Macroeconomy of Riau Province and Government Policies Overcoming the Impact of Covid-19 Pandemic

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ABSTRACT

This research aims to analyze the impact of Covid 19 on the macroeconomy of Riau Province, including economic growth, investment, public consumption, and inflation in Riau Province and Riau Province government policies to overcome them. This study takes data related to macroeconomics in Riau, uses secondary data. Covid 19 caused a decrease in economic growth compared to the period before Covid 19. Covid 19 did not have a too significant impact on investment in Riau Province. The condition even shows an increase in investment compared to the previous year. Covid 19 caused a significant decrease in public consumption in Riau Province. Covid 19 causes inflationary instability in Riau. The Riau Provincial government’s policy in controlling the impact of Covid 19 on the macroeconomic sector is through refocusing as the Covid recovery budget in Riau and supporting the realization of the National Economic Recovery fund budgeted by the Central Government. The government’s policy is to ensure the implementation of infrastructure development (toll roads and provincial roads) to support distribution, agricultural incentives, labor-intensive projects, SME assistance, Pre-Employment Cards, and other policies aimed at ensuring economic stability in Riau Province
INTRODUCTION

Corona viruses are a large family of viruses that cause illnesses ranging from mild to severe symptoms. At least two types of coronavirus are known to cause diseases that can cause severe symptoms, such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS). Coronavirus Disease 2019 (COVID-19) is a new type of disease that has never been previously identified in humans. The virus that causes COVID-19 is called Sars-CoV-2. Coronavirus is zoonotic (transmitted between animals and humans). Research says that SARS was transmitted from cats to humans and MERS from camels to humans. Meanwhile, the animal that is the source of the transmission of COVID-19 is still unknown (Kemenkes RI, 2020).

When news related to the Corona Virus was first heard, many countries panicked about spreading the virus. However, some responded casually to the coronavirus outbreak. Of course, this non-natural disaster is not the first time that countries in the world have faced it. History records that there have been several viruses that can also be life-threatening if not treated immediately, such as the Ebola virus, SARS, H5N1 or Bird Flu, HIV, MERS, and others.

Common signs and symptoms of COVID-19 infection include symptoms of acute respiratory distress such as fever, cough, and shortness of breath. The average incubation period is 5-6 days, with the most extended incubation period being 14 days. In severe cases of COVID-19, it can cause pneumonia, acute respiratory syndrome, kidney failure, and even death. The clinical signs and symptoms reported in most cases were fever, with some cases having difficulty breathing, and X-rays showing extensive pneumonia infiltrates in both lungs.


The world community must not ignore the coronavirus as an epidemic. When viewed from the symptoms, ordinary people will think it is just ordinary influenza, but this virus is quite dangerous and deadly for medical analysis. In 2020, the development
of the transmission of this virus was quite significant because it has spread worldwide, and all countries feel the impact, including Indonesia.

The data above shows that the Corona Virus shows a tangible impact on the community's economy at a macro level (Juliannisa, 2021). The people in Riau Province are no exception. Covid 19 has a macro-economic impact in Riau. This is evidenced by Riau's economic growth, which experienced a slowdown in 2020.

A large number of Covid 19 reinforced the impact of Covid 19 on the economy in Riau Province. Covid 19 in Riau Province is ranked seventh nationally with 30,027 positive cases, 28,251 recovered cases and 720 deaths. Riau is the province with the largest Sumatra, surpassing West Sumatra, North Sumatra, and the Riau Archipelago. This is the basis for economic problems in Riau Province during this pandemic (Covid19.go.id, 2021).

LITERATURE REVIEW

The impact of the Covid 19 pandemic on Indonesia's macro conditions can be seen from several events (Fahrika, 2020), April 2020, around 1.5 million employees were laid off or laid off (termination of employment). Of which 1.2 million workers come from the formal sector, 265,000 from the informal sector. The Coronavirus also impacts investment due to investors' fear of carrying out investment activities; on the other hand, investors delay investment due to lack of demand (Hanoatubun, 2020).

