

Research Report March 2019

INDONESIA INVESTMENTS

“Battling Plastic Waste and Pollution”



Indonesia Investments Research Report

Battling Plastic Waste and Pollution

March 2019



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Preface

Indonesia Investments' monthly research report 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 global developments that are impacting on the Indonesian economy or politics.

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

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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.



Introduction

One huge problem Indonesia has to cope with is waste, in particular plastic waste. Considering Indonesia is home to nearly 270 million people, one can imagine that the amount of daily waste is huge and therefore the nation requires well-developed waste management infrastructure. But it also requires people's individual responsibility. Much too often we witness Indonesians throwing away trash on the streets rather than making an effort to find a garbage bin. It indicates that, generally, there is a lack of environmental awareness in Indonesia.

Problematically, a large portion of the garbage that is thrown away on Indonesia's streets, rivers or other places is not biodegradable, meaning it cannot break down into natural materials in the environment without causing harm. Many materials, particularly plastic or cigarette butts, break down in a much more harmful manner, leaving behind chemicals or other harmful substances in the soil or water.

Several years ago, I spent a short holiday in the famous Puncak Pass area (in West Java). The environment was breathtakingly beautiful (albeit cloudy). As I walked inside the tea plantations as well as around plantations of other crops I truly enjoyed the fantastic natural scenery. But when I stumbled upon a small stream separating two plantations in the hilly area, there was an unpleasant surprise. The stream was completely clogged with plastic garbage, such as plastic bottles, plastic wrappers, and plastic packaging materials.

Coincidentally, a local farmer passed by and therefore I took my chance to ask him who throws all that garbage into the water. His answer was that the garbage is carried here by the water from uphill where hotel operators throw the garbage into the stream. For authorities it is time to track and trace these polluters and hand out big fines in order to discourage such irresponsible behavior.

Similarly, in local and international media various pictures have surfaced showing beaches on Bali - the most popular tourist destination in Indonesia - filled with trash, washed ashore. Most of this garbage originates from Java and Bali where people and industries dump waste in rivers that bring the trash into the sea. Flood tides bring the waste back onshore.

Indonesian authorities should not underestimate the impact of the (plastic) waste issue. Not only does it adversely affect the environment, wildlife, and wildlife habitat but it also jeopardizes the health of people. Moreover, images of beaches and rivers clogged with plastic as well as stories about dead marine animals washed ashore having stomachs filled with plastic are very bad publicity for Indonesia overseas.

Tourists who have witnessed beaches full of plastic waste are possibly not eager to return for a holiday to Indonesia in the future. Through word-of-mouth as well as electronic word-of-mouth (social media) the word is spread and may convince others not to visit Indonesia and, instead, opt for a cleaner tourist destination.

The first article in this March 2019 edition focuses on Indonesia's plastic waste problem. Other interesting analyses that are included in this edition - that I want to highlight here - are the huge loss of confidence in Boeing's 737 MAX 8 model after the crashes of Ethiopian Airlines Flight 302 and Lion Air flight JT-610. Hence, Garuda Indonesia and Sriwijaya Air are cancelling their plans to buy or lease this type of aircraft.

Another analysis in the report focuses on the slow, yet structural, improvement of Indonesia in Transparency International's Corruption Perceptions Index. In the latest edition Indonesia ranks 89th, which is far from good but - at least - the country has shown good growth in this index over the past 15 years. Nevertheless, corruption scandals remain widespread in Indonesia. A few of the latest cases are discussed.

As Indonesia's 2019 elections are approaching (with the country's presidential and legislative elections scheduled for 17 April 2019), our next report will be an 'election special'.

Lastly, we would like to take this opportunity to thank you for purchasing this March 2019 edition of our monthly research report, entitled '**Battling Plastic Waste & Pollution**'. We hope that this report contains valuable information for you!

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Jakarta, Indonesia - 6 April 2019



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