

## Analysis of Covid-19 Export-Import and Business Obstacles between Indonesia and Japan

Adietya Arie Hetami<sup>1</sup>, Muhammad Fikry Aransyah<sup>2</sup>, Aprillia Pratiwi Putri<sup>3</sup>, Annisafazzahra<sup>4</sup>, Aprianti Nurhidayah<sup>5</sup>

<sup>1,2,3,4,5</sup> Faculty of Social and Political Sciences, Universitas Mulawarman, Indonesia

[adietyaariehetami@fisip.unmul.ac.id](mailto:adietyaariehetami@fisip.unmul.ac.id), [fikryaransyah@fisip.unmul.ac.id](mailto:fikryaransyah@fisip.unmul.ac.id), [aprilliap123@gmail.com](mailto:aprilliap123@gmail.com),

[annisafazzahra@gmail.com](mailto:annisafazzahra@gmail.com), [apriantinurhidayah1904@gmail.com](mailto:apriantinurhidayah1904@gmail.com)

### Abstract

*This paper aims to determine how Covid-19 affects import-export activities and the business between Indonesia and Japan. The method used to collect data is a qualitative method through literature study, namely by collecting and conducting a review of literature, documents, and the results of previous relevant studies. The data obtained from several sources are data on GDP (Gross Domestic Product) and data on exports and imports of the country concerned. In conducting the analysis, the technique used is data reduction, displaying data through graphs and tables and drawing conclusions from the data that has been obtained. The results are that some decreases and increases occurred during 2019-2021. However, the most significant decline occurred when Indonesia and Japan underwent a policy lockdown. The efforts to avoid the Covid-19 outbreak have significantly impacted the two countries' economic activities, dependent on export and import activities. However, the situation returned to normal due to the efforts made by both countries to restore the economy.*

### Keywords

Covid-19; Gross Domestic Product (GDP); export-import



## I. Introduction

At the end of 2019, the world was shocked by discovering a new virus variant in Wuhan, China. The virus that has taken the world by storm is Coronaviruses (CoV), known by the scientific name Covid-19. According to the World Health Organization (WHO), the virus can disrupt the human respiratory tract, causing flu, or worse, cause death. The spread is also straightforward; touching can transmit the virus to other people. Many deaths have caused many countries to stop and restrict all community activities carried out to break the chain of the spread of the Covid-19 virus, which is a frightening specter for the whole world.

The Covid-19 pandemic has had an impact on all countries in the world. Various fields were also affected, one of which was in the economic sector. In the economic field, export and import activities between one country and another are hampered even though export and import activities are important sources of income. It is complicated to access or enter a country because it is caused by regulations to carry out a lockdown as an effort by a country to protect its citizens from the Covid-19 virus attack. According to S&P, Japan is one of the countries threatened with a recession due to the widespread of Covid-19 and its impact on the economy. This is also because a large part of the Japanese economy depends on export activities. When the quarantine policy emerged, Japan no longer had great control to meet demands from other countries.

The problems faced by Japan also affected the Indonesian economy. In meeting domestic needs, Indonesia runs a partnership relationship with Japan through bilateral economic cooperation, which has been agreed since August 20, 2007, through the IJEPA (Indonesia-Japan Economic Partnership Agreement). IJEPA is an agreement related to economic cooperation between Indonesia and Japan in trade in goods and services, investment, intellectual property rights, and energy and mineral resources. In addition, Japan also ranks second as Indonesia's destination country in carrying out non-oil and gas export activities. Not only that, but Indonesia also exports raw materials in the form of iron ore to be processed by Japan. Meanwhile, Japan exports automotive products that are ready for use to Indonesia.

However, the reciprocal relationship between Indonesia and Japan is also increasingly hampered by the Covid-19, which is also endemic to Indonesia. In 2020, BPS (Central Statistics Agency) showed that the Covid-19 outbreak affected oil and gas and non-oil and gas import activities in Indonesia from January to June 2020. Given the limited number of resources, imports of the oil and gas sector such as crude oil, gas, and Oil production also has a small amount, resulting in the value of the number of imports from the oil and gas sector being smaller than imports from the non-oil and gas sector. With the many global impacts due to the Covid-19 virus outbreak on export-import activities between countries, the authors are interested in analyzing and discussing the impact of Covid-19 on export and import activities, especially between Indonesia and Japan.

