

Monthly Report - December 2019

# INDONESIA INVESTMENTS

“Omnibus Laws Come to the Rescue”



# Indonesia Investments Monthly Update

## *Omnibus Laws Come to the Rescue*

December 2019



# Table of Contents

<u>Preface</u> .....	6
<u>Introduction</u> .....	10
<u>Contact</u> .....	16
<u>Executive Summary</u> .....	17

## Analyses & Columns – Economy, Politics & Social Issues

• <u>Looking Back on 2019, Looking Forward to 2020; from an Emotional Political Year and Slowing Economic Growth toward Political and Economic Stabilization?</u>	29
• <u>Introducing Omnibus Laws to Standardize and Harmonize Various Sectoral Laws that Burden Indonesia's Investment Environment</u> .....	43
• <u>Islamic Banking and Finance in Indonesia: What is Holding Back Sharia Finance in a Country that is Home to the World's Biggest Muslim Population?</u> .....	59
• <u>The Role of State-Owned Enterprises (SOEs) in the Indonesian Economy; Can the Agents of Change Become Global Players?</u> .....	78

## Updates Indonesia – Economy & Financial Markets

• <u>Trade Balance of Indonesia: Large Deficit in November 2019; President Widodo Blames Greedy Importers</u> .....	91
---	----



• <u>Jakarta Composite Index; How Did the Benchmark Stock Index of Indonesia Perform in 2019?</u> .....	104
• <u>Consumer Price Index Update: Indonesia's 2019 Headline Inflation Is Lowest in Two Decades</u> .....	111
• <u>Manufacturing Activity in Indonesia Contracts for Sixth Straight Month; Hints of Potential Turnaround</u> .....	116
• <u>Rupiah Exchange Rate Ends 2019 on a High Note on the Back of Easing Global Uncertainties</u> .....	119
• <u>Bank Indonesia Leaves Key Rate at 5.00%, Accommodative Policy Set to Continue in 2020</u> .....	122
<u>Corporate Earnings Reports Indonesia's Listed Companies: Q3-2019</u> .....	126
<u>Events Calendar Indonesia</u> .....	133
<u>Public Holidays Indonesia</u> .....	143
<u>Forecast Macroeconomic Indicators</u> .....	144
<u>Back Issues Research Report</u> .....	145



IPSOS MARKETING SUMMIT

INDONESIA

"The Next Cashless Society"

Grand Ballroom 1 & 2  
Pullman Jakarta Central Park

January 15, 2020

09.00 - 14.00



For register  
scan our QR code  
or visit our  
website

<https://site.medcom.id/ipsosmarketingsummit>

KEYNOTE SPEAKER

HOSTED BY



SARA WAYNE

**SRI MULYANI**

Minister of Finance

PANELISTS

**SOEPRAPTO TAN**

Managing Director Ipsos  
in Indonesia

**WIMBOH SANTOSO**

Chairman of OJK Board  
of Commissioners

**YUSTINUS  
PRASTOWO**

Economic Observer

**EDWARD KILIAN SUWIGNYO**

Marketing Director  
LinkAja

**DESTRY DAMAYANTI**

Senior Deputy Governor  
of Bank Indonesia

Media Partner :



## Preface

The monthly report of Indonesia Investments is written and published by Van Der Schaar Investments B.V. – located in Delft, the Netherlands. The report aims to inform the reader of the latest, most relevant, political, economic and social developments in Indonesia as well as those key international developments that impact on the economy of Indonesian or its politics.

Our monthly reports are intended for a wide audience, including individual and corporate investors, financial market participants, policy makers, journalists, diplomats, academics, and analysts.



The website of Indonesia Investments is the key reference and access point for gaining knowledge about Indonesian markets, the economy, and cultures. The website is owned by Van Der Schaar Investments B.V., a privately-held investment company (Ltd.) which was established in 2009 but stands in a tradition that stretches back to urban development in the Dutch capital city of Amsterdam in the early 20th century. For more information about Indonesia Investments, please visit: **[www.indonesia-investments.com](http://www.indonesia-investments.com)**.

