Global Economic Policy Response in Asean Welcomes Changes in Market Behavior Towards the New Normal

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Abstract

This article addresses the Gross Domestic Product (GDP) growth rate, normally used to determine how quickly economic growth has contracted in a region, i.e. adverse growth. Thus, the Finance Ministers and the ASEAN Central Bank Governors have decided on a number of promises, including (1) that exceptional policy responses to resolve this pandemic would be washed away to restore economic activity. (2) to enhance the economic and financial monitoring efficiency of the area, and to promote readiness to act as an efficient financial safety net in the region and as an essential component of the global financial security net of the Chiang May Initiative Multilateralization (CMIM). (3) to facilitate greater intra-ASEAN exchange and investment by setting up eligible ASEAN banks (4) funding for local currency use programs for settlements, foreign investments and other operations between ASEAN countries, such as revenue and transfer transactions. (5) supports the advancement of partnership in the area of the funding of infrastructures, in the context of many recommendations to facilitate private investment growth, among other steps. (6) to promote initiatives to use digital financial services to enhance the financial inclusion of the area and to enhance cooperation on various cyber risk management material.

Keywords: Global Economy, Market Behavior, GDP

Introduction

There is a downturn for the global economy in 2020 regardless of the reality that Covid 19 is not a virus that will paralyze the global economy. Owing to its strong contagious capacity, many nations have seen lockdowns, even lockdowns, to take effect. In practice, economic wheels were instantly hindered, particularly as the corona virus was viral all over the world in the second quarter of 2020. The Gross Domestic Product (GDP) growth rate is of course responsible for measuring the rate of economic growth in a region, namely negative development. At this time, several countries are pushed into the abyss of stagnation, traditionally expressed in a two consecutive period of contraction in the country's GDP. The corona virus definitely doesn't choose favoritism, but it is a crowd-loving virus which all countries struggle with. In reality, certain countries were more seriously impacted than others.

In the second quarter of 2020, Malaysia was affected by the worst corona virus. The economy of Malaysia has been reported annually to contract by 17.1% (YoY). The government is firm on provincial lockdowns and lockdowns to delay the spread of the Covid-19 virus, one of the triggers of the high contraction in the neighboring nation. It is noted that the statistic for household usage has declined by 18.5% while spending has dropped by 28.9%.

Moreover, the commodity price of crude palm oil, one of the leading export neighbors in Indonesia, has also been placed under pressures owing to a decrease in demand since the corona virus has undermined them. During the present year, the CPO's potential contract rates were only 10,07%, a fact much improved by 36,30% in April last year. The Philippines have entered

16.5% YoY and Thailand in the second and third slots, which according to consensus will enter into 13.3% YoY.

Tourism is one of the key components of the GDP of these two nations. Practically the number of international and local visitors arriving in both countries decreased dramatically as the pandemic of the corona virus attacked. It is noted that Thailand's tourism industry holds a 21.6 percent share of Thailand's GDP. In Thailand itself visitors from China are mostly supplied, and they have dropped to close to none owing to the pandemic of the nCov-19 virus. In addition, the economy in Singapore has also shrunk strongly, 12.6 per cent YoY. As is well-known, world trade supports the economy of Lion Country to make this one of our neighbours, in this situation, virtually powerless.

In reality, since its economy has contract by just 5.3% YEY but it turns out that other countries have managed to survive the falls from both technological and real contraction, also the economy has been able to rise. In fact, Indonesia's economic performance in Asean countries has contracted by up to 12 per cent. A pandemic in the east. The pandemic remained in Vietnam in 2020. The nation's GDP was also able to increase by 0.36 percent in the second quarter of 2020. Although this development has been the worst since the last 35 years, according to the World Bank.

Vietnam's performance in producing GDP in the middle of the corona assault cannot definitely be distinguished from Vietnam's "excessive" position in planning to cope with this virus.

Vietnam's management of the corona epidemic is worthwhile. In Viet Nam, the number of sufferers of Covid-19 has successfully dropped to under 1000, independent of the pros and cons. And just 22 fatalities are the current headlines.

