



The Impact Of The Coronavirus Pandemic On Economic Sustainability

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ABSTRACT

This study was to find out and analyze the Coronavirus Pandemic Against Economic Sustainability of traders in Medan City. The method used in data analysis in solving this problem was a qualitative descriptive analysis. It formulated and interpreted data and information obtained from research objects by collecting, compiling, and interpreting data. The data was processed by the steps of making a data analysis plan, processing, analyzing, interpreting, and summarizing the data. In conducting the analysis, the data was collected by observations, interviews, and documentation. The research result showed that the impact of Coronavirus Pandemic on the Economic Sustainability of traders in Medan, it decreased sales as a result of the large number of people who did not dare to go out so that the visitors of Medan's market center became quiet. The instruction from the local government to limit the schedule for visitors to come to the center of the market resulted in reduced direct trader's income. The conditions caused the comfort of the community disturbed and the number of people who worked from home by agencies resulted in reduced of community activities outside the home so that the impact on the condition of a market center was so quiet.

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1. Introduction

The Government of Republic of Indonesia has worked hard to improve economic growth by increasing monetary policy and making BI (Bank Indonesia) interest rate easing. The government, BI and the Financial Services Authority (OJK) keep the Indonesian economy from the impact of the weakening global economy. In order to keep Indonesia's economies moving forward in terms of sustained economic growth, we can maintain stability and development. But the coronavirus pandemic made government's programs unrealized, because the government was busy to protect all people from the threat of the coronaviruses. The World Health Organization (WHO) has set the coronavirus as a global pandemic. It states the spread of the Covid-19 is so fast. It reaches areas far outside the epidemic center in Tiongkok. It notes, there are more than 118 thousand cases of the coronavirus infection in 114 countries, 4,291 patients died and thousands were hospitalized. The number of death rates and affected countries are estimated to rise.

WHO explains that coronaviruses (Cov) is a virus that infects the respiratory system. This infection is called by COVID-19. The corona virus causes common cold to severe illnesses such as the Middle East Respiratory Syndrome (MERS-CoV) and Severe Acute Respiratory Syndrome (SARS-CoV). Corona virus is zoonotic. It means that it is transmitted between animals and humans.

Based on the Ministry of Health of the Republic of Indonesia, development of the COVID-19 case in Wuhan began on December 30, 2019 when Wuhan Municipal Health Committee gave a statement 'urgent notice on the treatment of pneumonia of the unknown cause'. The spread of a coronavirus is very fast even across countries. Until now there are 93 countries confirming the coronavirus. The spread of the coronavirus has spread to various parts of the world. It has impact on the world economy in terms of trade, investment and tourism.

The Government of Indonesia through the Ministry of Health has updated the data that has been infected with positive cases of the coronavirus in the territory of the Republic of Indonesia. Today, there have been 1,528 confirmed positive cases of corona outbreak. Meanwhile, according to Our World in Data, the corona virus doubling time in Indonesia is an average of 2 days or doubles cases every two days. While the Center for Infection Disease Mathematics Modeling (CMMID) in London says, only 2 percent of Covid-19 infections in Indonesia reported. Indonesia is currently trying to reduce the spread of the virus into all regions in Indonesia by working as much as possible to reduce various community activities so as not to leave the house, this is an



effort to overcome the corona virus chain does not spread to other citizens. The Data on positive viruses in Indonesia can be seen in the following figure:

Before the existence of the coronavirus, China was famous as the largest exporter country in the world. Indonesia often imports from China and China is one of Indonesia's largest trading partners. The presence of the coronavirus in China has caused Chinese trade to be worse. This has an effect on world trade including in Indonesia. Declining demand for raw materials from China such as coal and palm oil will disrupt the export sector in Indonesia which can cause a decrease in commodity and mining product prices.

