

# Indonesia Investments

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## **New Restrictions to Derail Rebound?**

- Does the World Need to Recalibrate Its Stance (Tunnel Vision) on Vaccines to End the Crisis?
- Indonesia Imposed Tighter Restrictions in July 2021, Will This Derail the Economic Rebound?
- How Have COVID-19 Tourism and Travel Restrictions Impacted on the Economy of Bali?
- Will Tech Startups Dominate Market Capitalization on the Indonesia Stock Exchange in the Future?
- Bukalapak's IPO Promising, Yet Brings Memories of the Dot-Com Bubble in the Late-1990s
- And Much More ...

**JULY 2021**

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**Van Der Schaar Investments B.V.**  
**CV Indonesia Investments**

# Indonesia Investments

Monthly Report – July 2021

**‘New Restrictions to Derail Rebound?’**



# Table of Contents

(Click on Title to Jump to Article)

Preface .....	5
Introduction .....	10
Contact .....	18
Coronavirus Tips: How to Protect Yourself and Others .....	19

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

• From Paradise to Hell; How the COVID-19 Crisis Has Affected Bali, Indonesia’s Biggest Tourist Destination .....	24
• Economic Update Indonesia; Tighter Restrictions May Derail Economic Activity in Second Half of 2021 .....	51
• Social & Business Restrictions Extended in Indonesia; Will the Crisis Ever End with the Existing Approach? .....	66
• Huge IPO in Indonesia: E-Commerce Giant Bukalapak to Become Indonesia’s First Listed Tech Startup Unicorn .....	102

• Being ‘Agents of Development’ Comes at a Price; Additional Capital Injections for Indonesia’s State-Owned Enterprises? .....	121
--	-----

## **Updates Indonesia – News Flash & Macroeconomic Indicators**

• Consumer Price Index (CPI) of Indonesia; Despite Tighter Restrictions July 2021 Brings Mild Inflation .....	138
---	-----

• Walking on Thin Ice; Manufacturing Activity of Indonesia Dropped Heavily in July 2021 .....	144
---	-----

• Trade Balance: Indonesia Ends Q2-2021 With Strong Performance, Lingering Uncertainty Over Q3-2021 .....	149
---	-----

• Foreign and Domestic Direct Investment Realization in Indonesia in Q2-2021 (Tables Only) .....	166
--	-----

Public Holidays Indonesia .....	169
---------------------------------	-----

Forecast Macroeconomic Indicators Indonesia .....	170
---	-----

Corporate Earnings Reports Indonesia’s Listed Companies: H1-2021 .....	172
--	-----

Back Issues Monthly Reports .....	182
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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](http://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

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**[Return to Table of Contents](#)**

## Introduction – July 2021 Report

It feels as if the world is, again, at a turning point. While there is a wide range of data that indicate improving economic conditions (both in Indonesia and the world as a whole), there also emerged room for concern. The two main (inter-related) reasons for concern are (1) whether the existing COVID-19 vaccination programs that have been rolled out across the world are enough to end the COVID-19 pandemic, and (2) will governments feel the need to – periodically – impose tighter restrictions in times of rising positive COVID-19 test results in the years ahead, while as a consequence thereof economic activity and social life is allowed to be derailed?

These two concerns have arisen as there are more and more news stories informing that the existing COVID-19 vaccines are not effective enough as anti-bodies seem to wane after some six months. Hence, various countries are now planning to give third doses to certain groups in society (particularly vulnerable people and medical staff). In Indonesia, for now, only medical workers are being targeted for a third COVID-19 shot (although it is safe to assume that – at a later stage – the elderly will be targeted too in Indonesia, simply because they are most vulnerable to a COVID-19 infection).

The big problem is though that if anti-bodies wane, again, some six or twelve months after a third jab, then what? A never-ending cycle of COVID-19 boosters around the globe each year? That not only brings huge logistical challenges and constitutes an

expensive program (especially for Indonesia; a huge Archipelago that is home to 270 million people), but we also still do not know the mid and long-term health effects of these relatively new vaccines. Only about a month ago it became known that Pfizer and Moderna vaccines can cause the inflammation of the heart muscle (a side-effect that had not been known when authorities approved these vaccines). Yes, it is a very rare side-effect, but our point here is that if we don't even fully understand the short-term effects, then how can we be sure about the mid and long-term effects?

