

Indonesia Investments

COVID-19 Crisis Intensifies

- Emergency COVID-19 Measures from 3-20 July on Java and Bali after Record Infections Streak
- Indonesia Starts Trials for Ivermectin; the Medicine the West Doesn't Want You to Know
- Government and House Discuss Tax Reform Bill
- Energy Sector; Indonesia Struggles to Tap Its Impressive Geothermal Potential
- Firmer COVID-19 Restrictions Undermine the Economic Rebound in 2021
- And Much More ...

JUNE 2021

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



Indonesia Investments

Monthly Report – June 2021

‘COVID-19 Crisis Intensifies; Second Wave Resembles Tsunami’



Table of Contents

(Click on Title to Jump to Article)

Preface	5
Introduction	10
Contact	15
Coronavirus Tips: How to Protect Yourself and Others	16

Analyses & Columns – Economy, Politics & Social Developments

• Indonesian President Widodo Announces Emergency COVID-19 Measures from 3-20 July in Urban Centers on Java and Bali	20
• Newly Imposed COVID-19 Emergency Measures Threaten to Derail Indonesia’s Economic Rebound in 2021	35
• Update on Renewable Energy Sources; Indonesia’s (Untapped) Geothermal Power Potential	44

Updates Indonesia – News Flash & Macroeconomic Indicators

• Indonesia Battery Corporation and South Korea’s LG Corporation Start Construction of Electric Vehicle Battery Plant in July 2021	61
--	----

• Suspicion of Inaccurate Data Being Reported by the Investment Coordinating Board (BKPM)	66
• Government and House of Representatives (DPR) in Talks over Controversial Tax Reform Bill	73
• Indonesia Starts Clinical Trials for the Medicine That No One Is Supposed to Know About: Ivermectin	82
• Garuda Indonesia among Big Corporate Victims that Need COVID-19 Debt Infusion Treatment to Survive	86
• Indonesia's Export and Import Performance Declined in May 2021 on a Month-on-Month Basis	92
• Consumer Price Index (CPI) of Indonesia; Return to Deflation in June	102
• Indonesia's Manufacturing Activity Still Expands But Loses Momentum in June 2021	112
Public Holidays Indonesia	116
Forecast Macroeconomic Indicators Indonesia	117
Back Issues Monthly Reports	119

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.

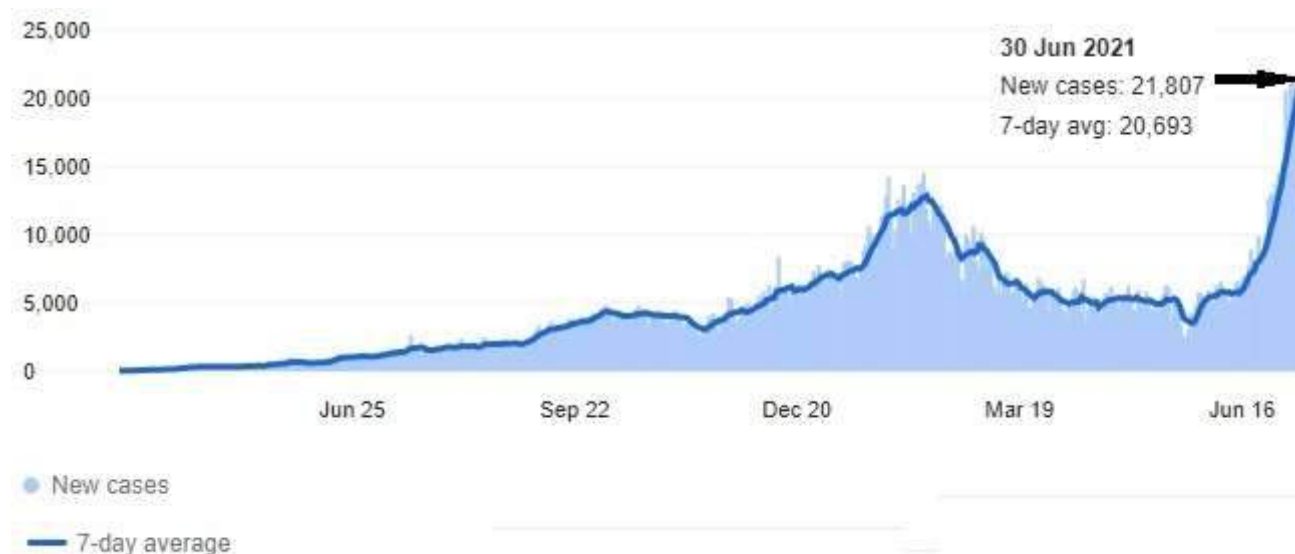
[Return to Table of Contents](#)

Introduction – June 2021 Report

Right at the very start of July 2021, Indonesian President Joko Widodo announced ‘emergency measures’ (in Indonesian called *Pemberlakuan Pembatasan Kegiatan Masyarakat Darurat*, or *PPKM Darurat*, which roughly translates to the Enforcement of Restrictions on Activities in Society) in a renewed effort to combat the COVID-19 pandemic in Indonesia.

And one can argue that tougher action is indeed justified considering the number of new confirmed COVID-19 cases in Indonesia has been soaring since the first week of June 2021, thus giving rise to speculation whether the national Idul Fitri holiday in mid-May 2021 is the source of this sudden giant wave of new infections.

