

## **GLOBAL ECONOMIC RECESSION ON INDONESIAN IMMIGRATION POLICY WITH VISA-FREE SUBJECTS**

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**Abstract:** The weakening global economic contraction was triggered by weakening consumption activity, international trade, and investment. This is in line with the Covid-19 pandemic that hit various parts of the world, especially Indonesia. A weakened global movement that causes multidimensional crises impacts state systems. The purpose of this study is to examine the steps of the Indonesian government in dealing with global threats regarding immigration policies regarding the subject of visa-free countries. The research method used is normative analysis, where the data is obtained based on an in-depth analysis of the literature study. This study aims to get information on the Indonesian government's strategy, especially in Immigration, to determine preventive measures for a visa-free visit policy against the threat of a global recession during the Covid-19 Pandemic.

**Keywords:** *Economic Contraction, Global Recession, Free Visit Visa*

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### **1. Introduction**

The global challenges amid the Covid-19 pandemic are a concern for world leaders to determine the proper steps to maintain their countries' stability. The Covid-19 pandemic the world has not ended; the second threat is the war between Russia and Ukraine, causing new problems for the global world order. Multidimensional global connectivity amid the global crisis has made several choices regarding sectoral economic policies dwindle. Global issues cannot be separated from the influence of globalization. Globalization affects migration patterns, trade patterns, capital and investment mobility, and global knowledge.

The outbreak of the Covid-19 Pandemic and the midst of a humanitarian crisis that resulted in the war between Russia and Ukraine cannot deny that it has had a long-term impact on economies worldwide. The problems currently being faced have caused paralysis in various sectors of life, including the economic sector. It affects the mobility of people to enter and leave the territory of a country, including Indonesia. Therefore, if this decline continues, the economic condition will continue to deteriorate and lead to the brink of a financial crisis known as a recession. Indonesia has a strategic location for those who want to travel or stop by. Indonesia's economic condition has been known, and in the last 12 years, Indonesia has experienced a significant anatomic shock. Some parts of Asia experienced a terrible economic crisis. Where mid-1997 and its peak in 1998, inflation occurred globally throughout the Asian region. Based on data obtained from SPIME in the second quarter of 2020, Indonesia's economic performance recorded a lower figure than in 2019 at 5.02%.

This factor was caused by the Covid-19 Pandemic virus, which spread and made Indonesia experience an economic depreciation. In responding to the issue of an economic recession, the consequences that must be borne are to stop the flow of the virus and find the

proper steps and strategies to deal with slowing economic growth. The monetary policy taken by the Indonesian government must take into account the risks for the national community in the lower middle-class economy. Facing monetary policy amid a recession, Scoot Sumner (2017) reveals that monetary policy can bring an economic crisis or global recession in a positive direction by balancing the rules of need and policy flexibility in unusual situations. The recession is now considered a global phenomenon and can affect all sectors of the world economy, including Indonesia. The Indonesian government is trying to prevent and overcome the global recession and the threats that will hit. Therefore, the Indonesian government, through Immigration, makes efforts to increase the country's foreign exchange by opening the way for foreigners who will travel and visit Indonesia. This is in line with Circular Letter Number IMI-0700.GR.01.01 of 2022 concerning Ease of Immigration to Support Sustainable Tourism During the *Corona Virus Disease 2019 Pandemic* to carry out the functions and duties of Immigration as a facilitator of community welfare development and support policies government to expand on the broader tourism sector.

## **2. Literture Review**

The government's policy to open the tourism sector amid the Covid-19 pandemic and the threat of a global recession has an impact on the mobility of people who will travel and visit Indonesia. Therefore, it is necessary to facilitate granting visa-free visits and limited visit visas intended for certain foreigners. In response to this, the Immigration facilities stipulated must be based on the principle of reciprocity and the direction of expediency. This will also support the Indonesian economy amid the global crisis that is hit by increasing the country's foreign exchange through the tourism sector. Immigration is essential in increasing the country's foreign exchange by opening the way for foreign investors and tourists to visit and invest in Indonesia. Therefore, the expansion and improvement of the working area in terms of Immigration supervision of the activities of foreigners doing business and visiting Indonesia should be tightened and organized. It is also an effort by the government to protect the territory of Indonesia so that there will be no setbacks but also an effort to improve the national economy. Amid the global recession, Indonesia is trying to increase state revenues, namely foreign exchange. One of the state's revenues is based on the tourism sector.