We are aware that our view on the COVID-19 vaccination programs is quite different from what the traditional (mainstream) media are reporting, and what governments as well as supranational institutions are saying. We, too, would love to write that the COVID-19 crisis will end soon on the back of safe and effective vaccines. However, the bitter truth is, though, that at this moment there is simply no evidence, or data, that would support this statement. In fact, quite the contrary.



It seems to us that the problem with the ongoing COVID-19 pandemic in relation to vaccines is that the available data are distorted, and therefore multiple interpretable (it then depends on your view or standpoint how you want to interpret these data).

For example, based on reports in mainstream media the majority of hospitalizations and deaths now involve unvaccinated people (although in some countries this trend now seems turning). This easily leads to the conclusion that vaccines protect against COVID-19-related illness and death. However, one can doubt whether this is actually an accurate conclusion because, like with most viruses, natural immunity appears to be stronger (as well as longer-lasting) than a vaccination. And considering there are researchers who claim that asymptomatic COVID-19 infections (essentially meaning that one is not aware he/she had the virus as the infection was not accompanied by any symptoms) can be as high as 81 percent, it can also be claimed that most of the people who are categorized as 'vaccinated' are actually being protected by an earlier (unnoticeable) 'natural' COVID-19 infection, and not so much by the vaccine (or: it is the combination of a natural infection and the vaccine that brings great immunity). Several researchers are currently looking into this matter (particularly in Israel; the country that was quickest in terms of mass vaccination). However, it seems difficult to deliver hard evidence.

Another example of distorted data involves the seasonal pattern of the COVID-19 virus. Viruses tend to have seasonal patterns (such as influenza that typically hits in

winter or the rainy season). The lockdowns around the globe, however, are making it impossible for us to discover such patterns (if such patterns exist at all for COVID-19) as these lockdowns disrupt the natural spread of the virus. While we do certainly understand the need to protect the vulnerable people in society from contracting the COVID-19 virus through lockdowns, it also means that valuable information remains missing (information that would allow policymakers around the globe formulating more effective policies, both for the economy and society).

And so, everyone has to be cautious when formulating any firm conclusions in this ongoing crisis. This is actually the reason why we continue to urge governments and supranational organizations to allow an open and transparent discourse in society, while we urge the mainstream media to undertake investigative journalism instead of simply spreading – and often protecting – governments' viewpoints (that all seem to draw from the World Health Organization, or WHO, an institution that is certainly not free from political influences or pharmaceutical interests) from critics.

Shutting down discussions on, for example, the possible positive effect of ivermectin on COVID-19-related illness and death (with social media platforms like YouTube, Twitter, and LinkedIn removing such content) is not what made the West great. On the contrary, censorship can limit progress and innovation; the Earth would possibly still be flat and form the center of the universe if we had let censorship determine our worldview. In fact, censorship is actually what is currently feeding suspicion in

societies (particularly Western societies as censorship on socio-political matters is a new phenomenon in the West; well, at least for generations alive today). Moreover, when the WHO said the infection fatality rate (or IFR) for COVID-19 was somewhere between 3 and 4 percent around the very beginning of the pandemic (a statement that triggered panic), it turned out to be inaccurate information ('misinformation'). And yet, the WHO did not see its social media accounts being banned. So, the 'rules' do not apply for all.

What we do feel is becoming increasingly clear is that positive COVID-19 test results should not function as sole basis for government policies in the crisis. Again, the data are not complete but various studies do suggest that less than 20 percent of those who test positive for COVID-19 actually show symptoms (which also explains why huge numbers of positive tests don't translate to huge numbers of hospitalizations or deaths). This means that – by far – the majority of positive COVID-19 test results involve either asymptomatic cases, or the detection of an earlier COVID-19 infection (a piece of dead virus), or false positives. Considering these three groups are highly unlikely to spread COVID-19 to others in society, it would imply that (part of) the government COVID-19-related policies are excessive.