## II. Review of Literature

### 2.1 Gross Domestic Product (GDP)

GDP (Gross Domestic Product) or commonly referred to as GDP (Gross Domestic Product), is the total value added (value) that a country has generated. The Central Statistics Agency (BPS) states that GDP is one of the most critical indicators to know because it can show the economic condition in any given period. According to the BI Institute, GDP is the total market value of all products, goods, and services produced by a country in each specific period and becomes a benchmark of a country's economic income and expenditure regardless of income from or to non-residents. Meanwhile, Mankiw (2014) defines GDP as an economic statistic that needs to be considered because it is the best single measure to achieve welfare. The income received is always the same as the costs incurred or expenses in the whole economy. The period used to calculate a country's GDP is usually one year or one quarter (three months). The calculation in GDP can be done by adding household expenses or adding income, such as wages, rent, and profits paid by the company. GDP only measures the amount of income in the economy and the total cost of government spending to buy products (goods and services) as a result of the economy and includes goods that are legally produced and sold, and the market value of housing and services, quantifiable goods such as clothes, cars, food, and services that cannot be counted, such as haircuts, doctor visits, and house cleaning, to goods that are currently being produced. GDP does not measure goods produced and sold illegally, such as drugs.

The outbreak of this virus has an impact of a nation and Globally (Ningrum *et al*, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and psychological impact on society (Saleh and Mujahiddin, 2020). Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020).

## 2.2 Export

Export is an activity carried out as a trading system by releasing domestic products to foreign countries by meeting specific requirements. Products sold and offered to other countries can be in the form of goods, services, and insurance for a certain period or year. Benny (2013) defines export as selling commodities to other countries by expecting foreign exchange as payment. Export is an activity of removing products from the customs area, including land areas, waters, and the space in them and areas covered by the EEZ (Exclusive Economic Zone). Siswaningsih (2016) argues that the benchmark of a country's economic growth can be seen from the export activities carried out by that country.

Furthermore, Freund & Pierola (2014) state that exports have an essential role for a country because they can encourage an increase in the industrial sector and the country's economy due to a market that has an increasingly wider reach. In its implementation, export activities require several documents, namely a trade, packing list, bill of lading, Export Declaration of Goods, Certificate of Origin, insurance policy, and L/C. (Letter of Credit).

## 2.3 Import

Import is defined as entering goods from one country (overseas) into a customs area of another country. Similar to exports, import activities also involve two countries in their implementation. According to Tandjung (2011), they import goods from abroad into the Indonesian customs area by complying with the applicable provisions, regulations, and laws. Susilo (2013) explains that one country acts as an exporter (supplier) in import activities while another becomes the recipient or importer. Astuti Purnamawati stated that when a country carries out import activities, several intermediaries, including seller representatives, agents, wholesale buyers, sellers, and distributors, deliver goods to the domestic market. The documents required for import activities are commercial invoices, packing lists, B/L (Bill of Lading) and Airway Bills, DO (Delivery Orders), cargo policy, and Notification of Imported Goods.

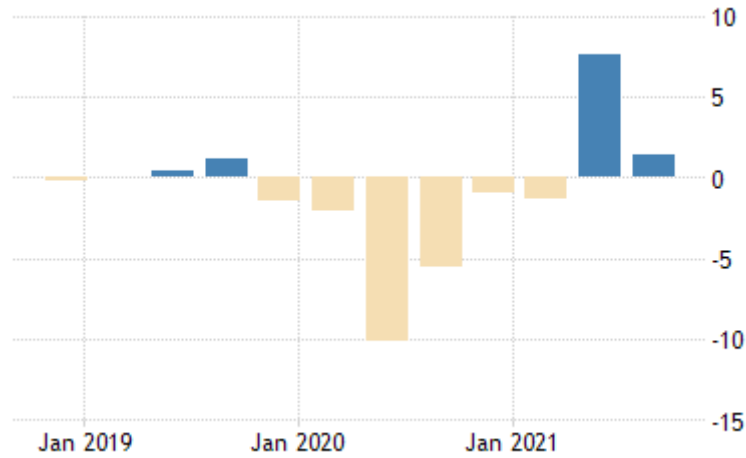
## III. Research Method

The method used in this research is a qualitative research method by conducting library research. A literature study is carried out by studying some of the literature and research that has existed before to answer questions from the problem being studied. Research with qualitative methods also produces notes and descriptive data from a text under study (Gunawan, 2013). The data obtained are Gross Domestic Product data and import and export data from the two countries (Indonesia and Japan).

