

Indonesia Investments

Will Omicron End the Crisis?

- Omicron Is More Infectious But Less Severe than Delta. Is the World to Exit the Crisis?
- Omicron Arrived in Indonesia in Late-November but New COVID-19 Cases Remain Low; Hints at Strong Herd Immunity
- Will 2022 Be the Year of Tech Stocks?
- Tourism Industry Likely to Experience Another Bad Year in 2022
- 2024 Election to Become Battle Between Prabowo Subianto and Ganjar Pranowo?
- Construction of New Capital to Start in 2022

DECEMBER 2021

Van Der Schaar Investments B.V.
CV Indonesia Investments

Indonesia Investments

Monthly Report – December 2021

‘Will Omicron End the Crisis?’



Table of Contents

(Click on Title to Jump to Article)

Preface	5
Introduction	10
Contact	22
Coronavirus Tips: How to Protect Yourself and Others	23

Analyses & Columns – Economy, Politics & Social Developments

• Indonesia’s Jakarta Composite Index Likely to Touch New Record High Position in 2022	26
• Digital Economy; ASEAN Agreement on Electronic Commerce Entered into Force	38
• COVID-19 Update; Will It Be A Mutation Called Omicron That Will End The Crisis?	59
• Tourism Came to a Near Standstill in the COVID-19 Crisis, Can It Rebound in 2022?	70
• In 2024 Indonesia Welcomes a New President; Elections Are Bound to Receive Growing Attention in Local Media in 2022	76

• Becoming Less Java-Centric; Construction of Indonesia’s New Capital City in East Kalimantan to Commence in 2022	87
---	----

Updates Indonesia – News Flash & Macroeconomic Indicators

• Macroeconomic Indicators Show Positive Trends for Indonesia in Fourth Quarter of 2021	95
• What About Indonesia’s Monetary Policy and Rupiah Rate in 2022? Do We See Stronger Fundamentals?	102
• Consumer Price Index (CPI) of Indonesia; December Showing Some Real Inflationary Pressures	109
• Manufacturing Activity of Indonesia; Pace of Improvement Softened in December	116
• Trade Balance of Indonesia: Export and Import Performance Touches New All-Time Record High	120
Initial Public Offerings (IPOs) on the Indonesia Stock Exchange	141
Public Holidays Indonesia	142
Forecast Macroeconomic Indicators Indonesia	143
Events Calendar Indonesia	145
Back Issues Monthly Reports	148

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 crucial international developments that impact on the economy of Indonesia or on its politics.

Our reports are intended for a diverse audience, including individual and corporate investors, financial market participants, diplomats, policymakers, decision-makers, academics, journalists, and analysts.



The website www.indonesia-investments.com is the key reference and access point for gaining knowledge about the markets, economy, business sectors, politics, and cultures of Indonesia. This online platform is owned by Van Der Schaar Investments B.V., a privately-held investment company (Ltd.) that 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.

We offer two types of subscriptions (or individual purchases):

(1) **Weekly updates + monthly reports;** on average we send one or two analyses of relevant subjects per week (“weekly updates”) to make sure that our audience gets the latest and most relevant news quickly (and complete with an analysis). These updates also form the basis of the forthcoming monthly report (in which the topics are usually discussed in more depth as we have more time to make an analysis).

(2) **Monthly reports only;** usually between the 2nd and 5th of the month, we release our monthly report. As mentioned above, this report discusses the most relevant economic, political, and social developments that took place in Indonesia (or global developments that impact on Indonesia) in the preceding month.

1) Price Overview Weekly Updates + Monthly Reports:

1 month	IDR 200,000	USD \$15	EUR €15
3 months	IDR 570,000	USD \$41	EUR €35
6 months	IDR 1,080,000	USD \$77	EUR €65
12 months	IDR 2,040,000	USD \$146	EUR €124

2) Price Overview Monthly Reports Only:

1 edition	IDR 150,000	USD \$11	EUR €11
3 editions	IDR 428,000	USD \$31	EUR €26
6 editions	IDR 810,000	USD \$58	EUR €50
12 editions	IDR 1,530,000	USD \$110	EUR €95

To purchase an edition of our monthly report (or to subscribe for a longer period), you can inquire about further details via email – info@indonesia-investments.com – or by phone: +62(0)882.9875.1125 or +62(0)8788.410.6944 (including WhatsApp text messages). Also for general questions, comments and any other feedback we can be contacted through email and telephone.