Junaedi & Salistia (2020) found that the internal conditions of the Covid-19 pandemic and social distancing policies affected the Indonesian capital market. Externally, the Covid-19 pandemic in China and Spain also affected the ISHG index. Likewise, Hong Kong, London, and New York are the stock market dynamics. Harirah (2020) sees the policy's success as determined by the public's response to the policy. In terms of handling Covid 19 in Indonesia, state policies with rational reasoning will also be accepted rationally by the community if the Government also issues policies to ensure the availability of economic resources for the community. Meanwhile, Fahrika and Roy (2020) note that government policies necessary to address macroeconomic problems during the Covid pandemic are divided into two safety nets: the Social Safety Net, which is financed through APBN, and the Economic Safety Net, which is financed through fiscal and non-fiscal incentives.
Sihaloho (2020) saw that the Central Government refused to do a lockdown because if they wanted to implement a lockdown, around 74.1 million people would lose their income. Research conducted by Haryanto (2020) shows that Covid19 has an impact on the depreciation of the Rupiah against the US Dollar, and has a declining impact on CSPI, so policy interventions are needed to control the spread of the Covid-19 outbreak, controlling panic so as not to have an impact on the Rupiah and the stock market through various stimulus policies.

Modjo (2020) saw the start of the new normal phase in Indonesia, so a plan for various socio-economic aspects of the community should be available. The Tambunan (2020) study found that careful calculations support every decision made by the investor. Investors must be careful in choosing which sector to target. Investors need to do the fundamental analysis not to place the wrong funds and diversify stocks to reduce the risk of significant losses in investing. If the situation returns to normal, all sectors will bounce back with adjustments following the new normal protocol.

The Febrianty (2020) study shows a significant difference between abnormal returns before and after the announcement of the first case of Covid-19 patients in Indonesia. This finding implies that the market gave a wrong signal to investors after the announcement of the first case of the Covid-19 patient in Indonesia, which tends to cause the stock price of LQ-45 to decline. According to Hertinawati (2020), monetary policy is needed to stabilize the economic system by supporting fiscal policy by the national monetary institution, namely Bank Indonesia, and actively supported by the role of the Financial Services Authority in Indonesia.

METHODS

The location of this research will be carried out in Riau Province, and the time of this research will last for approximately five months, starting in February 2021 and ending in April 2021. The research was undertaken by collecting data on the macroeconomy in Riau and then performing a descriptive analysis to ascertain the effect of Covid-19 on the data.

The data used in this research is secondary data. Secondary data is additional data that strengthens the research data. This secondary data is journals, previous research,
articles, and news related to research problems. The secondary data used is data on economic growth, inflation, consumption, and investment realization in 2020 (Covid 19 period), with the comparison being data in 2019.

RESULTS

The author uses library research in this study, namely in the data collection process. It is unnecessary to go into the field directly but take various reference sources that support this research. This research is a qualitative research type. Data collection techniques are listening and recording important information in conducting data analysis through data reduction, data display, and drawing conclusions to get an overview of conclusions regarding the study of literature to be developed in this research.

The impact of Covid-19 on growth and policies to overcome

Riau's economy in 2020 decreased by 1.12%. Growth contraction occurred in some Sectors, generally in the service sector, and positive growth occurred in some other Sectors. Health Services and Social Activities are the Sectors that experienced the highest growth of 15.93%, followed by Electricity and Gas Procurement at 14.57 %, and Information and Communication at 12.58 %. Riau's economic structure in terms of production in 2020 is dominated by three main Sectors, namely the Processing Industry (28.27%); Agriculture, Forestry, and Fisheries (26.83%); and Mining and Quarrying (17.86%).