In analyzing the data, the technique used is to perform data reduction, display data using graphs and tables, and conclude from the data obtained relating to the Covid-19 problem that hampers trade relations, both exports and imports, between Indonesia and Japan. Data reduction is made by summarizing, choosing the main things, focusing on the essential things, and looking for themes and patterns. The reduced data will provide a clearer picture, making it easier for researchers to collect data. Then the data display will help understand the research made through graphs and tables. With these two analytical techniques, the author can draw conclusions based on the data that has been obtained previously.

## IV. Results and Discussion

### 4.1 GDP (Gross Domestic Product Japan)



**Figure 1.** Japan's GDP Growth (3 Years Period)

Source: [www.id.tradingeconomics.com](http://www.id.tradingeconomics.com)

**Table 1.** Japan GDP Data 2019-2021 (percentage)

Year	Month	GDP
2019	1-3	0.0
	4-6	0.4
	7-9	1.1
	10-12	(-1.4)
2020	1-3	(-2.1)
	4-6	(-10.1)
	7-9	(-5.5)
	10-12	(-0.9)
2021	1-3	(-1.3)
	4-6	7.6
	7-9	1.4

Source: Department of National Accounts, Japan

The above data explains that GDP (*Gross Domestic Products*) in 2020 decreased; the most significant decline was in April-June with a value of (-10.1%). From the data above, it can be concluded that Japan's GDP weakened due to the effects of the Covid-19 pandemic in various sectors, especially the production sector and the implementation of the *lockdown* in the country.

GDP (*Gross Domestic Products* Japan's) began to improve as it entered April 2021 with an initial value of 7.9%; this is in line with the effects of the pandemic, which began to diminish and several restrictions on activities (lifted *lockdown*) wherein Japan.

## 4.2 Japan Import and Export Data

**Table 2.** Japan Import and Export Data for 2019-2021(percentage)

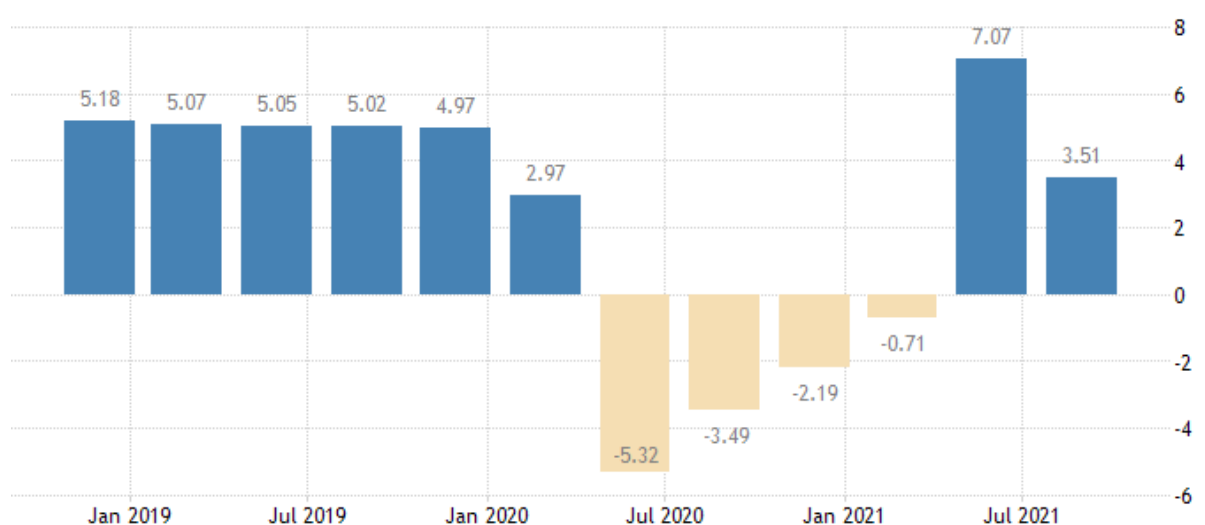
Year	Month	Export	Import
2019	1-3	(-1.7)	0.5
	4-6	(-1.9)	2.1
	7-9	(-0.3)	4.4
	10 -12	(-0.9)	(-2.7)
2020	1-3	(-4.8)	(-2.9)
	4-6	(-21.7)	(-4.9)
	7-9	(-15.2)	(-14.4)
	10-12	(-5.6)	(-7.3)
2021	1-3	1.0	(-0.8)
	4-6	26.7	5.4
	7-9	15.7	11.7

Source: Department of National Accounts, Japan Japan's

Export and import data also saw a decline from early 2020, with the most significant decline occurring in April to June with a value (-21.7%), then continued with July to September with a decreasing value (-15.2%) in 2020, meanwhile, for the import sector the most significant decline occurred in July to September with a value (14.4 %) in 2020, this decline was caused by the effect *lockdown* which closed exports and imports from Japan to export and import destination countries or vice versa.