In 2022, the *Travel and Tourism Competitiveness Index* (TTCI) indicator, as seen from the *World Economic Forum* (WEF) report, shows that the country of Indonesia has increased in rank from 44th to 32nd in the world. Indicates Indonesian tourism graph has succeeded in reaching the point it has achieved. In addition, this proves that the programs and policies rolled out by the Ministry of Tourism and Creative Economy are in accord with the intended benefits. Juridically based on Article 1 point 3 (three) of Law Number 10 of 2009 concerning Tourism, it does that: "*Tourism is a variety of activities supported by various facilities and services provided by the community, businessmen, government and local governments.*" Based on this definition, all tourism activities are related to the community and all elements of government. In addition, the data recorded that BPS (Central Statistics Agency) noted that the cumulative development of foreign tourist visits from 2019 to 2020 has decreased. It is noted that in January-December 2020, 4.02 million visits were accumulated.

This has decreased by 12.09 million visits since 2019. The Indonesian government has processed and studied various dilemmas regarding tourism issues. Therefore, the Government of Indonesia issued Presidential Regulation 21 of 2016 concerning Visa Free Visits. The regulation contains 169 countries that are subject to visa-free and exempted from the obligation to have a visa. This Presidential Regulation emphasizes improving relations

between the Indonesian state and other countries and therefore makes it easy for foreigners to enter and leave the territory of Indonesia. In 2022, Circular Letter Number IMI-0700.GR.01.01/2022 concerning Ease of Immigration in Order to Support Sustainable Tourism During the *Corona Virus Disease 2019* Through this Circular, it is hoped that there will be an affirmation of the Immigration function to support the reopening of the sector. Indonesian tourism has been closed for a long time during the Covid-19 Pandemic. There are 86 countries that can visit Indonesia without having to have a visa. This shows that the Indonesian government is adapting by shrinking some countries from previous regulations.

The author uses a normative research method, where the data source is obtained from an in-depth literature study and by examining, reviewing, and collecting literature studies or secondary data. This has the aim of understanding relevant and current information that is relevant to the topic taken. Based on the description above, this paper will try to relate the influence of the threat of a global recession on the latest regulations regarding immigration policies regarding visa-free visits. In addition, this paper is also to find out how alternative strategies or steps can be used to prevent potential violations of the visa-free visit policy amid the Covid-19 pandemic, regarding the immigration policy regarding visa-free visits. In addition, this paper is also to find out how alternative strategies or steps can be used to prevent potential violations of the visa-free visit policy amid the Covid-19 pandemic. This study was to find out how the Indonesian government took steps to anticipate the threat of a global recession amid hopes to improve the national economy through state revenues or foreign exchange through a visa-free visit policy during the 2019 Corona Virus Disease Pandemic.

### **3. Research Methods**

This study uses a normative-empirical approach, where this method is related to analysis of fact in the field. This method also has the aim of explaining and developing legal issues that develop in global policy and dilemmas.

### **4. Discussion**

#### ***Correlation of the Global Recession Threat to the Visit-Free Policy During the Covid-19 Pandemic.***

The world bank explained that its report predicts the possibility of an economic recession which will undoubtedly impact the global economy in 2023. This prediction is starting to feel natural with several indications that influence it is beginning to happen, such as the increase in interest rates which is the foundation of an active move by the central bank as a country to reduce the rate of inflation. Another problem is that several companies in many countries have begun to reduce their production activities due to the significant decline in global demand. Then what is even worse is starting to strengthen the United States Dollar, which has decreased the exchange rate of almost all currencies in the world. This condition increasingly shows that many investors choose to put their investment funds in the United States dollar, which they consider safer because of the higher value of money due to this global recession. This incident shows a decisive direction that the world economy is not doing well and is moving towards a recession. The government needs to respond to the threat of a global economic recession by taking anticipatory moves to continue encouraging the national economy's performance to avoid the danger of a worldwide economic downturn. Although we can see that the current implementation of the national economy is still

considered safe, it can be said to be positive. Still, preventive measures must be taken due to this global economic recession.