Judging from the creation of Riau's economic growth sources in 2020, the Large and Retail Trade Sector; Car and Motorcycle Repair, and Mining and Quarrying were the sources of the highest growth contractions of 1.17% and 1.13%, respectively. Although Riau's economy showed improvement in the third and fourth quarters, Riau's economy fell 1.12% on an annual basis. This figure represents the slowest growth in the recent decade, dating back to 2009. If calculated without oil and gas, Riau's economic growth experienced a slight decline of 0.20%. The high increase in non-oil and gas exports in Riau Province during 2020 has kept Riau's economic contraction from going deeper. In fact, of all expenditure components in Riau's economy, exports are the only component that grows. Meanwhile, other expenditure components have decreased due to the impact of the COVID-19 pandemic.
The value of the GRDP of Riau Province at current prices in 2020 reached 729.17 trillion rupiahs. In nominal terms, this value decreased by 31.40 trillion rupiahs compared to 2019, 760.57 trillion rupiahs. Likewise, based on 2010 constant prices, the GRDP figure decreased from 490.02 trillion rupiahs to 495.60 trillion rupiahs. Riau Province's economic growth in 2020 decreased compared to 2019. The above situation was caused by a decrease in production in several Sectors. Meanwhile, the decline in the value of GRDP at current prices was influenced by a decline in production in various business sectors. The decline in Indonesian crude oil prices is one of the causes because oil is an essential commodity in Riau's economy.

Riau Province Economic Growth Rate by Sector (%), 2020 Throughout 2020, economic growth in the Corporate Services category experienced the deepest contraction, 24.65%, compared to the previous year. This is because party equipment rental activities and the like and MICE (Meeting, Incentive, Convention, and Exhibition) activities have decreased due to the implementation of health protocols to prevent the spread of COVID-19. In addition, the activities of the hajj and umrah travel bureaus were also stopped due to the cessation of hajj activities from Indonesia and the restrictions on umrah activities by the Saudi Arabian government. Meanwhile, the Health Services and Social Activities Sector recorded the highest growth of 15.93%. The increase was an increase in activity in health facilities and an increase in the salaries of medical personnel during the COVID-19 pandemic. In addition, there are many requests for rapid antibody/antigen swab tests and PCR to obtain a COVID-19-free letter as a condition for inter-regional travel.

The magnitude of the dependence of Riau Province on the production capacity of each Sector is illustrated by the economic structure. Throughout 2020, both quarterly and annually, Riau’s economic structure was dominated by five Sectors categories: the Manufacturing Industry; Agriculture, Forestry, and Fisheries; Mining and excavation; Trade and Repair; and Construction.

Based on the study results, it can be seen that the Covid-19 pandemic caused Riau's economic growth in 2020 to contract downward compared to 2019. The Covid-19 pandemic caused Riau's economic growth to contract but not as deep as the contraction of national economic growth. Three things strategically determine the direction of the economic crisis resulting from the Covid 19: how far the virus infects the community, the
discovery of vaccines, and government policies (UNCTAD, 2020). Of these three things, at least from government policies related to the economy, it is possible to do so in order to suppress the impact of the economic crisis, which is getting bigger and bigger for the community. However, on the one hand, two other factors have uncertainty, thus creating international investment market uncertainty.

The impact of covid on the economy can be seen from the decline in some stock market indexes in ASEAN countries. Especially in Riau Province, the slowdown in economic growth even had a minus position, namely in the second quarter of 2020 at -3.22. So it is certain that the economic condition in Riau is in a quite worrying position (Haryanto, 2020). This crisis condition is expected to continue as long as Covid cases are still high and the vaccine solution has not reached the minimum limit.

The Riau Provincial government's actions through economic growth policies are realized in continuing to carry out infrastructure development programs such as the Pekanbaru Dumai Toll Road, Pekanbaru Padang, and Rengat-Medan Toll Road. It is hoped that continuing to run this infrastructure program will accelerate the realization of the benefits of this infrastructure which is quite strategic for the economy in Riau Province; to hasten the Preparation of the Provincial Tourism Development Master Plan (Riparprov Riau) for 2021-2035; attention to the agricultural sector through incentives for replanting oil palm plantations, increasing exports, and financing agriculture in collaboration with the Village Unit Cooperative (KUD).

