

COVID-19 and Ramadan – traffic on the route ahead

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At the end of April, the Muslim world enters Ramadan. The month of Ramadan, where a significant majority of the 1.8 billion Muslims worldwide fast during the day breaking ritual after sunset, is expected from around 23 April to 23 May 2020.

This year, the holy month will likely coincide in Southeast Asia, particularly in Indonesia, with the "peak of the curve" of COVID-19 cases. We anticipate it, you should prepare for it.

Whilst diurnal fasting can alter the daily dynamic, the pandemic is likely to exponentially increase disruption. During Ramadan, the usual custom is for people to gather with colleagues, family, and/or friends for iftar (breaking the fast). With the introduction of movement control orders in response to the virus, gatherings regionally and internationally have largely been prohibited, both publically and privately. Malls have become haunted, restaurants catering for only takeaways. The tourism industry reduced to holiday snaps from last season. Ramadan is a concern for epidemiologists and economists alike this year. In Indonesia, this is of particular concern.

Ramadan is the definition of a community activity, and concerns persists that iftar will lead to a spike in infections globally, despite the orders implemented to maintain social distancing. Doctors globally have also remarked that non-white ethnic groups have been disproportionately impacted by COVID-19. We know the impact on non-whites in major U.S. cities. Whilst the underlying reason cannot be pinpointed, it is likely a combination of biological factors: higher blood pressure, more diabetes, and more kidney disease with social factors such as a greater proportion of households with multiple occupancy, which impact the virulence of the virus. In the United Kingdom as an example, a third of those in intensive care are from Black, Asian or Minority Ethnic (BAME) backgrounds. The first 10 doctors in the UK who passed away were all of BAME background. The socio-economic factors present in Western nations, are as pertinent for those in Southeast Asia.

In Indonesia the impact is underlined, highlighted, and emboldened. Indonesia is home to the largest Muslim population in the world. Whilst the world's attention during Ramadan usually pivots towards the Middle East, Southeast Asia is positioned to experience extra interruption.

Ramadan customarily coincides with high season for retail activity as stores stock traditional dishes. Consider the impact of bakeries, restaurants, craft sellers, and the supply chains left hurting in their wake because of the virus. The holy month typically accounts for at least 15 percent of the consumer sector's annual revenue. Even if the casual observer may point to the possibility of a movement to online sales, fashion houses, independent designers, and retailers can't access or afford raw materials, which in turn have led to a further slump in sales.

Ramadan is also typically a time of extra charitable activity, with the holy month boosting the efforts of charitable causes in the order of hundreds of US\$ millions. Whilst, hopefully, a great deal of donations can still continue virtually, the impact of job losses, short, and medium term uncertainty are a cause for individual financial conservatism.

In Indonesia, though, full shutdowns have not been enacted. Since late last week, the advent of Ramadan has and will prompt an exodus of people from the major cities. Indonesian President Widodo appreciating the importance of Ramadan – despite criticism – has refused to ban travel and the strictest level of lockdowns. In an effort to manage the scale of infection, curbs have been implemented on public transport to slow the spread. Planes, trains, and automobiles can only be "half-filled", as the Indonesian government wants to couple spread prevention with individuals' needs. This is in stark contrast to neighboring Philippines, Malaysia, and Singapore, the latter leaving week two of "circuit-breaker" levels of lockdown. This is not the level of social distancing we are seeing in other nations (for instance, restrictions on public gatherings in Indonesia are only limited to five people, contrast this with the experience of the nation from where you read this), and even if intervention measures from Widodo such as cash to poor families to encourage them to remain in Jakarta, or a further public holiday to be introduced after Ramadan are generated to limit or delay the dispersal of the populace, it is unlikely to be enough to quell the spread of the virus. The world's fourth most populous nation is now the worst affected country in Southeast Asia. Indonesia has also surpassed South Korea with the greatest number of fatalities in Asia after China. And with Greater Jakarta home to 11 percent of the population but two-thirds of the country's recorded 582 deaths and 6,575 infections (at time of writing), the spread is likely to now extend beyond the capital.

What does this mean for your business in, or with interests in Indonesia? Optimistically, there may be a surge in retail and consumer sales after the coronavirus (akin to what would be expected during Ramadan), but more likely and immediate are the further closure of businesses as cities empty and the virus reaches the furthest edges of the Indonesian archipelago. A delay in the deceleration of cases is inevitable. So far, Indonesia, heavily reliant on the tourism industry, has seen a reported 1,500 hotels close (we expect this figure to be higher and to almost double), staff across various industries and sectors have been furloughed, and 64 million small and medium sized enterprises in Indonesia so far have been shoved closer to loss column. The infection to the extremities of the country and regions like Kalimantan and Sumatra will overwhelm local resources (beyond just healthcare), and often these are the manufacturing locations of global multinationals (with factories, power plants, and businesses supporting these operations). The workforces of these regions are front of the queue to be affected by the migration.

The expectation, by Indonesia's own government pandemic task force, is for infections to exceed 100,000 cases (currently 15 times current levels). The call of the traditional community gathering coupled with the contagion of the virus will result in a sharp incline in cases in Indonesia over the next four to six weeks, businesses beware.

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