The tax revenue in the trade sector also declined, even though trade had the second largest contribution to tax revenue. Based on data from the Central Statistics Agency (BPS), oil and gas and non-oil exports have decreased because of China being the largest importer of crude oil. The spread of

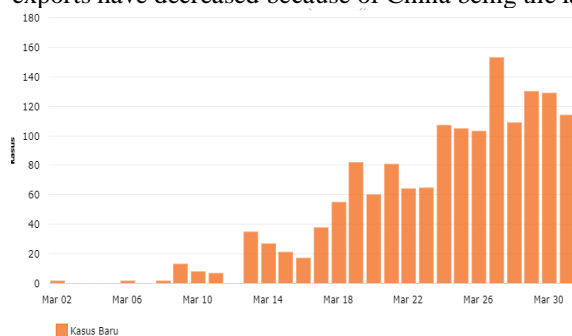


Figure 1. New Cases of Covid-19
Source: Ministry of Health of the Republic of Indonesia (2020)

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The tax revenue in the trade sector also declined, even though trade had the second largest contribution to tax revenue. Based on data from the Central Statistics Agency (BPS), oil and gas and non-oil exports have decreased because of China being the largest importer of crude oil. The spread of the coronavirus outbreak also resulted in decreasing production, even though China became the center of world goods production. If China has decreased in production, the global supply chain will be disrupted and it can disrupt the production process that requires raw materials from China. Indonesia is also very dependent on raw materials from China, especially plastic, textile, electronic, computers and furniture. Coronavirus also has an impact on investment because people will be more careful when buying goods or investing. Coronavirus also affects market projections. Investors can postpone investment due to unclear supply chains or changing market assumptions. In the investment sector, China is one of the countries investing in Indonesia. In 2019, the realization of direct investment from China took second place after Singapore. There is an investment in Sulawesi around US \$ 5 billion which is still in the process, but it is delayed because the employees from China are late coming to Indonesia.

Indonesia is one of the countries that disallow to travel to and from China to reduce the spread of the coronavirus. This policy caused a number of airlines cancelling their flights and some airlines were forced to continue operating even though the majority of the seats were empty to fulfill passenger rights. Many consumers are delaying their booking holiday tickets because of the increasingly widespread coronavirus.

This situation made the government giving discounts to tourists for destination of Denpasar, Batam, Bintan, Manado, Yogyakarta, Labuan Bajo, Belitung, Lombok, Lake Toba and Malang. In Europe also applies rules where airlines must use around 80 percent of flight slots operating outside the European continent, so they will not lose slots to competitors. Not only in Indonesia but other countries such as Italy, China, Singapore, Russia, Australia and other countries also limit to travel to China. (www.cnnindonesia.com).

The coronavirus also greatly impacts the tourism sector. Data from the Central Statistics Agency (BPS) shows that tourists from China reached 2.07 million in 2019, which included 12.8 percent of total foreign tourists in 2019. The spread of the coronavirus caused tourists visiting Indonesia to be reduced. Supporting sectors of tourism such as hotels, restaurants and retail entrepreneurs will also be affected by the coronavirus. Hotel has decreased 40 percent which has an impact on the continuity of the hotel business.

The deserted tourists also have an impact on the restaurants, that most consumers are the tourists. The Weak of tourism also impacts to the retail industry. The regions whose retail sectors most affected was Manado, Bali, Riau Islands, Bangka Belitung, Medan and Jakarta. The spread of the coronavirus also affects the micro, small and medium business sector (MSMEs) because tourists who visit to a destination will usually buy souvenirs. If tourists visiting are reduced, the MSME turnover will also decrease. Based on Bank Indonesia data, in 2016 the MSME sector dominated business units in Indonesia and the type of micro business absorbed a lot of labor.

The steps taken by Indonesia in facing the effects of the coronavirus are to reduce BI 7-day Reverse Repo Rate by 25 bps to 4,75%, Deposit Facility (DF) rates lowered 25 bps to 4,00% and Lending Facility (LF) rates lowered 25 bps to 5,50%. This policy was carried out to maintain the momentum of domestic economic growth amidst the prospects of global economic recovery in connection with of Covid-19. Bank Indonesia will pay attention to develop in the global and domestic economy to keep inflation and external stability under control and strengthen economic growth momentum (www.bi.go.id).