Therefore, the world community strongly believes that the impact of this recession will affect all components of the world, including the Indonesian economy. It is because the value of the rupiah in Indonesia is far behind compared to the value of the United States Dollar. Global economic recession can be defined as a significant decline in economic activity over time characterized by volatile conditions. This recession can be said to be a stagnant situation that starts from days per day to months or years. A global economic recession can trigger a decline in the profits of a company and can result in a decrease in the national financial system. Based on the Adam Smith School, macroeconomic theory explains, "Economic recession is a condition when the gross domestic product (GDP) declines or real economic growth is negative for two or more quarters in one year." From this explanation, it can be interpreted that this global economic recession can result in a significant decline that makes a country experience a severe financial crisis. It can be seen in 1998 when there was high inflation and many riots and tense situations everywhere due to inflation. Then with the consequences of this global recession, of course, it will significantly decline in all corporate sectors and employment opportunities and impact the world of investment and tourism. Several factors trigger the worrying global economic recession next year, first due to the Covid-19 pandemic. Last year's Covid-19 pandemic caused worldwide damage and chaos in terms of population and the community's economy. The economic impact felt was the drastic decline in the national economy in the past two years. Second, the war between Russia and Ukraine, with the war between Russia and Ukraine since last February, harmed the economy, which eliminated the global GDP of USD 2.8 trillion, resulting in a crisis in the food and energy sectors and causing inflation. Third, an increase in the benchmark interest rate. Central banks worldwide have simultaneously increased their benchmark interest rates from the second half of this year, which was announced by the Bank of England and the Fed. As a result of inflationary pressures in European countries and the United States, the central bank continues to raise its benchmark interest rate to control the rate of inflation. Therefore, the global economic recession also harms countries subject to visa-free visits. However, it does not have a significant impact but impacts state data collection (PNBP), where the most significant impact was felt during the Covid-19 pandemic yesterday. At that time, it had damaged the order of all sectors, especially in the economic sector.

Therefore, the factors caused by the pandemic, from the Immigration side, began to revise the visa-free visit policy to reduce the mobility of foreign nationals who will come to Indonesia. The BVK (Free Visit Visa) policy has been regulated in Article 43 Paragraph (1) and Paragraph (2), The Letter of The Law No. 6 of 2011 concerning Immigration which contains foreign nationals from certain countries regulated in a presidential regulation, which can be exempted from the obligation to have a visa to Indonesia. This visa-free visit policy is one of the facilities owned by Immigration, where the aim is to increase the potential of the national economy through tourist visits from foreign tourists. In addition, the benefits obtained from this policy are increasing state income through state foreign exchange from the tourism sector. The upcoming global economic recession in 2023 will threaten the global economy; of course, it will also impact the Indonesian economy because it can reduce export activities, lower commodity prices, and trigger a deficit in Indonesia's trade balance. It then harms non-tax state revenues, shrinking, and the Indonesian rupiah exchange rate will weaken against the US dollar. However, the Indonesian economy could still survive amid the global economic recession that occurred and hit. Due to the strength of the domestic

economy, Indonesia can still be said to be strong. Therefore, the Indonesian government must evaluate any regulations regarding Immigration policies that can harm the country. In addition, the Indonesian government also needs to hold further cooperation and promote tourism potential and thereby attracting potential foreign tourists to visit Indonesia.

### ***Immigration Preventive Strategies in Facing Potential Immigration Violations Regarding Visit Visa Free Policy***

Immigration is not only about services but also about law enforcement. Immigration is the agency responsible for the administrative field in the form of travel documents carried by both foreigners and Indonesian citizens who enter or leave the territory of Indonesia. The Visit Visa Free Policy is a policy that was born to advance the Indonesian economy through income from the tourism sector of foreign tourists. However, this policy must continue to review because it has reaped pros and cons since it was implemented in 2016. The visa-free visit policy makes it easier for foreigners to enter and leave the territory of Indonesia without realizing the negative impact brought by these people. In addition, since this policy was implemented, cases such as misuse of residence permits and overstay have become increasingly common.