The policy that has been carried out is by research submitted by Sihaloho (2020), which states that economic growth during the Covid 19 period must pay attention to the aspect of infrastructure and affected sectors such as tourism which is significantly disadvantaged by the policy of limiting community activities. The KEMD team of the Riau Province Bappedalitbang said that the Covid-19 pandemic impacted the supply chain of goods and services disrupted community mobility. It stopped economic activities, especially in the industrial and tourism sectors. The preparation of the macroeconomic framework is based on Law Number 25 of 2004 on the National Development Planning System and Government Regulation Number 17 of 2017 concerning Synchronization of the National Development Planning and Budgeting Process. Bappenas and the Ministry of Finance are mandated to develop a
macroeconomic framework, development priorities, and budget availability. Not only Bappenas and the Ministry of Finance, Provinces and Regencies/Cities are expected to do the same with planning documents. The methodology for preparing KEMD uses a satellite model with the Financial Programming and Policies (FPP) method of Bappenas for integrated central and regional actual blocks.

Some of the policies above are policies implemented by the government in general in controlling the impact of Covid in Riau Province. However, if explicitly examined, policies related to Macroeconomics have also been realized by the Riau Provincial Government so that the impact of Covid 19 on the Riau economy can be appropriately controlled.

The COVID-19 response budget in Riau Province consists of 2 main budgets: the health budget and the social safety net. The health budget aims to minimize the medical impact of covid 19 so that this special handling of Covid will accelerate the handling and minimize the exposure of covid 19 patients. Meanwhile, the government gives the social safety net to economically vulnerable people to maintain their economy.

The direction of Riau Province's economic policy in 2021 is centered on efforts to recover the economy due to the impact of the COVID-19 pandemic, with an economic growth target of 1.8 to 2.4 percent (Media Center Riau, 2021). Rising Together Towards a Competitive Riau's Efforts are directed at realizing an independent and competitive economy through increasing economic independence and reducing income inequality, increasing regional investment, increasing regional food security, and reducing poverty and unemployment by driving industry and agriculture. The Riau Provincial Government also distributed Pre-Employment Cards to 223,878 people who were divided into 17 waves during 2020-2021 through the Riau Province Manpower Service, the Work Competency, and Entrepreneurship Development Program.

The impact of Covid-19 on investment and policies to overcome

The cumulative realization of PMA and PMDN investment for the January - December 2020 period reached IDR 49.64 trillion (from the 2020 investment realization target of IDR 40.81 trillion, 121.63% was achieved) when compared to the realization of PMA and PMDN investment in 2019, which was IDR 15.51 trillion despite the Covid-19 pandemic. The investment realization consists of the realization of domestic investment
in the amount of Rp. 34.12 trillion, placing Riau Province on the 4th (fourth) rank nationally and the realization of FDI investment of US$ 1,077 billion or equivalent to Rp. 15.522 trillion, making Riau Province in the 11th (eleventh) position to contribute to FDI investment nationally.

The five business sectors with the most considerable realized value for the January-December 2020 period are Construction of Rp. 13.55 trillion or 27.30%, Food Crops, Plantation and Livestock of Rp. 11.10 trillion or 22.37%, Chemical and Pharmaceutical Industry of Rp 8.06 trillion or 16.25%, the Food Industry of Rp 7.45 trillion or 15% and Electricity, Gas and Water of Rp 3.92 trillion or 7.90%. The significant increase in investment realization results from efforts and collaboration between the Government and Regional Governments, which are not only trying to find new investments but also overseeing and solving problems on existing investments.

The Riau Provincial Government emphasizes that it will continue to focus on accelerating investment realization and overcoming various obstacles investors face, both due to licensing constraints, land issues, and regulations. Essential steps are taken by executing stalled projects as one of the strategies to achieve the investment realization target set by the Government in 2021 of Rp. 49 trillion.