New Confirmed COVID-19 Cases in Indonesia:



Source: <https://github.com/CSSEGISandData/COVID-19>

Others point to COVID-19 mutations (most notably the ‘delta strain’) that are more contagious and seem more resistant to vaccines. And so, also in our circles there are several people who fell ill with high fever and tested positive for COVID-19 in the past two weeks, even though some of them had completed the two vaccine shots.

Possibly it is the combination of having people gathering or traveling in the context of Idul Fitri festivities while at the same time a more contagious COVID-19 mutation was spreading is what’s at the root of the growing problem in Indonesia. In late-June 2021, Jakarta Governor Anies Baswedan said the delta strain accounts for around 87 percent of the total new variant cases that have been identified in Jakarta.

As a consequence, pressures on hospitals are growing. According to CNBC Indonesia, the country’s national bed occupancy ratio (BOR) stood at 74 percent at the end of June 2021. However, in some provinces the BOR has risen above 90 percent.



Besides the health risk for those with weak immune systems amid this pandemic (mainly elderly and/or those with underlying medical conditions or illnesses), these new emergency measures (that will be in place on Java and Bali from 3-20 July 2021, and which could be extended) will have consequences for economic activity in (at least) the month of July 2021 as these measures (similar to the semi-lockdowns we saw in urban centers in April 2020) undermine consumption, production, trade and investment.

In fact, it is realistic to assume that Indonesia's Q3-2021 economic activity will be lower than activity in the same quarter one year earlier, and so, perhaps, we will see the return of red gross domestic product numbers for Indonesia in Q3-2021 (while we still expect Indonesia to exit the ongoing economic recession in Q2-2021).

In this June 2021 edition of our monthly report, we – again – zoom in on the COVID-19 pandemic as well as the new emergency measures, while assessing their impact on Indonesian society and the economy. But, we also zoom in on other interesting topics, such as Indonesia's difficulty to tap its huge geothermal power potential, a new tax bill that is being prepared, Garuda Indonesia's financial trouble, and alleged data manipulation by the Investment Coordinating Board – also known as BKPM – which was recently promoted into the Investment Ministry.

In conclusion, there is ample room for concern about the Indonesian economy and society. Since last year we have been emphasizing that immunization programs may

not provide the relief that is looked for because (1) there is yet to emerge positive data/evidence on the efficacy and safety of existing COVID-19 vaccines (in fact there are signs that the existing vaccines don't fully protect against COVID-19 mutations; moreover there are medical experts warning that vaccination programs right in the middle of a pandemic – when there remain many people who have not developed resistance to the virus – can actually trigger the development of strong mutations), and (2) Indonesia has a massive population, implying that it takes a lot of time before enough people are vaccinated to achieve herd immunity.

Per 1 July 2021, only 13.7 million people had completed the two shots in Indonesia's immunization program that started in mid-January 2021, implying an average of 2.5 million people completing the two doses per month. And so, if not sped up, it may take 6 years before the government's immunization program is completed. Are we going to see social and business restrictions throughout that period? If yes, it would be an economic disaster. Moreover, seeing a growing number of reports or articles arguing that vaccines don't fully protect, Indonesia's costly and lengthy vaccination program could even be in vain to a certain extent.

Indonesia Investments

Yogyakarta, Indonesia

2 July 2021



[Return to Table of Contents](#)

Research Report 'Indonesia's Energy Sector'



Indonesia Investments

'Indonesia's Energy Sector'

- Need to Power Businesses and Households
- Electricity Grid in Need of Improvement
- A Deeper Look into PLN's Performance
- The Challenges Faced by Pertamina
- Energy Targets of the Indonesian Government
- Oil and Gas; Reversing the State of Decline
- Rising Resource Nationalism in Indonesia
- Coal Remains the Crucial Energy Commodity
- Gradual Development of Renewable Energy
- Impact Mining Law Revision on Investors
- The Investment Environment of Indonesia
- And More ...

JULY 2020 – 1ST EDITION

Van Der Schaar Investments B.V.
CV Indonesia Investments

Price:
USD \$750
Rp 10 Million

Order by:

- Email: info@indonesia-investments.com
- Phone/WA: +62(0)8 82 9875 1125

Contact

Van Der Schaar Investments B.V.

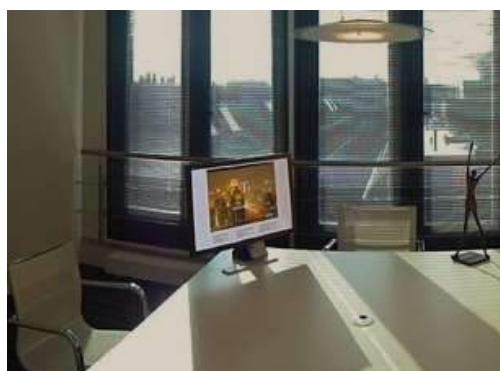
Vaandelstraat 42

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 – 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:



- **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](#)



FHI
FOOD & HOTEL
INDONESIA

HYBRID
edition

THE 16TH

Indonesia's Leading
International Trade Exhibition
for Hospitality, Food &
Beverage Industry



Incorporating:

INCORPORATING
RETAIL
INDONESIA

21-24

September 2021

JIEXPO, Kemayoran

www.foodhotelindonesia.com