To purchase our monthly report (or to subscribe), you can request for further (payment and subscription) details by sending an email to **info@indonesia-investments.com** or by contacting the following phone number **+62.8788.410.6944** (incl. WhatsApp messages). For questions, comments, and other feedback we can also be contacted through these two channels.

### **Price Overview Monthly Reports – Individual Subscriptions:**

1 edition (one month)	IDR 150,000	USD \$10	EUR €10
3 editions (three months)	IDR 450,000	USD \$30	EUR €30
6 editions (six months)	IDR 900,000	USD \$60	EUR €60
12 editions (one year)	IDR 1,800,000	USD \$120	EUR €120

Both content and photography in this report is copyright of Van Der Schaar Investments B.V. (all rights reserved) except when indicated otherwise. Our permission is required by those who want to publish or distribute (part of) the content or photography in our reports (Dutch law applies to this monthly report). It also implies that our reports cannot be shared or distributed among the workers or management within a company or other organization (*electronic rights*). We therefore offer corporate subscriptions to companies/institutions that want to distribute our reports among their staff-members and/or boards:

### **Price Overview Monthly Reports – Corporate Subscriptions:**

1 edition (one month)	IDR 1,500,000	USD \$100	EUR €100
3 editions (three months)	IDR 3,600,000	USD \$240	EUR €240
6 editions (six months)	IDR 5,400,000	USD \$360	EUR €360
12 editions (one year)	IDR 7,200,000	USD \$480	EUR €480

Back issues can also be purchased by contacting us at [info@indonesia-investments.com](mailto:info@indonesia-investments.com) or +62.(0)8788.410.6944. Reports that were released more than a year ago are available at attractive discounts.

Lastly, we would like to emphasize that - although we strive to present accurate, up-to-date, and objective information to the reader - Indonesia Investments cannot guarantee the accuracy of all data that is included in this report.

[Return to Table of Contents](#)



# The 6<sup>th</sup> ASEAN Refining and Petrochemical Forum

21- 22 April, 2020  
Jakarta, Indonesia

**>> Premier regional refining and petrochemical industry conference for ASEAN countries scheduled in April, Jakarta**

ConnecForce will be holding **The 6th ASEAN Refining & Petrochemical Forum** in Jakarta of Apr 21-22, 2020. Continued the success of the 2019 event. The conference will gather the key participants from refining and petrochemical players of Indonesia and other major ASEAN countries such as **PT Pertamina, PT Chandra Asri, PT Lotte Chemical, PETRONAS, PTTPLC, PetroVietnam, PTTGC, Idemitsu, Cosmo Oil, SINOPEC, JG Summit, Reliance Industries Ltd** and many others. Important topics to be covered include maintaining refinery and petrochemical plant competitiveness, mega projects in Indonesia and other countries, overcapacity, demand and supply of refining and petrochemical products in the region etc. This is the premier annual industry conference for the refining and petrochemical industry in ASEAN countries providing both networking opportunities and valuable intelligence.

## Presenting Organizations From 2015



[www.connecforce.com](http://www.connecforce.com)



[info@connecforce.com](mailto:info@connecforce.com)



+86 21 55670232

## Introduction

Another new year has arrived! We therefore would like to take this opportunity to wish all readers of our monthly reports, all business partners, media partners, and advertisers a prosperous and healthy 2020!

The turn of a year inevitably leads us to look back at the year that has passed by and look forward to the one that has arrived. But before we get to that there is something else that needs our attention as the 1<sup>st</sup> of January became a very ‘unusual’ start of 2020. In fact, it was quite a negative start of the year.



Considering I do not live next to water, I was quite surprised to see three small inflatable boats passing by when I opened the curtains on the first morning of 2020. It had apparently poured with rain in the previous hours, and thus resulting in major floods across Jakarta, including my neighborhood. What was clearly visible from my apartment in West Jakarta was that the Jakarta Inner Ring Road (a toll road) had become completely paralyzed in front of the Ciputra Mall. A section of (an estimated) 100 meters was completely covered by water (in both ways), possibly as deep as (at least) 1 meter in some parts.