Methods

This article employs document research methods taking samples from official Media Centre of ASEAN states policy during Covid-19 Pandemic and previous studies data results.

Results and Discussion

Global Economic Policy in the New Normal Era

ASEAN countries affirm their resolve, in the face of the instability created by Covid-19, to enhance economic development and to encourage financial stability and integration in the ASEAN region (Adeel-Farooq et al., 2020). ASEAN finance ministers and central bank governors have decided on a number of commitments, including (1) promised to wipe out special policies to resolve the pandemic's effects and rebuild the economy. The policy answer was in the form of fiscal and monetary policies, real and financial assistance, products and services flow smoothly, as well as unity and cooperation (McKibbin & Vines 2020; Lucas, 1986). The secret to the healing is that. (2) to enhance the economic and financial monitoring efficiency of the area, and to promote readiness to act as an efficient financial safety net in the region and as an essential component of the global financial security net of the Chiang May Initiative Multilateralization (CMIM). (3) Foster broader intra-ASEAN trade and investment with the establishment of Accredited ASEAN banks, and enhance accountability, standardization and harmonization of financial integration provisions between ASEAN countries in the region. (4) Promote efforts to boost the regional economy and financial sector stability through the use of local currencies in agreements, foreign investments and other operations such as revenue and payments between ASEAN countries. (5) welcome the advancement of collaboration in infrastructure finance, including in planning different recommendations for encouraging the extension of the participation of private investors.

Applying coherent sustainable funding through sectors such as banking, the stock markets, and the insurance sector to promote attempts to advance a sustainable financial agenda. (6) Promote efforts towards using digital financial services to improve regional financial integration and enhance collaboration in different cyber-risk management material.

The meeting highlighted three key pillars, namely connectivity, resilience and ASEAN reactivity, to improve synergies in the context of the challenges posed by the Covid-19. Moreover, a number of foreign organisations, including the IMF, the Asian Development Bank (ADB) and the ASEAN +3 Macroeconomic Research Office (AMRO), were also present as part of the meeting as collaborators for the ASEAN Assembly. Their participation is intended to share opinions on current economic conditions at a global and regional level and to make policy proposals to the authorities.

Several countries have lock-down measures introduced to fully restrict this virus transmission. But it is not a straightforward work to improve people's social behaviour. Several countries, including the industrialized countries of Europe and the US, are facing problems which are not simple, either. For people on earth that are comfortable with their social conduct, a general strategy forcing people to carry out social and physical distances (to ensure a healthy space between persons and to prevent crowds) is not a simple matter. Different countries then amended the lockdown protocol in this way. Some people enforce it in full, in section, locally and at a minimum.

Several estimates from research organizations analysing the effects of Covid-19 state that in 2020, including Indonesia, there will be a world economic slowdown. At a period when they have been grappling with excessive debt pressures for years, Covid-19 was announced by the United Nations Trade and Growth Conference (Unctad, 2020). The overall debt stock of developing countries was 191% (or almost twice) of their GDP at the end of 2018, the highest amount ever. Two points need to be discussed in the discourse on debt relief for developed nations, after the Covid-19 shock, in the development situation that was still under way before the Covid-19 shock. Second, the ongoing debt problem does not only impact the poorest developed countries but even all types of wealth. Secondly, it was not generally exacerbated by economic maladministration at home but by economic and financial maladministration at the level of

A study on the effect of Covid-19 on the field of industry was released by the McKinsey consultancy company at the end of March 2020. Here are some of the main points McKinsey explained in his report: Second, Covid-19 was an unprecedented disaster. A hundred years earlier, between 1918 and 1920, the former greatest epidemic catastrophe happened, when the Spanish influenza epidemic struck worldwide and it is believed that 50-100,000 people died. Secondly, with regard to the handling model, the most common consideration is that Covid-19 first emerged in China, where the administration in nearly all the cities concerned, especially the Wuhan region, implemented a tight regional quarantine policy.