Japan's exports began to improve as they entered early January 2021; as shown by the data above, it can be seen that the value of Japanese exports starting from January to September 2021 has increased, with a significant increase in April to June with an export value of 26.7 %, while for the value of imports, it is known from the data above that the import value of Japan was highest in July to September with an import value of 11.7%.

## 4.3 Indonesia's GDP (Gross Domestic Product)



**Figure 2.** Indonesia's GDP Growth (3 Years Period)

Source: [www.id.tradingeconomics.com](http://www.id.tradingeconomics.com)

**Table 3.** Indonesia's Economic Growth 2019-2021

Description	2019:1	2019:2	2019:3	2019:4	2020:1	2020:2	2020:3	2020:4	2021:1	2021:2	2021:3
GDP (%)	5.07	5.05	5.02	4.97	2.97	(-5.32)	(-3.49)	(-2.19)	(-0.71)	3.31	3.51
GDP at current prices (trillion IDR)	3,782.4	3,963.5	4,067.8	4,018	3,922.6	3,687.7	3,894.7	3,911.7	3,969.1	4,175.8	4,325.4
GDP constant prices (trillion IDR)	2,625	2,735.2	2,818.9	2,770	2,703.1	2,589.6	2,720.6	2,737.6	2,683.1	2,772.8	2,815.9

Source: Central Bureau of Statistics

Indonesia's economic growth in the third quarter of 2021 began to experience growth of up to 3.51% (YoY). This value is undoubtedly better than the second quarter which entered the figure of 3.31%. The table shows that Indonesia's economic activity is much better than a few months ago. Economic growth contracted due to weak public consumption due to the Covid-19 pandemic, especially in the second quarter of 2020. It can be seen that in the second quarter, III, and IV in 2020, the value of Indonesia's Gross Domestic Product (GDP) contracted significantly. Import performance also contracted quite profoundly in line with limited domestic activity. On the other hand, government spending provided a cushion for the economic contraction in the quarter. Of the 17 sectors, seven sectors grew slower, while the other sectors contracted. The Infocomm, health services, and water supply sectors grew higher than the third quarter of 2019. Even though they were still contracting in general, all sectors experienced improvements every year from quarters in previous years.

#### 4.4 Indonesian Export Data

**Table 4.** Indonesia-Japan Export Data 2019-2020

2019 (US\$ million)	2020 (US\$ million)	Change (US\$ million)	Growth (%)	Contribution (%)
16,003.3	13,664.7	(-2,338.5)	(-14.61)	8.37

Source: Central Bureau of Statistics 2020

**Table 5.** Indonesia-Japan Export Data for January-July 2021

January-July 2020 (US\$ million)	January-July 2021 (US\$ million)	Change (%)
7,341.2	8,882.1	20.17

Source: Central Bureau of Statistics 2021

From the above data, it can be seen that Indonesia's export data to Japan from 2019 to 2020 experienced a significant decline, the value of Indonesia's exports to Japan in 2019 was 16,003.3 million US\$ decreased in 2020 with an export value of 13,664.7 million US\$, there was a decrease in export value of 2,338.5 million US\$ or around 14.61%.

Then for 2020, from January to July, the value of Indonesia's exports to Japan was 7,431.2 million US\$. For 2021, from January to July, the value of Indonesia's exports to Japan was 8,882.21, there was a significant change of 20.17%.



**Table 6.** Data on Indonesian Oil and Gas and Non-Oil and Gas Exports, January-July 2021

Description of	FOB Value (million US\$)					Change (%)			Total exports (%)
	Jul 2020	Jan-Jul 2020	Jun 2021	Jul 2021	Jan-Jul 2021	Jul'20 - Jun'21	Jul'21 - Jun '21	Jan-Jul '21 - Jan-jul'20	Jan-Jul 2021
Total exports	13,689.9	90,019.0	18,542.4	17,703.2	120,573.2	29.32	(-4.53)	33.94	100.00
Gas	660.4	4,588.6	1,232.1	991.2	6,806.4	50.08	(-19.55)	48.33	5.65
Non-oil	13,029.5	85,430.4	17,310.0	16,172.0	113,767.2	28.26	(-3.46)	33.7	94.35

Source: Central Bureau of Statistics

Data show that the data of Indonesian exports in July 2020 amounted to the US \$ 13689.9 million. Then from January to July 2020, the total export value was US\$90,019.0 million. For 2021, it can be seen from the data above that in June 2021, the total value of exports was US\$18,542.4, an increase of around 29.32%, but for July 2021, it would decrease by around (-4.53%) or US\$839 million.