Figure 1. Tourist Visits 2017-2018



Figure 2. Tourist Visits 2018-2019

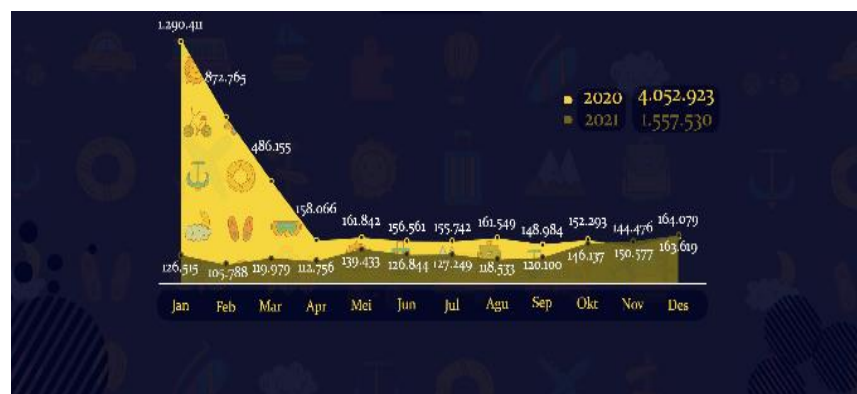


Figure 3. Tourist Visits 2020-2021

According to data obtained website of the Ministry of Tourism and Creative Economy/ Agency for Tourism and Creative Economy of the Republic of Indonesia in the 3-year quarter, namely from 2017 to 2021, there was an increase in the number of foreign tourists coming to Indonesia in the period 2017 to 2019. It has decreased from 2020 to 2021 because,



in 2020, Indonesia was infected with the Covid-19 virus. For some time, Indonesia's international crossings have been closed. Based on the observations of the data above proves that the visa-free visit policy has influenced the tourism sector in Indonesia. With the visa-free policy for foreign nationals to enter the territory of Indonesia, it is increasingly easier to enter the region of Indonesia. The increase in the number of foreign tourists, especially in the tourism sector, is beneficial for the country because it will increase the state treasury. As is known, Indonesia has a variety of natural resources. Starting from the place of tourism and the crops owned. It is what attracts foreign tourists to visit Indonesia. However, among these data, not all foreign nationals travel, but some travel while working. That is a form of immigration violation. The visa-free visit policy should be a solution for the government of the Republic of Indonesia to restore the Indonesian economy after the Covid-19 outbreak hit. Therefore, a preventive measure is needed, especially from Immigration, in dealing with potential immigration violations.

Immigration as an agency under the Ministry of Law & Human Rights of the Republic of Indonesia has full responsibility for travel documents and supervision of foreigners' activities while in Indonesia. This visa-free policy gives foreigners the right to stay in the Indonesian Territory for a period of 1 month (30 days). This provision is used by a handful of foreigners to be able to work in Indonesia. There are several preventive steps that can be taken, including tightening standards for foreigners who want to enter Indonesian territory. This is done so that when the foreigner lives in the territory of Indonesia, he does not commit an immigration administrative violation. The Immigration Party must apply a selective policy towards foreign nationals who want to come to Indonesia. Preventive steps that can be taken are by showing a passbook containing the latest balance to the Immigration officer before entering the territory of Indonesia. In addition, there must be additional information related to the work of a foreigner in the country of origin so that the possibility of abuse of the visa-free visit policy can be minimized. Supervision of the activities of foreigners in Indonesia must also be tightened. If there is a foreigner who is suspicious and is suspected of abusing the residence permit given to him, the Immigration officer must take firm steps to immediately take action against the foreigner concerned. According to Article 122 in Law Number 6 of 2011 concerning Immigration, it states that "The punishment is a maximum imprisonment of 5 (five) years and a maximum fine of Rp. 500,000,000.00 (Five hundred million rupiah)" followed by letter a which reads " Every foreigner who intentionally misuses or carries out activities that are not in accordance with the intent and purpose of granting the residence permit granted to him.

