and readiness of the affected industries to be ready for reopening of the Indonesian economy and its impact on the tourism sector.

In addition to the above measures, the paper argues that the tourism industry plays a crucial role in halting the spread of COVID-19 and subsequent eradication of the pandemic to re-open the tourism sector. In view of that, the Indonesian tourism industry should create a comprehensive guideline in line with the WHO guidelines on how to stop the spread of the pandemic. This guideline should include, among other things, the provision of adequate hand sanitisers in all tourist sites, hotels, malls, and restaurants, testing of all tourists prior to entering the tourist sites, reduction in the number of tourists entering enclosed areas, like malls, and ensuring that tourists wear masks. This is particularly important given the asymptomatic nature of COVID-19, which implies that regular testing and use of hand sanitisers and face masks should be regularised within tourism destinations and other related locations, like hotels, restaurants, buses etc.

It is imperative that the tourism sector in Indonesia should embark on sensitisation mission to enlighten the indigenous people where tourist sites are located about issues related to COVID-19, especially how to prevent it. Besides, the tourism sector, including other related industries, should engage in aggressive marketing and

rebranding to attract foreign tourists and to show that the pandemic merely created a momentary setback and a time for the sector to reinvent itself. Also, there should be regular training of staff members of tourist destinations to keep them abreast of the latest development in the global fight against COVID-19. This will include training the staff on how to respond to any case of COVID-19 among tourists and there should be a temporary isolation centre where suspected COVID-19 individuals could be kept until the arrival of the government medical team in charge of COVID-19 cases. The need to get vaccinated is a significant aspect of reducing the spread of the pandemic and the attempt to normalise activities in the tourism sector in Indonesia. In view of COVID-19 vaccine, the government of Indonesia vaccination programme, which targets health workers, military/police officers and other public service officers, community leaders, central and local government officials, and teachers, is commendable in stopping the spread of the pandemic ([Ophinni Y., et al, 2020, 403](#)). It is the position of this paper that the vaccine programme should be expanded to include workers in the tourism and other related sectors. This is because tourism plays a key role in the economic development of Indonesia and there is need to open the sector fully. From the fore going, the government of Indonesia, in conjunction with the regional government and the tourism industry, should introduce promotional activities to strengthen local tourists and attract international tourists to visit Indonesian tourist destinations. This can be achieved by launching a project to re-build trust with tourists on Indonesian tourism, explore nascent tourism contents and enrich existing tourism content.

These were some of the steps being taken by the Korean government to re-open the Korean tourism industry post-COVID-19 ([“Tourism policy responses to the coronavirus \(COVID-19\)”](#), 2020, 58). In view of that, efforts should be made to publicise

less known tourist locations in Indonesia, while other forms of tourism should be extensively explored. For instance, given the abundance of coastal and marine tourist sites in Indonesia due to the archipelagic nature of the country, it becomes necessary to strategically introduce, promote, and enhance new contents in such locations.

In closing, similar to Korea, the government of Indonesia should exploit the use of the digital application initiatives to re-launch tourism in Indonesia (“[Tourism policy responses to the coronavirus \(COVID-19\)](#)”, 2020, 58). Some of the effects of the outbreak of the coronavirus include the acceleration of digital transformation of tourism and moving towards a smarter, more personalised, and non-contact travel (“[Tourism policy responses to the coronavirus \(COVID-19\)](#)”, 2020, 58). It will be in the interest of the Indonesian government and the tourism industry in the country to align with these transformations. Again, in line with the globalised and digitalised nature of modern tourism, it becomes imperative for the introduction of internet of things (IoTs) in the Indonesian tourism industry to reduce human to human contact, enhance the green environment, quicken the time required to complete the process of visiting tourist destinations. More pointedly, digitalisation is crucial in the marketing and advertising of the re-opening of the Indonesian tourism sector as well as the introduction of the new contents in the sector.

Consequently, the Indonesian government should introduce a conducive environment for private sector participation and the attraction of foreign investment in the country’s tourism industry.

CONCLUSION

This paper has shown that tourism plays a significant role in the economic development of Indonesia, which is now

threatened by the pandemic. Using statistics, the paper has shown that the spread of COVID-19 resulted in travel suspension, partial economic lockdown, and restriction of movement, which adversely affected the tourism sector in Indonesia. While it was shown that the effect of the pandemic is high in Indonesia, testing of people is grossly inadequate in Indonesia compared to other Southeast Asian countries. Nonetheless, the government of Indonesia and the tourism industry have introduced policies and regulations to mitigate the impact of coronavirus on the tourism industry in Indonesia. On the part of the government, tax incentives have been introduced to lessen the financial burden of the tourism sector and other related industries.

Furthermore, there is a COVID-19 vaccine programme in Indonesia and this paper suggested that workers in the tourism and other related sectors should be included to facilitate the quick recovery of tourism in the country. Similarly, the tourism sector has provided some of its staff members with relief materials to attenuate the effect of the pandemic. In recommending ways to enervate the challenges confronting the Indonesian tourism industry, this paper, among other measures, emphasised the need to explore the use of technology to re-open the tourism industry in the country. The reality of post-COVID-19 tourism industry is a shift towards smart, personalised, and non-contact travel, on the one hand, and more use of the internet to market, advertise and secure all activities related to tourism, on the other hand. The limitation of this paper to the impact of COVID-19 to the tourism industry means that more research work should be done to determine the impact of the pandemic to the hospitality industry, the transport sector, among others, in Indonesia.

CONFLICT OF INTEREST

The author declares no conflict of interest.

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