#### 4.5 Indonesian Import Data

**Table 7.** Indonesia Import Data by Country Group 2020-2021 Country

Group	January-August 2020		January-August 2021		Change from Jan-Aug 2021 to Jan-Aug 2020 (%)
	Value (million US\$)	(%)	Value (million US\$)	(%)	
Japan	7,343.7	7.97	9,034.9	7.35	23.03
Hong Kong	1,806.4	1.96	1,885.2	1.53	4.36
South Korea	4,345.6	4.72	6,116.9	4.97	40.76
Taiwan	2,286.2	2.48	2,777.7	2.26	21.50
China	24,941.5	27.8	35,044.5	28.50	40.51
Papua New Guinea	23.1	0.03	72.1	0, 06	212.12
Australia	2,986.7	3.24	5,794.2	4.71	94.00

Source: Central Bureau of Statistics

Of Indonesia's total imports during January-August 2021, 73.09% of Indonesia's import needs come from ten major origin countries. China occupies the first position, reaching 28.50% of Indonesia's total imports. The following country of origin is Singapore (8.02%), followed by Japan (7.35%), the United States (5.75%), South Korea (4.97%), Australia (4.71%), Thailand ( 4.66%), Malaysia (4.62%), Taiwan (2.26%), and Vietnam (2.25%).

#### 4.6 Indonesia and Japan's Efforts in Restoring the Economy

With the Covid-19 pandemic being an obstacle and challenge for Indonesia and Japan, but with a solid commitment to work together in improving trade and strengthening cooperative activities in the economic field of the two countries, both Indonesia and Japan are trying to do something about it. -how to restore the state as before. Some of the efforts made to restore the economy during the pandemic are as follows:

- a. They are carrying out an expansion plan in investment in automotive companies from Japan and their relocation to Indonesia.
- b. We are encouraging the process of large infrastructure projects to dash, such as the construction of the second phase of the MRT, the construction of the Patimban Port in West Java, and the process of constructing a semi-fast rail line called the *Java North Line Upgrading Project*.
- c. Increase economic cooperation by encouraging the two countries to maximize the use of the *Indonesia-Japan Economic Partnership Agreement* and the *Regional Comprehensive Economic Partnership* (RCEP) to improve and improve the community's welfare due to the Covid-19 pandemic.
- d. Assist Japanese-made companies domiciled in Indonesia in order to be able to increase production volumes as well as build jobs and improve existing human resources to encourage the increasing process *supply chain* (supply chain).

Japan and Indonesia cooperate in conducting research, development, and creating a vaccine carried out by Osaka University and the Bandung Institute of Technology in the health sector. Japan also cooperates by donating medical equipment, providing cars equipped with X-rays, and building a cold chain as a vaccine storage area with a total cost of IDR 52.6 billion.

## V. Conclusion

Judging from the Gross Domestic Product (GDP) of Japan and Indonesia, it shows that a significant decline occurred in April-June 2020 or the second quarter of 2020. This was due to the policy lockdown implemented in Japan, which resulted in various sectors weakening, especially in the production sector, and the decline in people's purchasing power in Indonesia to prevent the spread of Covid-19. However, the economies of Japan and Indonesia began to improve as they entered 2021 in line with the decreasing number of Covid-19 cases when viewed from the existing export and import data. Nevertheless, Japan still occupies the second position as a country capable of meeting Indonesia's import needs with 7.35%. It can be concluded that the Covid-19 pandemic has also become an obstacle in the economic sector of Japan and Indonesia. However, this did not dampen the bilateral relations that the two have fostered for a long time. It can be seen that despite the pandemic, the two countries still have a solid commitment to recovering their economy by cooperating, for example, by making investments, encouraging each other to speed up infrastructure processes, relocating companies, and even working together in the health sector, by conducting research, development, and carrying out the process of making vaccines as well as donating medical equipment needed to each other so that export and import activities become normal. It is hoped that the government will continue to restore economic activity, especially the domestic economy. Moreover, the pandemic has a negative impact that is detrimental to the community; for example, many people lose their jobs. In addition to causing an increase in the unemployment rate, it can also increase the crime rate in Indonesia. So that the government's role is very much needed in supporting the community, especially in developing MSMEs to increase the value of exports for the better.



