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## Indonesia and the G20 Presidency: Jokowi on the world stage

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INDO-PACIFIC ANALYSIS BRIEFS 2021

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# KEY POINTS

- Indonesia will assume presidency of the G20 in 2022, making it the first Southeast Asian country to hold the summit
- This will be a significant opportunity for President Jokowi to prove himself as an international leader ahead of the 2024 presidential election
- Indonesia will seek an achievable agenda for the G20, learning from past mistakes in failing to deliver upon commitments out of previous multilateral forums
- Jokowi's priority as G20 president will be to assert Indonesia as an attractive destination for foreign investment, and boosting Indonesia's key sectors including EVs and technology
- Indonesia must also include pandemic preparedness in its agenda as the world seeks to prevent and respond to future pandemics





2022 will prove a historic year for Indonesia as the nation hosts the G20 Summit for the first time. Indonesia assumed the G20 presidency on December 1, 2021, marking a significant development for Indonesia as a world leader. Indonesia is the only Southeast Asian nation to ever become a G20 member and will be the first country to host the prestigious summit. It will also be the first event of this stature – where heads of state of the world’s 20 largest economies convene – Indonesia has ever hosted, after successfully hosting the International Monetary Fund (IMF) and World Bank Annual Meetings in 2018.

There is a lot at stake for both President Joko “Jokowi” Widodo and Indonesia as it attempts to further the President’s domestic agenda and elevate Indonesia’s standing as an economic powerhouse amongst its G20 peers. This will also likely be the last international event President Jokowi focuses on before shifting to domestic politics in early 2023 ahead of the 2024 presidential elections.

In the short term however, President Jokowi’s priority will be to ensure that his administration’s handling of the pandemic will bolster the success of the summit itself. What is most crucial is his ability to capitalise on commitments reached during the summit into concrete policy actions both domestically and regionally.



### President Jokowi on the world stage

Although the G20 Summit will be the most significant global summit Indonesia has ever hosted, it has hosted other numerous high-level conferences such as the [APEC Leaders’ Summit in 2013](#)<sup>1</sup>, the [Asian-African Conference in 2015](#)<sup>2</sup>, [Organisation of Islamic Cooperation Summit in 2016](#)<sup>3</sup>, and of course the [World Bank/IMF Annual Meetings in 2018](#)<sup>4</sup>. It will, however, be the most important international forum President Jokowi will host in his tenure as president.

Unlike his predecessor President Susilo Bambang Yudhoyono, who actively sought to assert Indonesia as a multilateral leader, President Jokowi takes a more passive approach to multilateralism. He utilises moments of international spotlight on Indonesia for two objectives: pushing progressive domestic policy agendas by citing heightened international scrutiny, and to elevate Indonesia’s attractiveness as an investment destination. In addition to his experience governing as Mayor of Solo, the President’s deep pragmatism also stems from his experience in participating and leading in other multilateral forums.

These experiences, specifically the inability to deliver upon ambitious commitments born from Indonesia hosting the Asian African Conference in 2015 and Organization of Islamic Cooperation Summit 2016, have shaped President Jokowi’s expectations, and ultimately agenda setting, of high-level multilateral summits.

For example, the [Indonesian Agency for International Development \(Indonesian AID\)](#)<sup>5</sup>, was considered a monumental outcome from the Asian African Conference as it cemented Indonesia as a developing nation capable of assisting less developed nations. In practice however, the agency has yet to produce any significant influence on recipient nations and continues to engage in working groups without tangible indicators of impact.

Another is the establishment of the **Indonesian International Islamic University (UIII)**<sup>6</sup>, as agreed upon in the Organization of Islamic Cooperation Summit. As an effort to counter the spread of radical ideology in universities across Indonesia and entice Indonesians from studying in Middle Eastern countries, both the United Arab Emirates and Saudi Arabia supported Indonesia's establishment of UIII which was meant to promote moderate teachings of Islam at the tertiary education level. Despite prominent support, it took the university more than five years to welcome its first cohort of students and is yet to be accredited.

These large gaps between high-level commitment and realisation have significantly impacted President Jokowi's perspective.

