



Indonesia Investments

Slowly Back to Normal in 2022?

- What Are the Challenges That Need to Be Faced by the Indonesian Economy in 2022?
- Omicron Spreads Rapidly on Java; Pressure on Hospitals Remains Manageable
- Various Macroeconomic Indicators Are Showing Positive Readings
- New Tax Harmonization Law Brings Number of Changes to Indonesia's Tax System
- Footwear; Big Potential but Challenging Investment & Business Environment
- Doubts about the Biodiesel Program

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Van Der Schaar Investments B.V.
CV Indonesia Investments

Indonesia Investments

Monthly Report – January 2022

‘Slowly Back to Normal in 2022?’



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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.

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1 edition	IDR 150,000	USD \$11	EUR €11
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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.

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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

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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.

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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.

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Introduction – January 2022 Report

In the first month of 2022, we detected some positive signs, both abroad and at home (in Indonesia) as there is growing evidence that the Omicron variant is encouraging strong herd immunity around the world, while not making too many people ill to the extent that they require hospitalization.

In Denmark – right at the start of February 2022 – the government scrapped all laws and regulations related to COVID-19, and so the country might be the first developed nation that completely goes back to normal. Even in case someone tests positive for COVID-19 in Denmark, he/she will not need to opt for self-isolation. In other words, the virus is now allowed to run through the population as it is basically regarded a ‘common cold’ (moreover, because of its contagiousness, it would be impossible to use restrictions to prevent the spread of Omicron in Danish society).



It might seem like a risky decision to many, especially at a time when new confirmed COVID-19 cases are skyrocketing in Denmark, but the data over the past two months certainly suggest that it is time to lift restrictions. After all, as we have emphasized in earlier reports, the concept of 'public health' is much wider than the fight against COVID-19 alone. Excess mortality that is found in countries like the Netherlands in 2021 (of which only part is directly linked to COVID-19 casualties by the authorities) should make us concerned – and reassess – public policies, certainly now COVID-19 has evolved into a milder virus (than earlier variants like Delta or Alpha).

So, over the coming weeks, the world should be closely following developments in Denmark because if it can fully open without experiencing a significant increase in COVID-19 hospitalizations and deaths, it essentially gives the green light for other nations to follow suit (provided Omicron is the dominant variant).

We are now optimistic that 2022 will become the year in which most countries can lift most (or all) restrictions, effectively returning to normal, which would be great news for social and economic development.

What also will be interesting to follow is what will happen to the national COVID-19 vaccination programs across the world if Denmark shows positive results. Letting Omicron run through populations might be a more effective and cheaper (and – who knows – a safer) option than the current vaccination programs. So, will governments

continue to push for the immunization of all people above 5 years of age, or, will they start focusing on those groups that are particularly vulnerable to COVID-19 due to underlying medical conditions and/or old age (a COVID-19 jab would then be similar to the flu shot that is typically given to elderly in the West ahead of winter time).

Considering, governments are already committed to tens of billions of dollars' worth of purchase agreements with Pfizer and Moderna for vaccine deliveries in 2022, it might not be the end of national vaccination programs for almost entire populations (although – hopefully – these purchase agreements include a stipulation that makes the agreement non-binding in case the COVID-19 pandemic ends).

But even in case, hypothetically, all restrictions are lifted around the world in 2022 it does not mean that we are back to normal. Some significant damage has been done in terms of polarization, poverty, disrupted education, and fearmongering that will require years, perhaps even a generation, to (hopefully) heal.

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3 February 2022



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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.

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