Content and photography in our monthly reports are copyright of Van Der Schaar Investments B.V. (all rights reserved) except when indicated otherwise or obtained from Pixabay. Our permission is needed by those who want to publish or distribute (parts of) the content or photography in our reports (Dutch law applies).¹

This also means that our reports cannot be shared with (or distributed to) others (which would be a copyright infringement). We therefore offer a special corporate

¹ CV Indonesia Investments owns the exclusive right to sell and distribute reports of Indonesia Investments on the markets in the Asia-Pacific (including Indonesia).

subscription to those companies/institutions that seek to distribute our updates and monthly reports among their staff-members and/or boards:

Price Overview Corporate Subscriptions:

1 month	IDR 1,500,000	USD \$100	EUR €95
3 months	IDR 3,600,000	USD \$240	EUR €230
6 months	IDR 5,400,000	USD \$360	EUR €340
12 months	IDR 7,200,000	USD \$480	EUR €450

We also offer a distributor subscription for those institutions that want to distribute our reports to (paying) members within their network. For example, a chamber of commerce that buys this subscription is allowed to distribute our monthly reports to those (paying) companies/institutions within its network. Just like the corporate subscription, a distributor subscription always includes both weekly updates and monthly reports.

Price Overview Distributor Subscriptions:

1 month	IDR 4,000,000	USD \$275	EUR €225
3 months	IDR 8,000,000	USD \$600	EUR €550
6 months	IDR 15,000,000	USD \$1,100	EUR €1,000
12 months	IDR 25,000,000	USD \$1,800	EUR €1,600

Back issues can be ordered through email (info@indonesia-investments.com) or by phone (+62[0]882.9875.1125 or +62[0]8788.410.6944). Reports released over a year ago are available at attractive discounts.

Disclaimer

Lastly, we would like to emphasize that – although we strive to present accurate, up-to-date, and objective information in our reports – Indonesia Investments cannot guarantee the accuracy of all data and information that is included. We also do not intend to provide legal, investment, tax, or accounting advice through the contents of this report, and therefore the reader should not perceive this report as such. In short: Indonesia Investments cannot be held responsible for decisions based on the content of this report.

[Return to Table of Contents](#)

Introduction – December 2021 Report

First of all, we want to wish all our subscribers and readers a happy and healthy new year! Although the world is certainly not out of trouble yet, we hope 2022 becomes a more positive and prosperous year than the one we have just completed. And there is indeed reason to become optimistic seeing the recent developments related to the arrival and spread of the Omicron variant.

In this December 2021 report we are (mostly) looking forward to 2022, discussing what the year 2022 may bring for the Indonesian economy, certain business sectors, and politics. The main exception is this introduction, in which we devote space and time to look back at 2021; a year – in fact similar to 2020 – that was dominated by the COVID-19 pandemic that continues to undermine economic and social activity.



While we have to remain cautious in our predictions, we do feel that the world might currently be at the true turning point in the COVID-19 pandemic. Why? Well, because

all recent data suggest that the new Omicron variant – that surfaced in South Africa or Botswana in late November 2021 – is more contagious than the Delta variant, but significantly less fatal. So, if indeed correct, this should lead to a significant decline in COVID-19-related hospitalizations and deaths throughout the world as Omicron is rapidly displacing Delta as the dominant COVID-19 strain. [Early evidence suggests that fewer people need hospital treatment than with other COVID-19 variants](#), with estimates ranging from a 30 to 70 percent reduction.

Reading the latest news stories on the topic of Omicron, it makes us very optimistic. In fact, what we feel now is probably what many people felt exactly one year ago (in late-December 2020) when the health authorities in the European Union (EU) and United States (US) granted the Emergency Use Authorization for Pfizer’s COVID-19 vaccine. When that story spread at the end of 2020 it was presented by policymakers and mainstream media as if it was the solution that would pull the world out of the COVID-19 crisis.

But, when we did some careful desk research into viruses and vaccines, and watched the full [press conference](#) of the European Medicines Agency (or EMA) – in which it announced to have granted the Emergency Use Authorization for Pfizer’s vaccine in the EU – we concluded (in our January 2021 report) that it was highly unlikely that vaccines would be able to end the COVID-19 pandemic, with the main reason being

that the COVID-19 virus continuously mutates; just like influenza (if mankind had the illusion that it could kill off influenza, it would probably have been tried already).