## **Zooming in on Indonesia**

In Indonesia, uncertainty returned to a higher degree in July 2021 as the government decided to impose tighter restrictions at the start of July 2021 (which were extended

and relabelled to 'PPKM Level 1-4' near the end of the month) in response to record COVID-19 daily case counts (exceeding 50,000 positive test results per day), thereby (possibly) derailing economic growth in the third quarter of the year. One chapter in this report is devoted to the overall current conditions of the Indonesian economy and the (possible) impact of the new restrictions on economic growth in the second half of 2021.

Bali in particular – an island that is dependent on tourism – is in trouble. Earlier, it targeted to re-open to foreign tourists in July or August 2021. However, the recent surge in new COVID-19 cases in Indonesia (as well as on this island) has made the government decide to postpone the plan. This is a major setback for the Balinese as it will take even longer before the recovery can start (although we do doubt whether foreign tourists would flock to Bali under the current circumstances, if restrictions were lifted). In this report, we also zoom in on how the COVID-19 crisis has affected Bali.

Another topic covered in this July 2021 report is the initial public offering (IPO) of local e-commerce giant Bukalapak, one of the country's unicorns (a startup valued at over USD \$1 billion), on the Indonesia Stock Exchange. This is a huge occasion as it is the first Indonesian unicorn tech-startup to become a publicly-listed company in Indonesia. And, more tech-startup IPOs are to follow soon!

## One Final Remark

We want to conclude this edition's introduction by returning to the West, or more precisely, the United States. While the world economy remains struggling due to the COVID-19 restrictions – with countries such as Indonesia more-or-less in lockdown mode – we witnessed live coverage of billionaires Richard Branson and Jeff Bezos undertaking a short joy-ride into space.

It brings an awkward situation: while hundreds of millions of people (if not more) around the globe face travel restrictions and/or are under heavy financial stress due to COVID-19-related restrictions, a couple of billionaires can visit space.

Moreover, the ruling powers in the West (governments, supranational organizations and media) are currently pushing through massive climate change policies that are supported by people like Bezos and Branson (who both pledged huge amounts of money to curtail global warming). And yet, these guys are now poking holes in the ozone layer (which could lead to permanent damage if done frequently), just for fun!

### Indonesia Investments

Yogyakarta, Indonesia

1 August 2021



[Return to Table of Contents](#)



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## Contact

### Van Der Schaar Investments B.V.

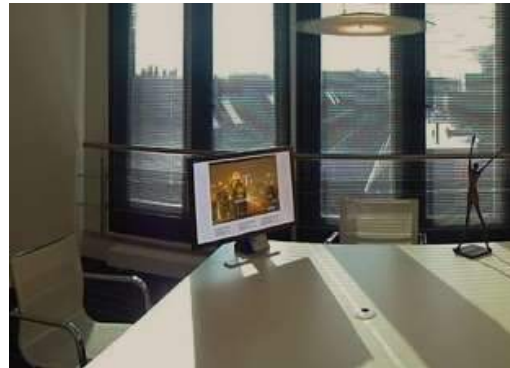
Vaandelstraat 42

2611 DB Delft

The Netherlands

M +31 (0)6 27 05 85 32

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



### CV Indonesia Investments

Nusa Harmoni Brajan, No. 5

Brajan RT. 14 Tamantirto, Kasihan

Bantul – 55183, Indonesia

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



- **Wash your hands regularly and thoroughly** for 20 seconds, with soap and water, or alcohol-based hand rub. Remember that before your hands are clean, you should not touch your face, especially not (around) your eyes, nose and mouth as these are the key entrance points for any virus.

- **Cover your nose and mouth** with a (disposable) tissue or flexed elbow **when you cough or sneeze**. Wear a face mask when going outside (mainly to protect other people) and wash your hands often and thoroughly when back inside.



- **Stay Home**; avoid unnecessary contact with people as well as unnecessary traveling, particularly to crowded or public places. After returning home from necessary activities such as grocery shopping, do not forget to wash your hands. You may also want to wash the products you bought, because people often touch products that are put on display in the local supermarket. If possible, work from home!

- **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 don't forget to exercise. Taking enough time to sleep is also crucial to help improve your 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 supply of fresh air.

[Return to Table of Contents](#)

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