On the other hand, the coronavirus not only has a negative impact, but it can also give a positive impact on the Indonesian economy. One of them is the opening of new export market opportunities besides China. The opportunity to strengthen the domestic economy can also be realized because the government will prioritize and strengthen domestic purchasing power rather than attracting profits from abroad. This condition can also be used as a correction so that the investment can be stable even though the global economy is still bad.

The impact caused by the coronavirus is not only in Indonesia but also in several countries around the world. On 22-23 February 2020 a G-20 meeting was held in Saudi Arabia. The G-20 members consist of the United States, Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom and the European Union. The coronavirus became a discussion topic at the meeting. In the G-20 meeting, the G-20 countries expressed sympathy to the people and countries affected by the coronavirus, especially China. The emergence of various global pressures, one of which is Covid-19 encourages the G-20 countries to increase cooperation by strengthening international cooperation. The G-20 countries also agreed to strengthen monitoring of global risks especially Covid-19, as well as increasing awareness of various potential risks and agreed to implement effective policies both in monetary, fiscal and structural terms (www.bi.go.id).

Saudi Arabia, which became the G-20 Presidency in 2020, has "Realizing the Opportunity of the 21st Century" as the theme. It was motivated by the development of technology that is changing the order of the global economy towards the digital economy and finance. However, community participation in the economy especially youth, women and MSMEs are not optimal, so it requires efforts to open access to them in economic activities through the use of technology. The agenda of the G-20 Presidency is the development of the domestic capital market, strengthening the regulation and supervision of the financial sector.

In the financial sector, strengthening the financial system through the implementation of the financial sector reform agenda and the use of technology has become the focus of the Ministers of Finance and Governors of the Central Banks of the G-20 countries. The Financial Stability Board (FSB) plan, Committee on Payments and Market Infrastructure and Standard Setting Bodies (SSBs) in preparing a roadmap for strengthening cross-border payment systems is welcomed by the G-20. The Governor of Bank Indonesia stated that Indonesia's support for the G-20 Presidency agenda of Saudi Arabia specifically cross border payments and the LIBOR (London Interbank Offered Rate) transition. Based on the background of the problem, the researcher was interested in conducting a study entitled "*The Impact of The Coronavirus Pandemic on Economic Sustainability of Trader in Medan City*".

2. Review Of Related Literature

2.1. The trader

Traders are people who trade goods that are not produced by themselves for a profit (Eko, 2015). Traders are people who carry out commercial acts as daily work (Frida, 2016). Traders are people who carry out trade actions and consider it as their daily work. Traders are people who carry out commercial acts as their daily work. Commercial acts in general are purchasing goods for resale (Frida, 2016). In the previous article we have stated that traders are done to trade and make profits. In this process traders try to settle (negotiate), dare to compete to resolve disputes that occur, and be strong (Kensil and Christine, 2018).

2.2. Trader Behaviour

In trading (business) activities, businesses and consumers (users of goods and services) both have needs and interests. Business must have responsibilities towards consumers, employees, shareholders, communities and the environment in all aspects of the company's operations. The need for the rules and values govern these

activities, so that no parties are exploited, especially consumers who are in a weak position. However, what the needs to be considered in trading is the behavior of traders.

Behavior is the views or feelings accompanied by a tendency to act according to the attitude of the object. Behavior can also be referred to as a person's behavior based on conditions, namely the act of knowing or thinking someone directly involved in problem solving situations (Robert, 2016).