However, this is different from the impact of Covid-19 on the realization of investment in Riau, which experienced positive growth. Based on the results of the research, the cumulative realization of PMA and PMDN investment in January - December 2020 period reached IDR 49.64 trillion (from the 2020 investment realization target of IDR 40.81 trillion, 121.63% has been achieved) when compared to the realization of PMA and PMDN investment in 2019 is IDR 15.51 trillion. The investment realization consists of the realization of domestic investment in the amount of Rp. 34.12 trillion, placing Riau Province on the 4th (fourth) rank nationally and the realization of FDI investment of US$ 1,077 billion or equivalent to Rp. 15.522 trillion, making Riau Province in the 11th (eleventh) position to contribute to FDI investment nationally.

The significant increase in investment realization in Riau is the result of efforts and collaboration between the Government and Local Governments who are trying to find new investments and overseeing and solving problems with existing investments. The Riau Provincial Government emphasizes that it will continue to focus on accelerating
investment realization and overcoming various obstacles investors face, both due to licensing constraints, land issues, and regulations. Essential steps are taken by executing stalled projects as one of the strategies to achieve the investment realization target set by the Government in 2021 of Rp. 49 trillion.

The Riau Provincial Government's policy to increase the realization of investment in Covid 19 is the ease of business licensing for domestic and foreign investors; carry out innovation and increase economic stability, and realizing infrastructure development programs as easy access to the economy. The policy implemented follows Tambunan (2020) statement, which states that the stimulation carried out on investment is believed to impact the macroeconomy. Investment is a macroeconomic instrument that is the initial source of economic growth.

**The impact of Covid-19 on consumption and control policies**

In calculating consumption in Riau Province, it must be seen collectively on its annual consumption. People have an unusual consumption tendency in certain months and times in other months. For example, in the months of Ramadan and Eid, each year has a different date and time. So, if consumption is calculated every month, then the results are biased and less than ideal.

Consumption is generally influenced by the availability of manufactured goods in the public market. If the distribution of goods is easily accessible to the public, consumption will also be easy to implement. On the other hand, if the distribution of goods and services is complex for the public to reach, consumption will also be sluggish.

The consumption position in an area is crucial because it is the end of the economic process. If consumption is weak, it will impact the economy and cause production to slow down because the goods sold cannot be bought by the public. So the government needs to keep consumption stable properly to maintain the national economy.

Based on the data above, it can be illustrated that consumption in Riau Province will decrease in 2020. This is evidence that there is an impact from covid 19 on public consumption in Riau Province. A decrease in consumption will result in a weakening of production due to the unpreparedness of producers to produce goods in large quantities if the market is not ready to sell these goods.
The condition of this decline in consumption seems quite significant. The nominal decline in 2020 proves that consumption is lower than 2019 and 2018. The public's vigilance for shopping for consumption is the cause of the weakening of consumption during the Covid-19 period. The Covid-19 condition does not have a definite time limit for the end, so people will be cautious about using their funds for consumption purposes.

Table 1 Consumption Details of Riau Province (million rupiah)

<table>
<thead>
<tr>
<th>No.</th>
<th>Consumption Component</th>
<th>2019</th>
<th>2020</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Household Consumption Expenditure</td>
<td>287,375,389</td>
<td>288,576,671</td>
<td>0.42</td>
</tr>
<tr>
<td>2</td>
<td>LNPRT Consumption Expenditure</td>
<td>4,615,171</td>
<td>4,684,847</td>
<td>1.51</td>
</tr>
<tr>
<td>3</td>
<td>Government Consumption Expenditure</td>
<td>31,529,677</td>
<td>32,802,658</td>
<td>4.04</td>
</tr>
<tr>
<td>4</td>
<td>Gross Fixed Capital Formation</td>
<td>262,339,280</td>
<td>259,399,118</td>
<td>-0.14</td>
</tr>
<tr>
<td>5</td>
<td>Inventory Change</td>
<td>6,693,042</td>
<td>866,673</td>
<td>-87.05</td>
</tr>
<tr>
<td>6</td>
<td>Overseas Export</td>
<td>174,567,296</td>
<td>197,805,449</td>
<td>13.31</td>
</tr>
<tr>
<td>7</td>
<td>Overseas Import(-)</td>
<td>40,135,687</td>
<td>36,113,826</td>
<td>-10.02</td>
</tr>
<tr>
<td>8</td>
<td>Net Exports Between Regions</td>
<td>33,583,536</td>
<td>-18,814,948</td>
<td>-156.02</td>
</tr>
<tr>
<td></td>
<td>GDP</td>
<td>760,567,705</td>
<td>729,166,643</td>
<td>-4.13</td>
</tr>
</tbody>
</table>