While officials – happily – announced the Emergency Use Authorization for Pfizer in late-December 2020, the careful listener could hear that there existed a severe lack of knowledge about (the efficacy of) this vaccine. For example, it was openly stated in EMA's press conference that they did not know to what extent the Pfizer vaccine offers protection against COVID-19 infection and whether vaccinated people can still infect others. Remarkably, this crucial piece of (missing) information was not picked up by the mainstream media. And without this knowledge, it was simply not credible to present vaccines as the solution to the people.

And it is clear what happened over the past year. Nations with very high vaccination rates continued to struggle with new waves of COVID-19 infections. For example, in the Netherlands, where more than 85 percent of the adult population is vaccinated, another strict lockdown was imposed in mid-December 2021. It is a measure that needs to be used in order to hide the fact that the country has a big capacity problem in the hospital sector. The Netherlands only has a total of 1,150 intensive care units (which are typically occupied for 75 percent under normal conditions) but it is home to around 3.5 million elderly (aged over 65 years, and who are therefore more likely to require medical treatment). So, it does not need a big shock to cause a capacity crisis. In the 2018 flu season, the Netherlands in fact already encountered massive

trouble in hospitals. And yet, the number of hospitals beds and ICUs was cut further in recent years in an effort to save money. We see the similar developments in other Western countries. But not only in the West, also in Asia can we see some countries struggling harder than others. Singapore – despite its high COVID-19 vaccination rate – faced a big COVID-19 infection wave in the last quarter of 2021.

On the other hand, there are countries like Indonesia and India where a (tsunami-shaped) Delta infection wave passed when these countries' vaccination rates were extremely low (near five percent only). Remarkably, the number of new infections have remained low ever since the wave passed. Therefore, the link between vaccines and (reduction in) COVID-19 infections is unclear². What is clear (and increasingly hard to deny by governments) is that we are not going to vaccinate our way out of the COVID-19 pandemic.

² Dr. John Campbell, who has become a phenomenon on YouTube as he has a channel on which he discusses research (and other) reports related to COVID-19, explained in a video on 23 December 2021 that whereas a natural infection offers broader protection to people by promoting antibody IgA (implying specialized cells combat the virus before it can reach the airways), vaccines cannot generate this. Vaccines can only generate IgM and IgG which is good but not as strong as protection obtained from natural infections. An important question is then to what extent vaccines prevent people from obtaining this broader protection (hence making it harder for nations to develop herd immunity)? Could this explain why countries with high vaccination rates continue to see big waves of COVID-19 infections while those with low vaccination rates managed to achieve herd immunity?

And considering Western governments are likely reluctant to change course – as the shift away from mass vaccination programs would essentially imply acknowledging that this was not the best approach – we are waiting for some form of ‘external help’ to solve the crisis. This help could now be offered by Omicron as it should rapidly cause herd immunity around the world, while at the same time [not making too many people sick to the degree that they require medical treatment](#). Already, we have seen data indicating that most COVID-19 patients who are being treated in hospitals in South Africa and the United Kingdom are not hospitalized because of Omicron but **with** Omicron (meaning that they entered hospital for another medical condition but happened to be infected with Omicron after being tested upon arrival).

However, COVID-19 is likely to remain an endemic virus, and therefore – similar to influenza – it should become accepted that there will be fatalities. Any zero tolerance programs (like we saw in Singapore) will be futile. So, it needs to be discussed what the boundaries of acceptance are. Moreover, fair and correct criteria need to be used to put the threat into perspective. For example, in the Netherlands the number of people who die because of influenza ranges between 6,000 and 10,000 per year. But, these are officially registered influenza deaths only. Hypothetically, if all people who passed away in one year would be tested for influenza one minute before death, we would not be surprised if the number of ‘influenza deaths’ grows fivefold or tenfold (as they carried the virus at the time of death). For COVID-19 too it should be clearly separated whether someone dies because of, or with, the virus (although it is indeed

complex to make this distinction accurately considering an infection can weaken the immune system, allowing another illness to be fatal).

Important lessons need to be learned, particularly from mistakes in policies, because it is quite likely that the world will see similar pandemics in the future as the world population continues to expand rapidly. The sudden arrival of new viruses could be nature's way of regulating itself, seeking a balance in nature (it can also be regarded part of natural selection).

