

# Indonesia Investments

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## Road to Net Zero Emissions

- Taking a Look into Socio-Economic Dynamics in the West that May Spill Over to Indonesia
- Indonesia to Reach Net Zero Carbon Emissions by 2060? Or Is It Paying Lip Service?
- Indonesia's Economic Recession Extends into Q1-2021; Recession Expected to End in Q2-2021
- Indonesian Government to Raise VAT in 2022? Will It Undermine Household Consumption?
- Manufacturing Activity at New Record High
- Inflation Higher than Expected in May 2021
- And More ...

**MAY 2021**

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



# Indonesia Investments

Monthly Report – May 2021

## ‘Indonesia’s Road to Net Zero Emissions’



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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



stands in a tradition that stretches back to urban development in the Dutch capital city of Amsterdam in the early 20th century.

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(2) **Monthly reports only;** usually between the 2<sup>nd</sup> and 5<sup>th</sup> 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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## Introduction – May 2021 Report

Contrary to our usual coverage, in this edition of the monthly Indonesia Investments' report there is some emphasis on political and socioeconomic developments in the West (referring to the United States and the European Union). The main reason for this is that the West – and we have seen this throughout history (for example during colonial days) – has a huge influence on the rest of the world, including Indonesia.

And so, whatever happens in the West will (most likely) impact on Indonesia, either on the short or long term. Therefore, Indonesians need to have some understanding of the latest developments in the West, and considering an estimated 70 percent of our subscribers are Indonesian nationals, companies and institutions we feel this is justified. In fact, even our Western readership may find our analysis insightful.



Our main point is that the West is in a much deeper crisis than the COVID-19 crisis alone. National governments serving the ideals of globalist ideologists rather than the needs of their own citizens, biased mainstream media, censorship on the big tech companies' social media platforms (such as YouTube and Twitter that have become important platforms or channels for communication and information distribution in today's world), and the 'demonizing' of those who criticise the globalist agenda and ideology (by labelling those who express criticism on globalist ideals 'extreme-right', a technique probably aimed at avoiding to discuss topics in a substantial or rational manner) are all part of a bubble that is bound to burst sooner or later in the West.

It has led to the existence of 'taboo subjects' in the West. Take mass immigration for example. If we take a look at the situation in the Netherlands, then mass immigration (particularly referring to non-Western immigrants) over the past couple of decades has clearly disrupted Dutch society, undermining the country's social fabric (in fact Dutch society is more polarized than ever before, reflected by the results of the latest legislative election that make it very complex to form a new, cohesive cabinet), and it has a significant impact on Dutch culture(s) and identity (for example because the first, second and third generation immigrants reject certain Dutch traditions).

Instead of integration into society (a program that apparently failed completely), the Dutch government now focuses on promoting the concept of diversity, essentially meaning that it are the 'native Dutch' who need to adjust rather than immigrants

adjusting to Dutch traditions and culture; it is a policy that is fertile soil for social tensions (and because the Netherlands transferred most its power to the European Union – on key policy fields – not much can be done to limit mass immigration).

And there are a variety of other (related) problems. For example, even the most left-wing Dutch politician admits that the ‘non-native’ Dutch are dominating in the crime statistics. While it is important to emphasize that it is only a small percentage of non-native Dutch who enter these statistics, it is -again- a cause of social tensions. Indeed, when a large number of uneducated, (near) poor people arrive in the country who lack affinity with the local people, then there is the risk of seeing crime rise. After all, taking wealth from others is an alternative way (and a fast, albeit very risky, one) to rise in social class.

Also in other parts of the European Union mass immigration is a source of social tensions. However, it is a problem that tends to be hid away by authorities and media institutions rather than resolved. Part of the problem is that it remains very difficult to discuss a subject like this without being called extreme right or xenophobic by left ideologists (becoming a taboo subject). Considering growing political correctness in the West (meaning anything that can be regarded offensive to members of particular groups in society has to be avoided), few dare to openly discuss these matters as it can have big implications for their careers (and most likely it will become extremely difficult to get a job in the public sector, or, at a supranational institution if you have openly expressed criticism towards the political agenda of left-wing globalists).

That also explains why left-wing globalist ideology seems accelerating in the West's public sector and supranational institutions (and this in society). When there are no voices within these institutions that call for some moderation, then they will simply keep their feet on the gas pedal (entering radical left territory). Meanwhile, criticism that originates from outside these institutions is simply waved away or demonized. Interestingly enough, in the Netherlands, one of the biggest political parties – PVV (typically coming out as second or third-biggest in national elections) – is simply not invited to join talks for cabinet formations after each election. Why? Well, the most obvious reason is that it opposes the left globalist agenda (such as the transfer of more sovereign power to the European Union and mass immigration).