The Neurobiology approach explains the relationship of behavior with human psychology. This approach tries to explain the relationship between observable behavior and mental events such as (thoughts and emotions) into biological processes. The biological factor plays an important role in social behavior that comes from evolutionary psychology. It states that humans, like other creatures on this planet, have undergone biological evolutionary processes during the history of their existence. The result of this process is psychological mechanisms that is the result of evolution that helps us to stay alive or maintain our existence. (Robert, 2016)

3. Research Method

3.1 Location And Time

The location of the research was conducted in Medan Market Center, Medan city. The selection of this research was based on its own consideration that the object had affected the trader economy due to the coronavirus pandemic that would be examined, namely adequate data, information, easily accessible, so that time, cost and energy very supportive for the writer. The time of this research was five months from February 2020 to March 2019.

The method used in data analysis to solve this problem is a qualitative descriptive analysis method that formulates and interprets data and information from research objects by collecting, compiling, and interpreting data. The data obtained will be processed by the steps of making a data analysis plan, processing the data, analyzing the data, interpreting the data, and summarizing the data. In conducting the analysis, the data is collected through observations, interviews, and documentation. Conclusions are drawn after all the collected data has been assessed and interpreted.

Prastowo (2016) stated that Qualitative Research is a systematic research method (path) used to study or examine an object in natural setting without any manipulating in it and testing hypotheses, with natural methods when the research results expected is not generalization based on the measurements of quantity, but the quality.

4. Analysis And Discussion

About 29 percent of the goods exported by China, and the raw materials come from Indonesia (mainly coal, palm oil). The implication: we need to anticipate the decline in demand for these products. Predictably: the price of commodities and goods risks decreasing. If this happens, our export sector will be disrupted.

In addition, commodity prices decrease and mining goods will have an impact on decreasing workers income. Because our economy is still dependent on commodities and minerals, purchasing power will decline. If purchasing power decreases, there is no incentive for entrepreneurs to increase their investment. Why should add production if there is no demand. In short, we can imagine that the impact of the coronavirus outbreak can hit the export sector. The supply chain will affect the household consumption sector, and investment. Isolation or restriction on activities occur in China will also disrupt the availability of imported goods from China. As a result, industries or sectors whose raw materials or capital goods come from China will be disrupted by the production process. And also for consumer goods, if local supply is not available, prices will increase.

From the banking sector, we must be careful and continue to monitor its impact on the possibility of increasing bad loans. The risk of bad loan can also increase if the virus continues and there is no good mitigation, the impact can be more serious. However, as in the case of the trade war, the impact of the coronavirus on Indonesia will not be as bad as Singapore. The reason is the portion of Indonesia's trade sector to the total Gross Domestic Product (GDP) is much smaller than Singapore, which is above 200 percent. The impact of the coronavirus in Indonesia will not be as bad as the Singapore. This means that the impact is limited compared to Singapore or Thailand. What we must anticipate is the impact of the decrease in imports of capital goods and raw materials. Because they can hit investment and production in Indonesia. It's good for companies to start thinking about substitutions or sources of imports from other countries.

The calculation shows if the Chinese economy is slows for 1 percent, the Indonesian economy will decline for 0.1-0.3 percent. It can imagine that the impact during the first half of 2020 will be quite significant. There is a risk that our economic growth will be under 5 percent or 4.7-4.9 percent in 2020 if we do not decrease. Indonesia's economy alone has indeed grown below 5 percent in quarter IV-2019. If the global economy and the trade sector are disrupted, so we need to focus on the domestic economy, it can be seen that the government

needs to carry out counter-cycle policies. The most effective instrument for this is encouraging domestic demand through fiscal. We don't need to worry too much to increase the budget deficit.

The economy problem in Indonesian is weak demand. In this condition, a decrease of interest will not have much impact on boosting production, like increasing investment if demand is not there. Therefore, the first step that must be taken is to encourage demand. But we have to keep in mind the role of APBN is relatively limited. The APBN can only be a trigger to restore trust and followed by private investment. That is why, fiscal stimulus needs priority. It needs good quality spending. The problem is not just how much the budget deficit has to rise, but whether it has an impact on economic growth. Therefore, the first step that must be taken is to encourage demand. Give fiscal stimulus to the lower middle class. The lower middle class has a relatively higher consumption tendency (Marginal Propensity to Consume). Extend and expand the programs such as conditional cash transfers, cash for work, Non-Cash Food Aid. For the middle class, the Pre-Work card program can be used to help purchasing power while increasing ability. By using this policy, people keep working and purchasing power is maintained. Then combine this with priority infrastructure spending. Maybe the government can help to encourage the tourism sector for example, providing subsidies in the form of discounted prices for airplane, bus or train transportation services, or lodging so that the tourism sector continues to run for several months. The government can also encourage government activities, such as meetings held in tourist areas on weekends. Of course this aid must be temporary and most importantly: manage expectations. Don't make confusing signals.