Source: Central Bureau of Statistics, 2021

In terms of expenditure, there was a decline in almost all components except for exports which showed positive growth. This growth is due to increased foreign demand for Riau's primary commodities, such as CPO and its derivatives. Meanwhile, the most significant contraction occurred in the Import component of 7.02%. This is due to a decrease in demand for several imported commodities, including consumer goods and raw/auxiliary materials, due to the economic downturn during the pandemic.

Based on the data obtained, it is illustrated that consumption in Riau Province will decrease in 2020. This is evidence that there is an impact from covid-19 on public consumption in Riau Province. A decrease in consumption will result in a weakening of production due to the unpreparedness of producers to produce goods in large quantities if the market is not ready to sell these goods.

The condition of this decline in consumption seems quite significant. The cause of the weak consumption during the Covid-19 period is thought to be caused by public vigilance in carrying out consumption. Because the Covid-19 condition does not have a definite time limit for the end so that people will be very careful about using their funds for consumption purposes; this situation is following the findings of Mardiana et al. (2021), where there was an increase in household MPC during the covid-19 period.
In terms of expenditure, there was a decline in almost all components except for exports which showed positive growth. This growth is due to increased foreign demand for Riau's primary commodities, such as CPO and its derivatives. Meanwhile, the most significant contraction occurred in the import component of 7.02%. This is due to a decrease in demand for several imported commodities, including consumer goods and raw/auxiliary materials, due to the economic downturn during the pandemic.

The component of household consumption expenditure is the dominant expenditure component in the economy of Riau Province, with a share of 39.58%. It then followed by expenditure for Gross Fixed Capital Formation (PMTB) with a contribution of 35.57%. On the other hand, exports have a relatively significant contribution to the Riau economy, namely 27.13%. The decline in the three dominant sectors in determining consumption figures in Riau Province caused consumption in Riau Province to decrease compared to the previous year.

The government policies on consumption in Riau province are labor-intensive programs as a guarantee to the marginalized in carrying out consumption; national safety net program as a solution for people with vulnerable economies to be able to continue to carry out consumption; central government programs in the form of MSME incentives; Pre-Employment Card support and education through the Riau Province Manpower Office.

The policy of the Riau provincial government in controlling consumption through the social network program is following the results of Rosita (2020) research, which states that the government must pay attention to the economy of the lower and marginalized communities during the Covid 19 pandemic. This situation is due to the vulnerability of these economic sectors in the face of Covid conditions and to ensure the implementation of consumption in the community.

Impact of Covid-19 on inflation and control policies

During the 2020 COVID-19 pandemic, monthly inflation was recorded at a low level, and inflation in 2020 was recorded at 2.42%. In early 2021, inflation is still relatively low. Until January 2021, inflation was recorded at 0.08% (month to month/mtm) or 2.67% (year on year/yoy). The data obtained stated that inflation peaked in May and October 2020. In May, people's purchasing power began to increase because before the Eid al-Fitr
month, people's habit of buying necessities before the holiday. Meanwhile, in October 2020, there was an improvement in the community's economic condition. This was proven in the following month that the decline in inflation was not far, and it increased again in December 2020.

The low level of inflation during the COVID-19 pandemic indicates a decline in people's purchasing power. This can be shown in Household Consumption Expenditure (PK-RT) in Riau's GRDP in 2020, which has contracted (down) by 2.11%. However, Riau's very high dependence on supplies from outside the region, especially commodities including volatile entry components (volatile) such as chili, chicken, and onion, continued to be a concern of the government (infopublik.id).