While we can certainly understand the panic around the world in Q1-2020 (because at that time little was known about the COVID-19 virus), it had become a different story by Q3-2020 when it was quite clear that the infection fatality ratio (IFR) of the COVID-19 virus is much lower than the 3-4 percent that was initially expressed by the World Health Organization (WHO). Today, it seems accepted by all that this IFR averages around 0.25 percent (although for older age groups, particularly above 65 years, the ratio is significantly higher, implying that for the younger age groups this IFR is well below 0.25 percent, even approaching zero).

Still, governments and supranational organizations continue to combat the virus as if the IFR is around 3-4 percent, including the (semi) lockdowns. But, to what extent lockdowns have actually caused more damage than the COVID-19 virus has done is something that needs to be studied carefully in the months, well years, ahead of us.

The list of lockdowns' side-effects is in fact quite long, including the reduced quality of education (which could reduce children's long-term prospects), children's social environment was heavily disrupted (limited interaction with other children), mass unemployment, increase in depressions and suicides, increase in home violence and divorces, cancelled or delayed treatment for cancer and other critical diseases, loss of civil liberties, devastation of the arts, culture, sport, tourism, hospitality and other industries or sectors, mass government spending, ballooning government debt, and increased regulation.

If we return to the Netherlands, then it is shocking that there has been excess deaths throughout 2021 with currently around 1,000 more deaths per week than expected. However, authorities only attribute part of these deaths to the COVID-19 virus. And so, what explains the majority of excess deaths in the Netherlands?

Several political parties in the Netherlands are urging for a careful investigation into the matter. We assume that there are a number of factors that explain excess death in Netherlands (and most likely the same factors are also at play in other countries around the world):

- COVID-19 infections can be fatal for those who have weakened immune systems or autoimmune diseases. It has been well documented that COVID-19 has been causing significant excess deaths over the past 20 months or so.

Most excess death occurred during the first two waves (involving the Alpha variant, and later, the Delta variant).

- As hospitals have been focusing on COVID-19 patients over the past 20 months due to capacity constraints, other (non-COVID-19-related) medical treatment had to be postponed. If, for example, cancer treatment is postponed, this delay can be fatal later on.
- Afraid of being infected with COVID-19, people refrained from going to see the doctor or visit the hospital in case they suspected a medical issue. As a consequence, a serious condition is discovered too late, thereby reducing chances of survival. Over time, this leads to excess death (chances are they would have been treated on time if they had visited a doctor/hospital).
- Due to lockdowns and fear, people are seriously limited in their activities (including sports), while obtaining less sunlight (necessary for vitamin D). Perhaps stress also encouraged a less healthy lifestyle (diet-wise). Depression is also more common (perhaps because of loneliness amid the restrictions or because quite some people saw their businesses in trouble or collapse) which can cause physical symptoms. So, in other words, it weakens people's immune systems, therefore actually making them more prone to COVID-19.

- Lastly, we can certainly not ignore the possibility that COVID-19 vaccines cause part of excess deaths. Prior to the COVID-19 crisis it was already well known that vaccines can cause fatal adverse reactions (albeit it is a very rare phenomenon). So, when a new vaccine is given to almost entire populations, it is impossible not to have fatalities as a direct consequence of the COVID-19 vaccines³.



More generally, people's lives have been disrupted in an unprecedented manner by the COVID-19 pandemic and government restrictions (quite similar to the situation in a war). It needs to be studied to what extent this sudden and dramatic change has

³ The [US Centers for Disease Control and Prevention \(CDC\) notes](#) that “over 496 million doses of COVID-19 vaccines were administered in the USA from December 14, 2020, through December 20, 2021. During this time, VAERS received 10,688 reports of death (0.0022 percent) among people who received a COVID-19 vaccine”.

far-reaching psychologic and physical effects on people. On the other hand, besides curbing the spread of COVID-19 in society, lockdowns do also have positive effects, for instance they reduce pollution quite significantly and also reduce the number of traffic fatalities.

Because it is likely that mankind will encounter similar challenges in the future, it is vital that lessons are learned from the COVID-19 crisis for the benefit of society as a whole. There must be more efficient ways to tackle a virus that is a serious threat for 1 percent of populations, without the full 100 percent of society feeling the negative effects of government restrictions (for example via inverted or reverse lockdowns). This also means accepting that there exist differences between people (or groups of people): while young and healthy people face almost zero risk from COVID-19, this risk increases with age (as the quality of people's immune system weakens with age, partly because of the emergence of underlying illnesses or medical conditions).

