

Indonesia Investments

State-Owned Enterprises in Focus

- Indonesian Ministry of State-Owned Enterprises (SOEs) Proposes a Big Jump in Capital Injections into SOEs in the 2022 State Budget

- Indonesian SOEs Feel the Financial Burden of Being Appointed 'Agents of Development' (Particularly for Infrastructure Construction)

- The SOEs Continue to Play a Crucial Role in the Economy of Indonesia, Often Being Leaders in Their Respective Business Fields

13 JULY 2021

Van Der Schaar Investments B.V.
CV Indonesia Investments

Indonesia Investments

Update – 13 July 2021

Capital Injections into the ‘Bleeding’ State-Owned Enterprises



Preface

In addition to our reports, Indonesia Investments sends updates on key economic, political or social developments to our subscribers to make sure that our subscribers do not miss out on vital information. The topics in these updates will be discussed in more detail (and in an updated form) in the forthcoming report.

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PENAWARAN LANGSUNG

SOUTH CPP DARATAN RIAU



LUAS AREA 5.446,39 KM²
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* GGG
* SEISMIK 2D 500 KM
* SEISMIK 3D 50 KM²
* 1 SUMUR EKSPLORASI

SUMBAGSEL DARATAN SUMATERA SELATAN



LUAS AREA 1.751,04 KM²
MINIMUM KOMITMEN PASTI
* GGG
* 1 SUMUR EKSPLORASI

RANGKAS DARATAN BANTEN & JAWA BARAT



LUAS AREA 3.969,8 KM²
MINIMUM KOMITMEN PASTI
* GGG
* SEISMIK 2D 300 KM

LIMAN DARATAN & LEPAS PANTAI JAWA TIMUR



LUAS AREA 3.135 KM²
MINIMUM KOMITMEN PASTI
* GGG
* SEISMIK 2D 400 KM

LELANG REGULER

MERANGIN III DARATAN SUMATERA SELATAN DAN JAMBI



LUAS AREA 1.488,84 KM²
MINIMUM KOMITMEN PASTI
* GGG
* SEISMIK 3D 100 KM²
* 1 SUMUR EKSPLORASI

NORTH KANGEAN LEPAS PANTAI JAWA TIMUR



LUAS AREA 4.679,33 KM²
MINIMUM KOMITMEN PASTI
* GGG
* SEISMIK 3D 200 KM²
* 1 SUMUR EKSPLORASI

JADWAL LELANG

WK MIGAS KONVENSIONAL TAHAP I TAHUN 2021

A. PENAWARAN LANGSUNG

SOUTH CPP, SUMBAGSEL, RANGKAS & LIMAN

- Akses Bid Document: mulai tanggal 17 Juni 2021 s.d. 28 Juli 2021
- Pemasukan Dokumen Partisipasi: 28 Juli 2021 s.d. 30 Juli 2021.

B. LELANG REGULER

MERANGIN III & NORTH KANGEAN

- Akses Bid Document: mulai tanggal 17 Juni 2021 s.d. 12 Oktober 2021
- Pemasukan Dokumen Partisipasi: 12 Oktober 2021 s.d. 14 Oktober 2021



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Additional Capital Injections for Indonesia's State-Owned Enterprises?

On 8 June 2021 Indonesian Minister of State-Owned Enterprises Erick Thohir told Commission VI of the House of Representatives (DPR) that he proposes to raise the budget for capital injections into state-owned enterprises (SOEs) in 2022. The main reason is that the SOE Ministry wants to inject (additional) capital into 12 SOEs.

If agreed, then the government's total budget for capital injections into SOEs in 2022 will reach IDR 72.45 trillion (approx. USD \$5 billion), a significant increase from the target in Indonesia's 2021 State Budget (that was set at IDR 42.3 trillion, or, approx. USD \$3 billion).

There are two main reasons why these SOEs require capital injections: (1) the need for bigger equity to handle projects assigned to by the central government, and (2) restructuring in the context of the COVID-19 crisis that has caused revenues to drop dramatically over the past 15 months or so.

Indonesian Government's Capital Injections into State-Owned Enterprises:

	2018	2019	2020 (Projection)	2021 (Budgeted)	2022 (Proposal)
State Capital Injections into SOEs (in IDR trillion)	4	17	28	42.3	72.45

	2013	2014	2015	2016	2017
State Capital Injections into SOEs (in IDR trillion)	2	2	41	44	2

Source: Bisnis Indonesia (09.07.2021)

Thohir added that around 80 percent of these additional capital injections are in the context of projects awarded by the government. As is widely known, the government of Indonesia (under President Joko Widodo) has been using the SOEs as ‘agents of development’, in particular for infrastructure development (as the private sector is not keen on decades-long, capital-intensive projects – in an uncertain investment environment – that may not even be commercially viable).

[...]

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