

Thursday, Jul. 16<sup>th</sup>, 2020

## GENERAL NEWS AND HEADLINES

### **BPIP bill differs from Pancasila guidelines bill, no controversial articles included: House speaker**

Detik (<https://tinyurl.com/y9kz9xae>); CNN Indonesia (<https://tinyurl.com/y9q7ofcj>); Kompas (<https://tinyurl.com/ybdx4svp>)

The government submitted a bill on the Pancasila Ideology Education Agency (BPIP) to the House of Representatives on Thursday. The House emphasized that the content of the draft differed from that of the controversial Pancasila guidelines bill, affirming that there were no controversial articles in the draft.

"The concept of the BPIP bill conveyed by the government is different to that of the Pancasila guidelines bill. It details regulations already stipulated in a presidential regulation (Perpres) on the Pancasila Ideology Education Agency," House Speaker Puan Maharani said in a conference on Thursday.

The meeting between the House and the government was attended by Coordinating Political, Legal and Security Affairs Minister Mahfud MD, Defense Minister Prabowo Subianto, Law and Human Rights Minister Yasonna Laoly, Administrative and Bureaucratic Reform Minister Tjahjo Kumolo, Home Affairs Minister Tito Karnavian and State Secretary Pratikno.

### **Politicians advise Governor Anies to tighten restrictions in Jakarta again**

Kompas (<https://tinyurl.com/yd37tcuz>), (<https://tinyurl.com/yaydsd4b>)

Golkar Party politician Basri Baco has advised the Jakarta administration to reimpose the large-scale social restrictions (PSBB) in the city because of poor compliance with health protocols and a lack of supervision by the administration. "The public is still disorderly, so are businesspeople. To save Jakarta, we must go back to square one, or maybe even implement another lockdown for two weeks," Basri said.

Prosperous Justice Party (PKS) politician Achmad Yani shared that sentiment, claiming that, since the PSBB transition phase was introduced to ease restrictions, the number of COVID-19 cases has only been rising.

"The soaring cases of COVID-19 in Jakarta amid the PSBB transition are due to health protocol violations. This must be evaluated again by *Pak Anies*. If the public cannot be disciplined, we should just go back to imposing PSBB," Yani said.

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## **Jokowi plans to disband 18 state institutions, including Peat Restoration Agency**

*The Jakarta Post* (<https://tinyurl.com/y8kd3n85>); *Tempo* (<https://tinyurl.com/y74a99kl>)

The State Palace has reaffirmed President Joko "Jokowi" Widodo's intention to disband 18 institutions in a bid to ease the burden on the state budget amid the COVID-19 pandemic, with a senior presidential aide revealing several names on the list.

"In simplifying the bureaucracy, the President believes an organizational structure must be highly flexible, adaptive and simple, so that it can hopefully work faster," Presidential Chief of Staff Moeldoko said on Tuesday.

He said the Administrative and Bureaucratic Reform Ministry was currently reviewing some institutions established under government and presidential regulations, whose tasks and responsibilities could be taken over by other ministries.

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## **BUSINESS AND ECONOMICS NEWS AND HEADLINES**

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## **BKPM cuts 2020 investment target again to Rp 817.2 trillion**

*Kompas*, (<https://tinyurl.com/y9esjnfx>); *Kumparan*, (<https://tinyurl.com/y9p8lrtp>)

The Investment Coordinating Board (BKPM) cut for the second time its 2020 investment target to Rp 817.2 trillion (US\$55.9 billion), from initially Rp 886 trillion, due to the prolonged COVID-19 pandemic. Previously, the BKPM reduced its 2020 investment target to Rp 855.6 trillion assuming the pandemic would end by May. BKPM head Bahlil Lahadalia admitted that 2020 is a difficult year for investment, and it will be reflected in the investment realization data for the second quarter.

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## Indonesia seeks to conclude trade negotiation with EU next year

*The Jakarta Post*, (<https://tinyurl.com/ybvlz3p3>)

Indonesia hopes to conclude negotiations for a trade agreement with the European Union next year to bolster the country's economic recovery after the pandemic, but policies on palm oil remain a major sticking point. The Indonesia-EU Comprehensive Economic Partnership Agreement (IEU-CEPA), Indonesia's largest bilateral trade negotiation to date, was expected to boost trade, investment and tourism for the country, Office of the Coordinating Economic Minister's undersecretary for international economic cooperation Rizal Affandi Lukman said.

However, after nine rounds of negotiation, important conceptual differences still remain between both sides. The European Commission categorizes palm oil as an unsustainable product and laid out plans to phase out its use in biofuel by 2030. With respect to the European Commission's report on the 9<sup>th</sup> round of negotiation, Indonesia "was planning to table additional proposals on vegetable oils".

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## Energy Minister inaugurates 10 new power plants

*Bisnis Indonesia*, (<https://tinyurl.com/ya3groq6>); *Republika*, (<https://tinyurl.com/ybbzdngk>)

Energy and Mineral Resources Minister Arifin Tasrif has inaugurated 10 new power plants with a total capacity of 555 megawatts (MW), which is a part of the government 35,000 MW program. Arifin explained that the new power plants cost Rp 15 trillion (US\$1.02 billion) in investment and would potentially create 4,038 new employment opportunities. The 10 newly inaugurated power plants include 80 MW geothermal power plant (PLTP) Muara Lamboh, 300 MW steam and gas power plant (PLTGU) Muara Karang, 20 MW gas-fired power plant (PLTMG) Langgur, 20 MW PLTMG Seram, 30 MW mini-hydro power plant (PLTM) Ambon Peaker, 15 MW PLTMG Biak, 10 MW PLTMG Biak Unit 2, 40 MW PLTMG Jayapura Peaker, 20 MW PLTMG Merauke, and 20 MW PLTMG Merauker Unit 2.

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## Fintech loan disbursement slows amid pandemic

*The Jakarta Post*, (<https://tinyurl.com/yaxt8b9d>); *Tempo*, (<https://tinyurl.com/yaswtbgz>)

Indonesian financial technology (fintech) peer-to-peer (P2P) lending companies have recorded slowing growth in loan disbursements as the economic impact of

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the pandemic pushes start-ups to be more careful in channeling their credit. Indonesian Fintech Lenders Association (AFPI) deputy chairman Sunu Widyatmoko acknowledged that several customers faced difficulty in accessing loans as the coronavirus outbreak unfolded. He explained that the loan process was now tougher for new applications and that it was an inevitable consequence of an industry that targeted underserved and unbanked users, or the so-called “bottom of the pyramid”, whose loans would inevitably incur more risks.

Financial Services Authority (OJK) data show that loan disbursement from fintech P2P lending has slowed in recent months. The growth of loan disbursement was only 3.12 percent year-on-year (yoy) in May to a total of Rp 109.18 trillion (US\$ 7.59 billion) from Rp 106.06 trillion as of April. Despite the slowdown in overall loan disbursement growth, the AFPI reported a positive gain among loan channeling to productive sectors, especially the health sector, with small and medium enterprises offering medical supplies and equipment benefitting from the trend.

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