In addition to a very violent mass evaluation, South Korea prefers a partial lockdown, followed by touch tracking, insulation and quarantine of all positively monitored by Covid-19. Thirdly, how to devise the best approach on two extremely conflicting topics, which involve protecting many lives with strict quarantine; on the other side, saving the economy from the effects of Covid-19 should be a priority. Fourth, the first quarter's market capitalization was the lowest in history and will continue to fall within an unforeseeable timeline. Various industries, in particular oil and gas, aviation and medical care and finance, are expected to develop negatively for a long time, and will probably rebound from the Covid 19 pandemic in 2021 or two years. In April 2020, the ILO published a 2nd ILO Monitor in which this study describes many major

issues concerning the effect of Covid-19 on working conditions world-wide, especially with respect to the impact on labor market, including: First, in different regions, municipal quarantine policies. The effect of countries is 2.7 billion staff (81 percent of total workers worldwide). Secondly, the downturn of the economy has a clear effect on job cuts. As of 1 April 2020, the ILO estimate suggests a 6.7 per cent drop in working hours in the second quarter of 2020 or a reduction of 195 million employees in full-time. Third, the calculation of net work losses in 2020 would focus on how this pandemic progresses and how each country's legislatures are.

ASEAN Economic Integration and the World Economy

The MEA was established in Thailand on 8 August 1967 in Bangkok, from countries belonging to the South-East Asian Nations Association (ASEAN) countries. This institution was ratified by 5 countries – Indonesia, Malaysia, the Philippine, Singapore and Thailand – known as the Asean Declaration or the Bangkok Declaration. There were also five countries that eventually integrated into ASEAN, including Brunei Darussalam, Vietnam, Laos, Myanmar and Cambodia with ten participants.

Figure 1. ASEAN Trade in goods export and import with the main partner

Source: UNCTAD Stats

The ten countries created a roadmap for the development, by November 2007, of a European Economic Community (MEA) or of the Economic Community of Asean (EAC), officially launched on 31 December 2015. The ASSES was founded on the plan to reinforce the ASEAN countries: a) a common market and supply base, (b) a competition economic area, (c) an area of equitable economic growth and (d) an area incorporated into the world economy. ASEAN Economic Community is designed to strengthen the countries of ASEAN.

The ASEAN Council (AECC) conducted its 19th meeting in the run-up to the 37th ASEAN Summit in Vietnam on 12 November 2020. For the advantage of the 37th ASEAN Summit, the AECC reports on the recent economic changes in the area. The MEA Council reported in its study that the Covid-19 pandemic has greatly affected the portrait of the local economy so far this year.

This year, following development of 4.6 per cent in 2019, the area economy is expected to decline by 3.8 percent. "As has been expected in different areas of the world, the AEC Council stated in its study that investment and trade is affected by the crisis owing to the pandemic.

This year, the AEC Council announced that, after 4.6% in 2019, the area economy will contract 3.8%. The market sector also deteriorated in the first half of this year and shrank slightly by 0.3 percent in 2019. In the previous year's time up to 12.4 percent. The same downturn for FDI happened in 2019 following a 4.9% turnaround before 32.9% year-on-year (YoY).

The pandemic's effect has significantly exacerbated the international economic structure's economy. AEC accepted, however, that there should be continuous regional economic collaboration. In reality, the Senior Economic Opponent Meeting 2020 documents citing the 37th ASEAN Summit in November 2020 indicate that 23 priorities or equal 38 percent of the 63 SEOM priorities have, on average, been adopted by ASEAN Member States in 2020.

What is evident is that the establishment of the AEC established by all the participants of the regional association in 2015 and adopted as of January 4, 2016 has had a major advantage in the economy.