After identifying which groups are particularly vulnerable to a COVID-19 infection, we should be able to formulate effective strategies to protect the vulnerable groups. Mass-based policies ('one size fits all') evidently not only fail in this context, but may do more harm than good. For instance (although for now this remains speculation, yet is supported by various virologists and biologists outside mainstream media), COVID-19 vaccines seem to postpone a natural infection (for a few months, which can be extended by giving a booster), but fail to bring long-term protection. So far,

only a natural infection is known to provide broad-based and long-term protection). Preventing a natural infection is great for the vulnerable groups within society as an infection could be fatal (and so, these groups require a booster shot every couple of months). However, preventing all young and healthy people from getting a natural infection implies that herd immunity cannot be developed (which is ironic because herd immunity is the target of most governments). And considering it is logistically impossible to give boosters to entire populations every four months or so, the virus therefore continues to simmer in society which implies a prolonged risky situation for the vulnerable groups.

This would explain why Indonesia has almost no COVID-19 infections anymore (and empty COVID-19 referral hospitals) as people got natural infections (and therefore immunity) before they were vaccinated, while the countries with strict and efficient lockdowns as well as quick vaccination programs continued to see big waves of new infections.



There are important lessons to be learned from the COVID-19 crisis. The question is, though, whether all involved sides are willing to search for lessons, let alone willing to learn lessons.

Richard van der Schaar
Managing Director

Indonesia Investments
Yogyakarta, Indonesia
2 January 2021

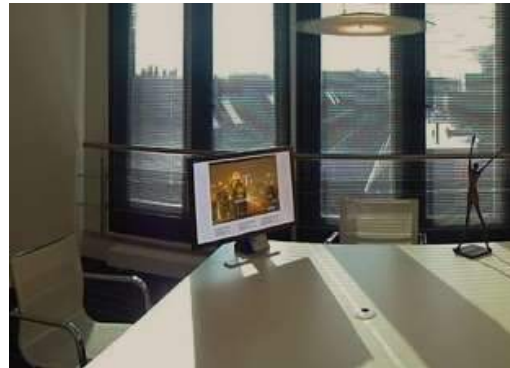


[Return to Table of Contents](#)

Contact

Van Der Schaar Investments B.V.

Vaandelstraat 42
2611 DB Delft
The Netherlands
M +31 (0)6 27 05 85 32
E info@vanderschaar-investments.com



CV Indonesia Investments

Nusa Harmoni Brajan, No. 5
Brajan RT. 14 Tamantirto, Kasihan
Bantul, Yogyakarta – 55183, Indonesia
Email: info@indonesia-investments.com
Tax Number/NPWP: 85.701.415.3-036.000
M +62 (0)8 788 410 6944 (incl. WA texts)
E info@indonesia-investments.com



Representative Jakarta, Indonesia

Ms. Lori Siregar
Director CV Indonesia Investments
Jl. Tanjung Duren Raya No. Kav 5-9
West Jakarta - 11470, Indonesia
M +62 (0)8 82 9875 1125 (incl. WA texts)
E info@indonesia-investments.com



[Return to Table of Contents](#)

Coronavirus Tips: How to Protect Yourself & Others

Immunization programs have started but it is important to remain careful to avoid becoming infected with COVID-19, or, infect others.

You can protect yourself and help prevent spreading the virus to others if you:



- **Cover your nose and mouth** with a (disposable) tissue or flexed elbow **when you cough or sneeze**. Wear a face mask when going outside (this won't stop aerosols unfortunately but should prevent the larger droplets from spraying), and wash your hands often and thoroughly when back inside.

- **Strengthen your immune system**; people who are healthy (which are usually young people) may not even notice that they are infected with COVID-19. The trick here is that their immune system is stronger (generally). Therefore, now is the time to take some efforts to strengthen your immune system by eating healthy (fruits and vegetables each day). And do not forget to exercise! Taking enough time to sleep and avoiding stress are also crucial to improve the immune system. Lastly, it is highly recommended to quit bad habits, most notably: smoking.



- **Ventilation**; make sure that rooms inside houses, apartments, and buildings are properly ventilated as a COVID-19 infected person can spread aerosols so small that a facemask cannot prevent them from going into the air or from going into the lungs of someone who wears a facemask. Ventilation systems need to get a good supply of fresh air from outside and/or use a good filter. It is also advised to open windows or doors in closed spaces so there is a good supply of fresh air.

[Return to Table of Contents](#)