

Friday, Jul. 17th, 2020

GENERAL NEWS AND HEADLINES

Gibran's candidacy bad omen for PDI-P

Tempo, (<https://tinyurl.com/y3vo44th>)

Indonesia Political Opinion (IPO) executive director Dedi Kurnia Syah deemed the candidacy of President Joko "Jokowi" Widodo's son, Gibran Rakabuming Raka, in the upcoming 2020 Surakarta mayoral race a bad omen for the Indonesian Democratic Party of Struggle (PDI-P). As a party that recommended Gibran's candidacy, the PDI-P, according to Dedi, could be perceived by the public as supporting a political dynasty in the country.

According to Dedi, Gibran's candidacy is tightly intertwined with his father's position as the country's President, especially considering that Gibran himself has little to no experience in politics. For simply being Jokowi's son, Gibran's candidacy has reportedly been met with opposition from some PDI-P members.

"This [Gibran's candidacy] is very regrettable. Jokowi should have been our role model, but he has become entangled in a political dynasty instead," said Dedi.

Sinovac collaboration could see COVID-19 vaccine ready by early 2021, Bio Farma claims

The Jakarta Post, (<https://tinyurl.com/yxg3o7dh>)

State-owned pharmaceutical holding company PT Bio Farma claims a COVID-19 vaccine developed in cooperation with China-based biopharmaceutical company Sinovac Biotech will be ready for domestic use by as soon as early next year.

Bio Farma president director Honesti Basyir said the company was ready to launch a Phase III clinical trial for the vaccine in Indonesia before authorities authorize its widespread usage. The trial was made possible thanks to the collaboration with Sinovac, which allowed a transfer of technology and vaccine substances between the two companies, he went on to say.

During a press briefing on Thursday, Honesti said the trial would commence soon in cooperation with Padjajaran University in Bandung, West Java, as well as the Health Ministry's research and development agency.

"It is anticipated that the preliminary result of this Phase III clinical trial can be submitted for emergency use authorization by the BPOM [Indonesian Food and Drug Monitoring Agency] by the first quarter of 2021," Honesti said.

Once the BPOM authorizes its usage in the country, the pharmaceutical company will produce the vaccine to meet national needs. Honesti claimed Bio Farma's existing facility had the capacity to produce 100 million doses, but it could increase to 250 million as the company was building a new facility, slated to begin operations by the end of this year.

PKS rejects govt's BPIP bill proposal

CNN Indonesia, (<https://tinyurl.com/y3crg859>)

A member of the House of Representatives Legislation Body (Baleg), Bukhori Yusuf, has expressed his opposition to the government's proposal to replace the contentious Pancasila Ideology Guidelines (HIP) bill with the Agency for Pancasila Ideology Education (BPIP) bill. Bukhori, who comes from the Prosperous Justice Party faction, asserted that the government must first guarantee that the HIP bill would be completely scrapped as demanded by the public.

"Our main problem still lies in the HIP bill. We must not get distracted [by other issues]," said Bukhori. According to Bukhori, the HIP bill is still included in the 2020 National Legislation Program (Prolegnas). Bukhori insisted that the government must first revoke the HIP bill from the priority list before proposing a new bill.

Previously, Coordinating Political, Legal and Security Affairs Minister Mahfud MD and five other ministers delivered a number of documents from President Joko "Jokowi" Widodo to the House, including the draft of the newly proposed BPIP bill. According to Mahfud, the new BPIP bill is the government's response to widespread criticism against the HIP bill. Among the staunchest critics of the HIP bill is the Muslim-based PKS, which fears that the absence of a 1966 Provisional People's Consultative Assembly (MPRS) decree that bans communism in the bill could potentially lead to the revival of communism in the country.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

World Bank warns of 2 percent contraction this year

CNBC Indonesia, (<https://tinyurl.com/y5ahqwnr>); The Jakarta Post, (<https://tinyurl.com/y677gdzd>)

The World Bank has warned that the Indonesian economy might contract by 2 percent this year if social restrictions are further implemented to contain the spread of COVID-19.

“Under somewhat harsher assumptions on the global economy of a deeper contraction, and if there is a need for mobility restrictions to be reinstated going forward, we do think that the economy could actually contract by 2 percent in 2020,” World Bank Indonesia lead economist Frederico Gil Sander said during the virtual launch of World Bank’s *Indonesia Economic Prospect*.

Aside from ensuring a robust health system to handle the pandemic curve, the government needs to help firms stay afloat and push for reforms to increase the financial sector’s resilience, Sander added.

Indonesia’s external debt up to \$404.7b in May

Investor Daily, (<https://tinyurl.com/y2lytnw4>); Kontan, (<https://tinyurl.com/yxhkw2lk>)

Bank Indonesia (BI) reported that Indonesia’s external debt in May had increased by 4.8 percent year-on-year (yoy) to US\$404.7 billion. The increase was driven by a 6.6 percent yoy increase in private external debts to \$209.9 billion. Meanwhile, the central government’s external debt increased by 3.1 percent yoy to \$192.1 billion. Because of the private sector’s growing appetite for external capital, the country’s external debt to gross domestic product (GDP) ratio increased slightly to 36.6 percent from 36.2 percent in the previous month.

Erick replaces four Askrindo directors

CNBC Indonesia, (<https://tinyurl.com/y6grb7fu>); CNN Indonesia, (<https://tinyurl.com/y4dtapwv>)

State-Owned Enterprises (SOE) Minister Erick Thohir has replaced four directors in state-owned insurer PT Asuransi Kredit Indonesia (Askrindo).

Erick appointed Dedi Sunardi as the new president director, replacing Andrianto Wahyu Adi. He also removed Purnomo Sinar Hadi from the financial director position, replacing him with Liston Simanjuntak; Muhammad Shaifie Zein from the technical director position, replacing him with Vincentius Wilianto; and Firman Berahima from the post of compliance and human resources director, replacing him with Kun Wahyu Wardana.

Gold production drops by more than 90 percent in May

CNN Indonesia, (<https://tinyurl.com/yxvu8yhp>); Republika, (<https://tinyurl.com/y2gleu8l>)

Indonesia's gold production dropped to 9.98 tons in May, from 109.2 tons in same month last year. Irwandy Arif, a special advisor with the Energy and Mineral Resources Ministry, said the decline was due to an operational transition conducted by PT Freeport Indonesia in Papua, specifically from open pit operations to underground mining. As the country's top mining company, Freeport extracts about 80 tons of gold per year, Irwandy added. He also predicts that Freeport's operational transition will take two years.

Disclaimer:

Tenggara Strategics always aims to use reliable sources in providing our best analysis to our clients, and is not responsible for any errors, inaccuracies and/or viewpoints in the original source material upon which we have based our analysis. The analysis contained in this document is intended exclusively for our clients who have subscribed to this service, and is not for public consumption or dissemination.

Nothing contained herein shall to any extent substitute for the independent investigations and the sound technical and business judgment of the reader. In no event will Tenggara Strategics, including its employees, be liable for any decisions made or actions taken in reference to the information contained in these documents, or for any incidental, consequential, indirect, special or exemplary damages, including damages from loss of profits or opportunities, even if advised of the possibility of such damages.