Indonesian Immigration applies a selective policy as a way to select foreigners who want to enter Indonesian territory. This shows that Indonesia is a country that is very concerned about national security. International crimes such as cyber crime, terrorism, human trafficking, and people smuggling can be prevented through this policy. As stated above, the visa-free visit policy makes it easier for foreigners to enter the territory of the State of Indonesia. Vulnerable for Indonesia to be a destination for crimes of internationalism. Indonesia is a country with the largest Muslim population.[1] This predicate makes Indonesia an easy target for terrorists to be able to invite Indonesians to participate in terrorism activities with guaranteed entry to heaven, martyrdom, 7 (seven) angels and so on. The preventive step that can be taken is to find out a person's track record before he is allowed to enter the territory of Indonesia in order to minimize recurrence.

The next step is to reconsider the visa-free visit policy whether it brings benefits or only brings harm to the country of Indonesia. The visa-free policy has the potential to increase the

number of foreign tourists visiting Indonesia, but this policy must continue to be monitored for its implementation as well as its effectiveness and efficiency. The small number of officers also makes surveillance activities not run easily, because Indonesia's territory is very wide, both in terms of sea and land. It should be noted that among the countries that are subject to visa exemption, some of them do not apply the principle of reciprocity with Indonesia. Currently, the Indonesian Ministry of Law & Human Rights has determined certain entities that are subject to visa-free visits for special tours, namely Brunei Darussalam, the Philippines, Cambodia, Laos, Malaysia, Myanmar, Singapore, Thailand, and Vietnam. This is an appropriate step taken by the Ministry of Law & Human Rights of the Republic of Indonesia, especially in the field of Immigration to limit countries subject to visa-free visits for special tours. The visa-free policy should be a solution for Indonesia's economic development with a note that supervision of foreigners entering Indonesian territory is tightened. Through a visa-free visit policy, tourist destinations in Indonesia will rise again. This will increase the country's foreign exchange and help the Indonesian economy to be able to improve again after the Covid-19 pandemic that hit.

## **5. Conclusion**

Global economic recession can be defined as a significant decline in economic activity over a long period of time characterized by very unstable conditions. This recession can be said to be in a stagnant situation that starts from days per day to months or years. A global economic recession can trigger a decline in the profits of a company, and can result in a decline in the national economic system. Therefore, the government needs to prepare preventive measures to minimize the consequences of this global economic recession.

The factors that trigger the global economic recession include the effects of the Covid-19 pandemic, the war between Ukraine and Russia, and the increase in the benchmark interest rate. Based on these factors, the immigration authorities began to revise the visit visa-free policy with the aim of reducing the mobility of foreign nationals who would come to Indonesia. The impact of this global economic problem is that Indonesia's PNPB is reduced and decreased and is a threat to the economy in Indonesia.

The role of immigration is not only about service but also law enforcement. Immigration as an agency that has full responsibility for travel documents and supervision of the activities of foreigners while in Indonesia. One of them is in responding to the visa-free policy which gives foreigners the right to stay in the Indonesian Territory for a period of 30 days, the immigration authorities have several preventive measures. These steps include tightening the standards of foreigners who want to enter the territory of Indonesia by taking selective actions against foreigners such as checking the savings book containing the latest balance, adding information related to the work of foreigners in the country of origin, monitoring the activities of foreigners in Indonesia, taking action against foreigners who violate the rules of residence permit and overstay. Basically, preventive measures that can be taken are profiling or finding out the track record of a foreigner before he is allowed to enter Indonesian territory.

The next step is to review the visa-free visit policy by taking into account whether it brings many positive impacts for the country or vice versa. Indonesian Immigration applies a selective policy as a way to select foreigners who want to enter Indonesia in order to maintain the security and sovereignty of the country.

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