The economy of Asean has been the global superpower of the world today. The country is the fifth and third economic superpower of Asia in the world, imagine (Weidenbaum & Hughes, 1996). In 2019, GDP MEA stood at USD 3.2 trillion. The area is now supported by a population of 655 million as a global economic power. This suggests that after China and India the country is the third largest market in the world. And 1/3 of Indonesia's workforce. In 2019, the gross exchange in the AEC amounted to USD 2,8 billion. Inter-Asean trade actually dominates the trade in Asean products rather than the overall trade. Its market share in 2018 hit 23% and in 2019 22.5%. Same amount in the same year to USD 844.6 billion in exchange in the service industry. And intra-Asean trade is 14.8 percent.

FDI for the country in 2019 amounted to 160,6 billion USD. In terms of service exchange, the highest share is 65.8%. Interestingly, most FDIs are located amongst countries in the country, or hit 19.4%. (2019). Just the European Union (18.4%), Japan (9.6%) and China's contributions afterwards (8.2 percent). Similarly with the trade balance for the region of Indonesia. With a trade gap of minus 5.2% in export composition of 33.5 million USD only, after the 2015 Asean Free Market Declaration, Imports hit 38.7 million USD. In the last two years, Indonesia has only speeded up trade to the Asean region. The country is being increasingly commercially excessive.

Indonesia has reported USD 41,4 billion in exports into the Asean region, and USD 39,7 billion in imports. Exports amounted to USD 23.1 billion, and imports to USD 19.5 billion in the next year, in particular the duration January to August. This description shows a growing surplus in Indonesia's trade balance to ASEAN countries. However, in line with the tricky world economy owing to the pandemic, export and import output has decreased.

In addition, the AEC's presence has had an enormous economic effect on the region's nations. There has also been improved autonomy for staff or specialists in the field. The expenditure regime has also changed, the zone has been more corporate and modern technologies. Via the MEA, its participants are also encouraged to continue to stimulate improved transport and infrastructure networks. Ultimately, acceleration of all Asean economic sectors would foster regional economic development and encourage stronger global economic integration.

Changes in Market Behavior Towards the New Normal

Figure 2. Amount of Trades in During Covid-19 Pandemic

Source: Trade Measures in the Time of COVID-19: The Case of ASEAN (Chandra et al., 2020)

In a virtual Asean-BAC conference, the Trade Minister who accompanied Airlangga Hartarto, Economic Coordinating Minister, served Indonesia's President. Meanwhile, a number of proposals by Asean BAC for economic recovery following the Covid-19 outbreak were addressed at the conference. "Strengthening the digital economy, with numerous attempts to increase exchange facility and enhance and improve the seamless flow of trade in the modern, continuous social and normal policies of savings, is essential to sustain and increase economical development following the Covid-19 epidemic (Bhattacharyay, 2009; Mohamed & Ali, 2018; Li et al., 2020; Rodrik, 2008; Carayannis & Sipp, 2005). Indonesia relies on three areas for managing the Covid-19 pandemic economic instability. The third stage is the promotion of digital economic collaboration through the use of electronic commerce to boost micro, small and medium-sized enterprises' productivity and operationalization (MSMEs).

Conclusion

ASEAN countries affirm their resolve, in the face of the instability created by Covid-19, to enhance economic development and to encourage financial stability and integration in the ASEAN region. Several countries, including the industrialized countries of Europe and the US, are facing problems which are not simple, either. For people on earth that are comfortable with their social conduct, a general strategy forcing people to carry out social and physical distances (to ensure a healthy space between persons and to prevent crowds) is not a simple matter. Different countries then amended the lockdown protocol in this way. Some people enforce it in full, in section, locally and at a minimum. The research institute evaluating the effects of Covid-19 notes that the global economy, especially Indonesia, will slow down by 2020. At a period when they have been grappling with excessive debt pressures for years, Covid-19 was announced by the United Nations Trade and Growth Conference. The overall debt stock of developing countries was 191% (or almost twice) of their GDP at the end of 2018, the highest amount ever. There are two questions to address in the sense of the

discussion on debt cutting for developed countries since the Covid-19 shock in the debt crisis, which was still taking place before the Covid-19 shock.

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