So, there are taboo subjects and clear features of censorship (which tends to trigger self-censorship) at play in the public discourse in the West. However, censorship is always a tricky thing. Having the political history of the world in mind, one could ask: 'when were it the good guys who made use of censorship?' And here, we may

need to make a distinction. Many would certainly agree that it is better not to expose our children to images or videos of violence, sex, and unhealthy habits (for example smoking) since it could make them curious about these matters (and given children are generally less capable of calculating the future consequences of their acts in the present, it could have significant and far-reaching consequences for the rest of their lives; consequences they might regret in the future).

But when it involves suppressing criticism on the government's globalist ideology, then it is a different story. Especially considering the globalist agenda fundamentally alters Western societies, both politically and socio-economically, up to the point of no-return.

So, wouldn't it be fair to allow an open and transparent discussion on these issues in society? Well, those in power apparently do not agree. Even referenda (where the electorate is invited to vote on a particular matter, and thus an important tool within democracies) have more-or-less been abolished in the Netherlands; a sign that those in power are afraid of the outcome.<sup>2</sup> Or in other words: afraid that people's opinion

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<sup>2</sup> The last advisory referendum in the Netherlands involved approval of the Ukraine–European Union Association Agreement in 2016. While the Dutch government supported it, the people rejected it (turnout being quite low at 32%, yet it met the threshold). Despite rejection from Dutch society, the government ratified the agreement because it was on the globalist agenda.



is not in line with the globalist agenda (because national governments now serve the globalist agenda; not their citizens). And when referenda show the distance between the government and the people in terms of ideology and ideals about how the nation should be run, then it becomes increasingly hard to push through globalist ideals.

Coming back to the example of mass immigration and the fundamental change it brings to Western societies, one could argue 'well, cultures always change overtime' (which is true). However, the important difference is that mass immigration seems (forcefully) top-down driven (with the European Union being an 'external' driver), while the drive for cultural change typically comes from people within the culture themselves (although these changes are typically triggered by foreign influences, and also leads to resistance from more conservative groups in society).

And, there is something else that is worrisome about censorship. When it involves curtailing criticism on state ideology, censorship could be a sign that the ideology is not a product of rational thinking (or simply part of 'bad' governance), and therefore needs to be protected from common sense and justness.

And, there is another crucial element at play because one might ask 'well, if in the West national governments are not doing a proper job, then why do people continue to vote for political parties that fully support the globalist agenda? This is where the media come into play.

It has become increasingly clear that the mainstream media are not fulfilling their roles properly in the West. Rather than checking whether the government is doing a good job in running the country in terms of key globalist issues, they seem to have turned into propaganda machines, while protecting the government by demonizing those who criticise the political narrative. The surprise Brexit vote and the surprise win of Donald Trump in the 2016 US presidential election are examples that show there exists a gap between mainstream media's portrayal of reality and reality itself. In fact, mainstream media (although there are a few exceptions) seem preoccupied influencing people's perception to align it with the globalist ideology.

Essential part of the problem here is the concentration of media ownership (that probably started in the 1990s). When the number of companies or individuals who control the media market becomes smaller (due to acquisitions etc.), then the media integrity is at risk; diversity is lost, meaning that mainstream media will increasingly show 'one perspective' in their coverage (leading to the manipulation of those who follow these media). Moreover, some media owners have clear political ambitions of their own (for example Bloomberg), while others are also highly influenced by left globalist ideals as they are part of globalist networks that have evolved over the past decades.

And while a decade ago, social media platforms (such as Facebook or YouTube) were praised for their ability to enhance democracy by allowing information to flow freely

within society, they are now doing the opposite by banning accounts of those who undermine the political narrative (or warn those who violate community guidelines, thereby encouraging self-censorship).

The problem is that, without properly functioning (mainstream and social) media, there looms a significant (informational) imbalance in Western society. So, again, if we ask 'why do people vote for political parties that disrupt the nation-state for the sake of globalist ideology', then the answer could very well be that, firstly, relatively few people are interested in politics and socio-economic issues (and therefore they are simply not looking for information from diverse sources, nor are they analysing the situation they live in) and, secondly, people who do follow the mainstream media will not obtain an objective perspective. Another 'old complaint' is that the education system in the West tilts too much to the left, particularly in humanities and social sciences, thereby creating future generations who support left ideology.

Either way (or combined), it results in a political status quo in which the globalist elite can continue pushing their agenda. Moreover, in particular countries within the European Union are showing severe signs of polarization, partly the result of rising radical left ideology that pushes all minorities into victimhood. Subsequent tribalism comes in handy for the political elite as history shows that the 'divide and conquer method' is very effective.

It is unclear what is going to happen in the West as a consequence of this experiment (referring to the change from nation-states with more-or-less common cultures and dominant ethnic groups to becoming the opposite of that). The West can implode or the experiment may become a success (the latter probably requiring a long struggle while also necessitating a European Union and national governments that become increasingly authoritarian along the way in order to safeguard order in society).

