

Dots & Plots

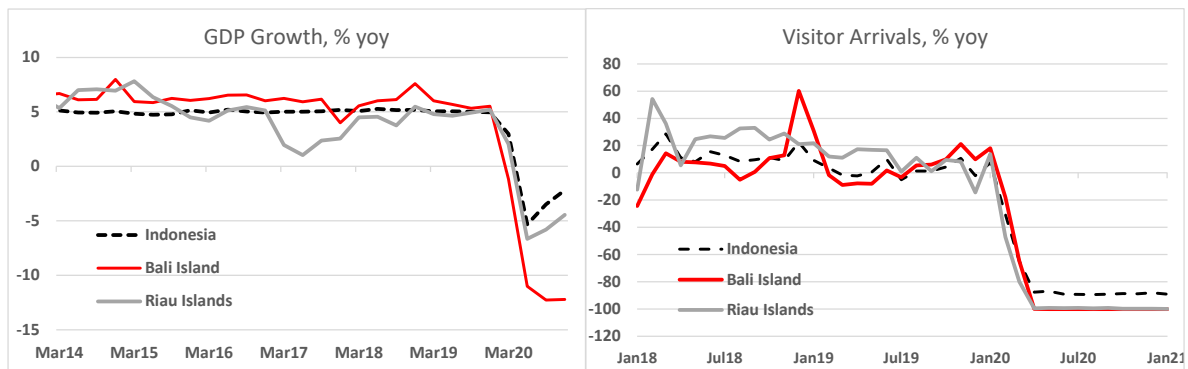
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The Beach Beckons?

Indonesia is hoping to reopen its tourist islands

- Tired of visiting the local malls and attractions for the umpteenth time over the past year? Wish to dust off the luggage and pack up for some overseas trips, where you can lie on the sandy beach and watch the blazing sun sets over the azure sea? Time to book the trip to Bali, Bintan or Batam islands!
- At least that is what Indonesia’s tourism ministry is hoping for. Minister Sandiogo Uno has been busy telling the press that a travel corridor between Singapore and the tourist enclaves of Nongsa in Batam and Lagoi in Bintan could open as soon as April 21. Plans are afoot too for parts of Bali such as Ubud and Nusa Dua to reopen, perhaps as early as mid-June.
- While tourism is not a huge contributor to Indonesia’s GDP, the industry matters a lot for some parts of the country. By some calculations, tourism contributes to some 80% of Bali’s economy, for instance. The pandemic put paid to years of steady growth, and the island’s economy shrank by more than 12% yoy in H2 of 2020. So far this year, things are off to a rough start. A grand total of 2 international visitors arrived via Bali’s airport in January, compared to over 600,000 in the best month of 2018.
- The situation is not much better in the Riau islands where Batam and Bintan are located. Given their proximity to Singapore – which have long been the conduit for travellers there – it is therefore not surprising to see the active push for border reopening. Still, while encouraging, the exact nature and timeline for the cross-straits travel bubble have yet to be confirmed by the Singapore side, as far as press reports suggest.
- All in all, the potential reopening of these gateways – whether in April or June or thereafter – continues to present hope for some relief for the much-beleaguered parts of the country. Even if the two provinces make up just over 3% of the national GDP, if the Indonesian authorities can successfully convince their counterparts elsewhere that they have dampened the pandemic spread enough to reopen with confidence, it would serve as an important milestone in the path towards post-pandemic recovery.



Source: OCBC, Bloomberg, CEIC.

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