While it had become a traditional phenomenon to see floods in Jakarta in the rainy season (particularly when the rainy season peaks in the month of January), citizens of Jakarta had

started to cling on to hope that local authorities had the situation somewhat under control now. I too had noticed in recent years that there were less floods in Jakarta, or, if there did emerge a flood after some heavy rainfall, the water would quite rapidly be discharged, opening up room for traffic.

For some people these floods can be something fun. For example, there are usually many children enjoying playing in the water, even swimming (although, personally, I would not dare to touch the water as it must be dirty and very unhealthy if swallowed accidentally; those who have walked near rivers or little streams in Jakarta surely know what I mean).

For others these big floods are a problem with sometimes very serious economic or social consequences (in some cases even fatal consequences). The flow of people, services, and goods was heavily disrupted in Indonesia's capital city of Jakarta (and its satellite cities) on New Year's Day, implying that economic activity was affected significantly, and thus many local entrepreneurs could not generate income as usual.

Examples of flood-related problems that I detected around me on New Year's Day include the following.

- My sister-in-law, who lives in a boarding house (*kosan*) in West Jakarta, had no running water (tap water) in the house's bathroom and kitchen on 1-3 January 2020 (and therefore stayed at our apartment for a few days).
- A friend of mine who lives in Taman Anggrek Apartments, which is quite an exclusive apartment complex (although also quite old) in West Jakarta, has been without electricity since the early morning of 1 January 2020. The basement of his complex was completely flooded, thereby damaging the electricity network. As a consequence, thousands of people are either living without electricity at Taman Anggrek Apartments, or have 'fled' to other apartment complexes (some have the fortune to own property in another part of Jakarta, while others temporarily rent housing).



- Another friend of mine, who is a heart specialist in three hospitals in North Jakarta (one being Mitra Keluarga Karyasehat hospital, see picture below), failed to reach the hospital and therefore stayed home. So, it was not a good day for those people who require instant medical treatment.



Meanwhile, on the news it was reported that hundreds of flights at Halim Perdanakusuma International Airport (located in East Jakarta) were cancelled on 1 January 2020, meaning that thousands of people were stranded in Jakarta.

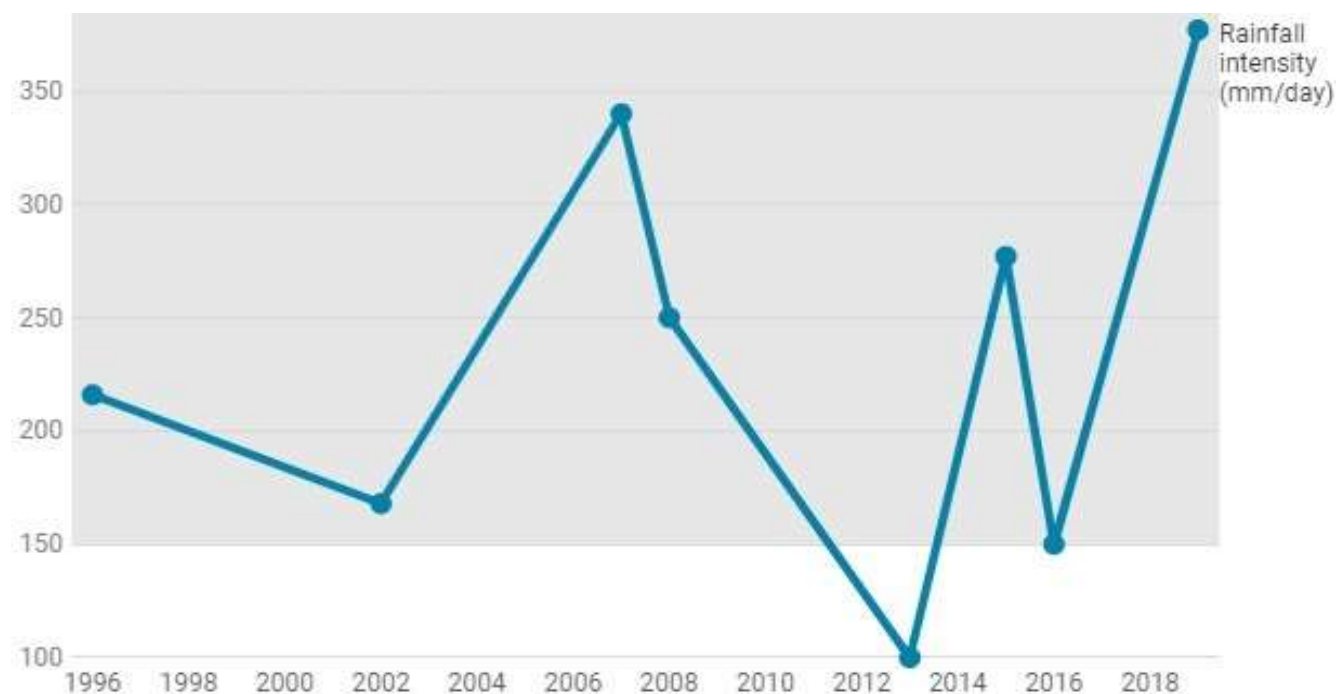
And reading the newspapers in the days after the massive floods, it is estimated that over 60 people were killed due to the floods, with direct causes being hypothermia, landslides, drowning, and electrocution (the majority of fatalities occurring in the regency of Bogor). Meanwhile, it is estimated that hundreds of thousands of people have sought refuge across the greater metropolitan area. Government offices and schools serve as shelters for these evacuees. This year's flooding is possibly the worst in the area since 2007 when 80 people were killed over 10 days.