For now, there seems to be rising opposition to the political narrative in the West on the back of growing awareness of left ideology 'having gone too far' (increasingly radicalizing, reflected by identity politics, a strategy that is enthusiastically used by, for example, US President Joe Biden). However, rising opposition to the radical left can easily trigger a backlash in which national governments in the West take a much more authoritarian attitude. In fact, they have been able to 'practise' this attitude in the COVID-19 crisis when – for the sake of the people – lockdowns and curfews were imposed, and constitutional rights were denied (there are in fact alarming images of police beating demonstrators who only rallied for their constitutional rights).

While one can argue 'it is good to see certain constitutional rights being denied for the sake of people's health in the COVID-19 crisis', society needs to be very cautious that there will not be a 'slippery slope'. National governments across the European Union saw that they can sidestep people's fundamental constitutional rights without much resistance. So, this might encourage them to do this for other occasions too in

the future. For example – and this is already being discussed in media – we could see ‘climate lockdowns’ (because a drop in economic activity and people’s movement impacts positively on the environment, for example air pollution). One could, again, argue that this is a good cause as people have indeed not treated planet Earth with the respect she deserves (although it will entail huge economic and social costs but, obviously, that has never been a concern before for the radical left in the past).



But – considering the slippery slope – it can be taken a step further: for example to curb crime rates in society, people are not allowed to go outside between 20:00 pm in the evening and 06:00 am in the morning without a formal letter of permission. Again, one might say ‘well, society becomes a safer place’. Yes, but it comes at a cost: freedom is lost. This actually brings us to one fundamental philosophical question: what is the purpose of being, or purpose of life? However, this is a topic we won’t go into here.

All in all, the West needs to be cautious that freedom is not lost. Awareness should rise that freedom can slip away gradually and (almost) unnoticeably, hollowing out democracies. Censorship, demonization and taboo subjects (in the political domain) are the problem rather than the solution because in order for people to think and learn they need to be able to express and exchange ideas.

It can even cause a risky (and unethical) situation, one that is similar to the scene of pushing a beach ball underwater. You can succeed by continuously pushing the ball under water but the moment you let go the ball will pop up because of natural forces. Similarly, at a certain moment, censorship, demonization and taboo subjects will no longer be enough to silence the people. They can in fact trigger a revolution through which people want to get their freedom back.

So, how about Indonesia? Will rising tensions in the West impact on Indonesia? Well, we live in a highly globalized world, one in which the West has the upper hand. So, Western influences definitely reach Indonesia (as they have done for more than four centuries). Some influences are good (well, depending on your standpoint though) such as the introduction of modern technology, democracy or human rights. Others are bad (such as identity politics).

If the West does not implode due to internal struggles and continue to radicalize to the left, then it will certainly continue to try to force its political agenda and ideology



on Indonesia. We can already see this in the global climate crisis. Due to economic prosperity awareness of being more environmental friendly has evolved earlier in the West than in developing countries, including Indonesia. Countries like Indonesia still need to focus on poverty, before the environment becomes a key point of focus.

This is where a clash can occur between both (unless the West finances a significant part of the energy transition in Indonesia). Presumably, at some point in the future, if Indonesia fails to meet the criteria of the West in terms of the environment, it could lead to sanctions (such as a ban on imported goods from Indonesia) or restrictions. This is actually already the case for Indonesian-made palm oil and biodiesel. And we expect to see more examples of this in the next decade (for example, Indonesia being encouraged to participate in 'climate lockdowns').

And, who knows, if the West shows a return to an authoritarian style of rule in the decades ahead (which should be accompanied by plenty of chaos), Indonesia might even be able to compete for the title of (new) "Leader of the Free World" by 2050 (a time when it should also have grown into the world's top four economies, partly thanks to its impressively developing digital economy).

But, for sure, it will be very interesting to see how Indonesian governments in the next decades will respond to the West's globalist agenda and whether Indonesia has the power to resist some of these influences.

However, especially in the European Union, we would not be surprised that at some point in the next two decades people are going to wake up and realize what they have lost, such as the (political) power to determine their own future (which has gradually – and somewhat secretly – been transferred to the European Union by their political leaders) and their own local traditions and cultures (that could cause an identity crisis). This would certainly ignite chaos.

**CV Indonesia Investments**

Yogyakarta, Indonesia

3 June 2021



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# Research Report 'Indonesia's Energy Sector'



**Indonesia Investments**

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**'Indonesia's Energy Sector'**

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**JULY 2020 – 1<sup>ST</sup> EDITION**

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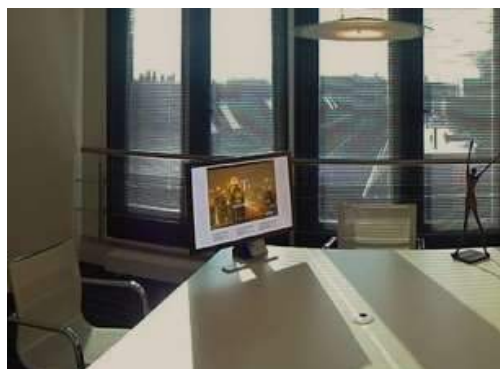
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## Coronavirus Tips: How to Protect Yourself & Others

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:



- **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.

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