From the financial sector, if the coronavirus outbreak continues, it is necessary to think about the possibility of relaxation of credit restructuring as it did before. On the monetary side, with inflation under control and the possibility of the Fed to maintain interest rates, Bank Indonesia's decision to reduce interest is the right and necessary step appreciated. In the future, if inflation is controlled and the Fed will not raise interest rates, there is still room for Bank Indonesia to reduce interest. From the financial sector, if the coronavirus becomes prolonged, it is necessary to think about the possibility of relaxation of credit restructuring as it did before. Traders in a Medan market centers claim to suffer losses and decrease in people's purchasing power due to the spread of the coronavirus or Covid-19 cases in Indonesia now. The condition feels quiet than usual. They also feel afraid of contracting corona, until now the needs of basic commodities have started to creep up sharply. The head of the Market Residents Association (IWAPA) said that since the coronavirus was reported, many traders complained about reduction. The spending and income are not balance, nearly 40 percent decreased. There are even traders who sell vegetable; groceries to fruit sellers have no buyers at all in a day. The decrease was very sharp after the Mayor of Medan banned the crowd. The Medan Government should have found a solution because market is one of the centers for buyers and traders.

Besides in traditional market traders, the corona impact also affected vegetable farmers in Berastagi City. They are quiet orders from outside the area, especially from Medan.

Now it is difficult to get orders for vegetables to be sent to Medan. The Governor carries out the tasks from the central government namely social emergency status, so it will be difficult to make deliveries. The price of ginger was IDR 25.000 per kilogram, and now it is IDR 50.000 per kilogram. Vegetable is difficult to get, they have to share with other sellers, such as carrots, which was usually 50 kilogram, now it is only 10-20 kilos and the price is high. After the government appealed to the public to restrict going out the house, the market was empty. The market visitors were deserted by almost 40 to 50 percent, of course it has an impact on sales. The daily need sellers claimed to press the price to attract buyers, although the price increases from distributors. There was an increase, but they sell at the same because these weeks the buyers or market visitors were reduced.

The National Police's Task Force is on silence. They came to center of the Medan market to monitor the availability of staples in the midst of corona or Covid-19 virus which has become a global pandemic and national disaster. Aprindo, Puskoppas, APPSI, Indonesian Meat Traders Association (APDI), and Inkopas have been given issued letters so that no one can take advantage of the situation. Some basic commodities are limited for personal purchases. Such as a maximum of 10 kg of rice, a maximum of 2 kg of sugar, a maximum of 4 liters of cooking oil, and a maximum of 2 boxes of instant noodles. More demand, the more expensive the price. Therefore people should not be panic. It doesn't need to stock up. The National Police Task Force will take action against those who commit criminal violations, such as hoarding goods to increase profits. But so far, no cases have been found regarding the price of basic commodities.

5. Conclusion

The conclusion of this research are:

1. The Impact of coronavirus Pandemic on economic sustainability of traders in Medan City has resulted decrease in sales. Many people who do not dare to go out so that the visitors of Medan's city market center become quiet.
2. There is an appeal from the local government to limit the schedule for visitors who come to the Medan market center, and it makes trader's income decreases.
3. The conditions causes discomfort of the community disturbed. The large number of people who work from home resulting in reduced community activities outside so that the impact on the condition of the market center is very quiet.

Disclosure statement

I would like to declare that there is no conflict of interest.

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