Indonesia's Meteorology, Climatology, and Geophysics Agency (BMKG) said that it had recorded rainfall intensity on New Year's Eve at 377 millimeters per day (Jakarta's worst



rainfall since 2007). Fachri Radjab, Head of BMKG's Public Meteorology Center, said the occurrence of a monsoon (as winds from the northeast of Java collided with winds from the south of Java) led to massive cloud formation above Java, while the high amount of water vapor that is caused by the high temperatures of the Indian Ocean makes matters worse.

### Average Rainfall in Jakarta:



Source: BMKG

Unfortunately, there remains the serious threat that more rain is to come in the remainder of January. It means that (local) authorities need to be on standby to try and prevent more fatalities, while at the same time safeguarding a smooth flow of goods and people to avoid social problems as well as a peak in inflation at the start of the year.

In the remainder of this report we move away from the topic of floods and, instead, zoom in on several topics that we consider to be very useful to understand the present Indonesian

economy (and society) a bit better. And some of these topics are very relevant today (for example the two omnibus laws that are scheduled to be sent to parliament for approval in mid-January 2020).

Lastly, we would like to take this opportunity to thank you for buying this December 2019 edition, entitled '*Omnibus Laws Come to the Rescue*'. We hope that this report – our last report of the 2010s decade (!) – contains valuable information for you.

Richard van der Schaar

**Managing Director Indonesia Investments**

Jakarta (Indonesia)

6 January 2020

[Return to Table of Contents](#)

# NORD FX

## 5

### EXCELLENT OPPORTUNITIES TO PROFIT



**Forex  
Trading**



**Cryptocurrency  
trading**



**PAMM  
service**



**Investment funds  
and products**



**Two level  
affiliate program**

[www.nordfx.com](http://www.nordfx.com)

# Contact

## Office Delft, the Netherlands

Vaandelstraat 42

2611 DB Delft

The Netherlands

M +31 (0)6 27 05 85 32

E [info@vanderschaar-investments.com](mailto:info@vanderschaar-investments.com)

## Representative Jakarta, Indonesia

Ms Lori Siregar

Jl. Tanjung Duren Raya No. Kav 5-9, RT.3/RW.5

West Jakarta - 11470, Indonesia

M +62 (0)8 788 410 6944 (incl. WhatsApp texts)

E [info@indonesia-investments.com](mailto:info@indonesia-investments.com)