## References

- Adi. (2020). "The Improvement of Indonesia-Japan Cooperation as a Strategic Partner Continues." On line. <https://kominfo.go.id/content/detail/36295/peningkatan-kerja-sama-indonesia-jepang-as-mitra-strategis-terus-berlanjut/0/NEWS> (accessed 20-11-2021).
- Atika, S., & Afifuddin, S. (2015). Analysis of Prospects for Indonesian Rubber Exports to Japan. *Journal of Economics and Finance*, 3(1), 14835.
- Benny, J. (2013). Exports and Imports Affect the Position of Foreign Exchange Reserves in Indonesia. *EMBA Journal: Journal of Economic Research, Management, Business And Accounting*, 1(4).
- Ceicdata. (2021). "Indonesia's GDP Per Capita." Online. <https://www.ceicdata.com/id/indicator/indonesia/gdp-per-capita> (accessed 28-11-2021).
- Ceicdata. (2021b). "Japan's GDP Per Capita". Online. <https://www.ceicdata.com/id/indicator/japan/gdp-per-capita> (accessed 28-11-2021).
- Central Bureau of Statistics. (2021). "Statistical Official News." Online. <https://www.bps.go.id/pressrelease.html> (accessed 23-11-2021).
- Freund, C., & Pierola, MD (2012). Export surges. *Journal of Development Economics*, 97(2), 387-395.
- Irsan, A. (2015). "GDP at Current Prices vs. GDP at Constant Prices." Online. <https://www.kompasiana.com/ra2koe2011/550ea4c9a33311b82dba8418/pdb-harga-berlaku-vs-pdb-harga-konstan> (accessed 21-11-2021).
- Mankiw, NG (2014). *Principles of economics*. Cengage Learning.
- Ningrum, P. A., et al. (2020). The Potential of Poverty in the City of Palangka Raya: Study SMIs Affected Pandemic Covid 19. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)* Volume 3, No 3, Page: 1626-1634
- Nurhaliza, S. (2021). "Japan Helps RI IDR 52.6 Billion for Indonesia to Restore The Economy Affected by Covid-19". Online. <https://www.idxchannel.com/economics/jepang-bantu-rp526-m-untuk-ri-buat-pullih-ekonomi-imbas-covid-19> (accessed 20-11-2021).
- Pramudita, RA, & Yucha, N. (2021). Analysis of Covid-19 Barriers to Export-Import and Business Between Indonesia and China. *Ecopreneur*. 12,3(2), 147-154.
- Pramudyani, YD (2021). "Indonesia Invites Japan Together to Overcome the Pandemic." Online. <https://www.antaranews.com/berita/2072546/indonesia-ajak-jepang-bersama-atasi-pandemi> (accessed 24-11-2021).
- Saleh, A., Mujahiddin. (2020). Challenges and Opportunities for Community Empowerment Practices in Indonesia during the Covid-19 Pandemic through Strengthening the Role of Higher Education. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*. Volume 3, No 2, Page: 1105-1113.
- Sihombing, E. H., Nasib. (2020). The Decision of Choosing Course in the Era of Covid 19 through the Telemarketing Program, Personal Selling and College Image. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)* Volume 3, No. 4, Page: 2843-2850.
- Siswaningsih, D. (2016). '2016 Indonesian Export Performance'. Export Warta, December 2016. [http://djpen.kemendag.go.id/app\\_frontend/admin/docs/publication/8331514958117.pdf](http://djpen.kemendag.go.id/app_frontend/admin/docs/publication/8331514958117.pdf)

- Susilo, A. (2013). Import Export Smart Guide. South Jakarta: TransMedia.
- Tanjung, M. (2011). Import-export Aspects and Procedures. Jakarta: Salemba Four.
- Tradingeconomics. (2021). "GDP PER CAPITA – COUNTRY LIST – ASIA. " Online. <https://id.tradingeconomics.com/country-list/gdp-per-capita?continent=asia> (accessed 23-11-2021).
- Wulandari, S., & Lubis, AS (2019). Analysis of Export-Import Development of Economic Goods in North Sumatra Province. *Journal of Business Administration*, 8(1), 31-36.