### **President Jokowi's main agenda at the G20 Summit will be to pursue pragmatic, attainable goals which will directly benefit Indonesia.**

Jokowi's agenda as G20 president is to promote equitable access to technology, capital and depending on developments of the pandemic, vaccines. Though these issues will benefit many developing countries, to ensure Indonesia reaps the most rewards if commitments are reached, President Jokowi will likely follow up with regulations such as mandatory transfer of technology for investment, tax on digital goods and doubling down on government's ambitions of **substituting 35% of imported capital and auxiliary goods related to manufacturing by 2022**<sup>7</sup>.

Jokowi will also capitalise on Indonesia's G20 presidency to push through key environmental and digital economy policies domestically, namely the implementation of carbon tax in 2022<sup>8</sup>, enforcement of the **use of 20 percent of palm oil**<sup>9</sup> and **10 percent of bioethanol**<sup>10</sup> as fuel substitutes (dubbed B20 and E10 respectively), the large-scale use of electric vehicles (EV) and lastly the passage of the Personal Data Protection Bill where several aspects mirror the EU General Data Protection Regulation (GDPR).

### **What does this mean for the Indo-Pacific?**

In addition to exerting pressure to pass domestic policies, President Jokowi will use the G20 Summit as an opportunity to announce that Indonesia has "arrived" and leverage its status to court investors. This will have significant impact on Indonesia's closest competitors in the region such as Thailand, Malaysia, and Vietnam as it will be the only Southeast Asian nation able to directly "pitch" to an audience of this level of prominence.

President Jokowi's priority sectors are testament that Indonesia is more self-aware of where its strengths lie. Boosting use of EVs for example, cannot be separated from Indonesia's ambitions to **develop sophisticated EV battery supply chains**<sup>11</sup> supported by its vast supply of nickel. President Jokowi's focus on passing environmental policies is also meant to bolster credibility of Indonesia's commitment to economic growth driven by sustainable energy, ultimately justifying the administration's push for increased use of EVs.

The focus on technology and ensuring adequate access to capital for burgeoning startups is also meant to supersize Indonesia's rapidly growing digital economy. As of November 20, 2021, Indonesia has produced the second most startups with **valuations above USD1 billion** of "unicorns" in the region, behind only Singapore<sup>12</sup>. Malaysia, Thailand, and Vietnam unicorns trail far behind Indonesia. It is clear Indonesia is deliberately focusing on industries where its competitors do not have a significant head start.

However, aside from competing for investment against its Southeast Asian peers, Indonesia will also raise issues on *behalf* of its neighbors as the only Southeast Asian representative in G20. Issues such as the ongoing political crisis and Chinese influence in Myanmar as well as its potential repercussions for the Indo-Pacific will be the foremost security issue for Indonesia at the summit.

### **Indonesia's ability to secure commitment from other G20 members to counterbalance China's influence will strengthen Indonesia's unequivocal position as Southeast Asia's political leader.**

## What does this mean for Indonesia?

One notable priority that is sorely missing from Indonesia's G20 agenda is continuation of designing the implementing framework for pandemic preparedness, as agreed upon in this year's joint **Health-Finance Minister Task Force** at the G20 in Rome<sup>13</sup>. While it is assumed that the pandemic will be manageable by October 2022 when the Summit takes place, Indonesia's concerns with equitable access should go hand-in-hand with ensuring the WHO's goal of vaccinating 70 percent of the world's population by 2022.

Despite being a founding member of the Health-Finance Minister Task Force, which committed to prepare, prevent, detect and respond to future pandemics, Indonesia's lack of commitment towards pandemic preparedness is also exhibited by its domestic policies. The 2022 State Budget shows a sharp decline in overall healthcare which includes healthcare worker incentives and reforming health systems. There are also no plans to upskill pharmacists to exponentially expand the number of vaccinators and construction of healthcare infrastructure is still centralised in large cities.

The success, or failure, of Indonesia hosting the G20 Summit cannot be divorced from its ability to produce a comprehensive, sustainable plan to mitigate future outbreaks and not merely commit to high-level agreements as President Jokowi so clearly avoids.

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