Demand for goods has weakened after the government implemented work from home (WFH) since April 2020. This directly impacts the decline in demand followed by a decline in the supply of goods. Although the government has begun to relax the Large-Scale Social Restrictions (PSBB) since early June 2020, concerns about the coronavirus outbreak, which is still very large, cannot encourage consumption. In particular, the middle class is the primary driver of household consumption. Community economic activity resumed in the third quarter of 2020. Almost all economic sectors have been reopened by implementing strict health protocols. However, economic activity has not returned to the level before the outbreak of the COVID-19 pandemic. The PSBB policy can reduce the number of health protocol violations. However, it turns out that the decrease

Prasetyo (2009) revealed that one of the effects of inflation, in general, is to reduce purchasing power, especially for the poor or people with fixed or low incomes. Inflation or high price increases will make people experience a decrease in purchasing power. Inflation can also lead to resource inefficiency due to changes in demand or supply of goods and services in general. The government must be able to create price stability for macroeconomic sustainability. Monetary policy must be well-coordinated and supported by structural reform policies to strengthen and improve market function to achieve price stability.

Based on the results of the Riau Province inflation research as a whole in 2020, Riau Province recorded inflation of 2.42% (yoy), relatively stable compared to 2019,
which recorded inflation of 2.36% (yoy). The inflation realization was within the target inflation range of 3.01%. The increase in inflationary pressure stems from the increase in commodity prices of food, beverages, and tobacco; health; and recreation, sport, and culture.

In the fourth quarter of 2020, it was recorded higher than the previous quarter. The primary commodities causing Riau's rising inflationary pressure in the fourth quarter of 2020 include red chili, broiler eggs, cayenne pepper, cough medicine, liniment, vitamins, and children's bicycles. Meanwhile, the primary commodities to contain inflation were the decline in shallots, lemongrass fish, potatoes, young jackfruit, cars, and lubricants/engine oil. Spatially, Riau's inflation was highest in Tembilahan, followed by Dumai and Pekanbaru. Inflation that tends to increase towards the end of the year is in line with the upward trend in CPO prices, which is one of the main drivers of the people's purchasing power in Riau and the seasonal increase in volatile food prices.

Government policies related to inflation include: guaranteeing the ease of distribution of necessities even under PSBB conditions; realizing infrastructure spending budgets, especially on road repairs and traffic of basic materials; controlling the prices of essential commodities and lowering sudden inspection officers from the Department of Industry and Trade; in collaboration with the association of the Indonesian Chamber of Commerce (KADIN) Riau to maintain the availability of essential commodities during PSBB, year-end holidays and Eid holidays.

Inflation policy by the Riau Provincial government through distribution guarantees and continuing to realize infrastructure development funds are following Hall et al., (2021) research conducted by stating that the existence of infrastructure and distribution guarantees will be a factor that can control inflation during the Covid 19 period. The wave of panic buying and the actions of certain individuals who create a shortage of goods will increase inflation out of control.

**CONCLUSION AND SUGGESTION**

Covid 19 caused a decrease in economic growth compared to the period before Covid 19. Covid 19 did not have a too significant impact on investment in Riau Province. The condition even shows an increase in investment compared to the previous year. Covid 19 caused a significant decrease in public consumption in Riau Province.
Covid 19 on inflation causes inflationary instability. Throughout the COVID-19 pandemic in 2020, monthly inflation was recorded at a low level. In May, people's purchasing power increased due to Eid al-Fitr. Usually, people shop for Eid necessities. Meanwhile, in October 2020, there was an improvement in the community's economic condition; this was proven in the following month. The decline in inflation was not far, and it increased again in December 2020.

The Riau Province government's policy in controlling the impact of Covid 19 on the macroeconomic sector is realized through refocusing as the Covid recovery budget in Riau and supporting the realization of the National Economic Recovery fund budgeted by the Central Government. Among the policies implemented are guaranteeing infrastructure development (toll roads and provincial roads) as distribution support instruments, agricultural incentives, a realization of labor-intensive, MSME assistance, Pre-Employment Cards, investment facilities, and other policies to guarantee economic stability in Riau Province.

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