

**Friday, Apr. 17<sup>th</sup>, 2020**

## GENERAL NEWS AND HEADLINES

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### Indonesia reports spike in recovered COVID-19 patients

*Republika, p. 2; Kompas, p. 1; Media Indonesia, headline*

As confirmed cases of COVID-19 continue to rise in Indonesia, a surge in recovered cases was reported on Thursday, overtaking the number of deaths from the disease for the first time.

Achmad “Yuri” Yurianto, the government's COVID-19 spokesperson, said that Indonesia saw 102 new recovered cases on Thursday to bring the cumulative total to 548 recovered cases. Conversely, just 27 new deaths were recorded on Thursday, bringing the cumulative tally to 496.

“We should be grateful,” Yuri said by video link. He elaborated that of all recovered cases, 202 were in Jakarta, 86 in East Java, 42 in South Sulawesi, 32 in Bali and 28 in West Java, with the remaining 158 cases in several other provinces.

Upon this encouraging development, President Joko Widodo expressed his optimism that economic activities might return to normal by 2021, when industries – especially tourism – would experience a boom.

Also on Thursday, the Health Ministry announced 380 new confirmed cases, bringing the cumulative nationwide total to 5,516.

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### Critics slam aid policy as unfair

*The Jakarta Post, headline*

The government's planned assistance for the estimated 4 million *ojol* (ride-hailing motorcycle taxi) drivers, who are among the most vulnerable in Indonesia's COVID-19 outbreak, has sparked concerns over the possibility of government bias over other informal workers.

The idea was reinforced when around 400 packages in food aid was distributed last week to *ojol* drivers in the Harmoni area of Central Jakarta. The aid distribution followed the issuance of Transportation Ministerial Regulation No. 18/2020 on the same day.

The new regulation provides legal leeway for *ojol* drivers to transport passengers in addition to goods, despite a prior ministerial regulation that banned them from transporting passengers as part of the government's efforts to contain the outbreak.

Also on Tuesday, state-owned oil and gas holding company Pertamina announced that 10,000 *ojol* drivers would be eligible for a 50 percent cashback reward if they purchased nonsubsidized fuel through its MyPertamina app.

Labor expert Tadjudin Noer Effendi at Gadjah Mada University suspected that these measures were connected to the political power that the drivers wielded collectively through sheer numbers, as well as their ability and solidarity in coordinating protests as a single group. "Whenever the drivers stage a protest, Jakarta is crippled. It is possible that the government views them as a political force [to be reckoned with] whenever they organize rallies across Indonesia [...]," he said.

Social scientist Bagong Suyanto at Airlangga University said that the government should use objective parameters in deciding which communities to help. "It is not just *ojol* drivers [who are suffering]. People who are laid off, whose businesses have gone bust, are suffering just as much as *ojol* drivers," he said, adding that the government should be attentive to workers in other sectors to avoid perceived unfairness.

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## **Ombudsman suggests nixing Preemployment Card**

*Koran Tempo, Main Report*

Alamsyah Saragih of the Indonesia Ombudsman has said that the preemployment Card program was no longer relevant amid the COVID-19 epidemic in the country, and suggested that the Rp 1 million budget for the online training program be reallocated instead as direct cash assistance (BLT) to the most vulnerable. "[The program] should be suspended so we can divert the budget into cash assistance to ensure that basic needs, such as staple foods, can be met," Alamsyah said.

The Preemployment Card program is one of President Joko Widodo's campaign promises to increase the country's labor competitiveness and productivity, while

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redressing the balance between skills supply and demand in the labor market. The program has since become one of the government's COVID-19 safety net schemes.

Alamsyah stressed that managing the outbreak must take priority, bearing in mind that there were still many among the public who needed social assistance, but had not been covered by the government's safety net scheme.

Indonesian Employers Association (Apindo) chair Hariyadi B. Sukamdani expressed similar doubts that workers who had completed the Preemployment Card program could feasibly be absorbed by the real sector, which was facing potential cuts and layoffs due to the outbreak. "The issue now is that after the training is completed, no jobs will be available," he said.

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## **Jakarta to restrict public transportation**

*Media Indonesia, p. 2*

Jakarta plans to restrict public transportation, including the MRT and LRT, under the large-scale social restrictions (PSBB) policy currently implemented in the capital city and satellite cities Bogor, Depok and Bekasi.

"We are still discussing our options, but we will begin restricting the MRT and LRT services in Jakarta," Jakarta Transportation Agency head Syafrin Liputo said on Thursday.

Several MRT stations are to close starting on Saturday, when MRT Jakarta trains will also begin operating a 30-minute headway. Meanwhile, the LRT will start operating at a 60-minute headway starting Friday.

Syafrin added, however, that any restrictions for the KRL Commuter Line would refer to the Transportation Ministry.

The Jakarta administration's restrictions on public transportation comply with Government Regulation (PP) No. 21/2020 on the PSBB, as well as Health Ministerial Regulation (Permenkes) No. 9/2020 on PSBB guidelines for COVID-19 management.

"PP No. 21/2020 and Permenkes No. 9/2020 have already made it clear that transportation services may not be [shut down], but we can still impose restrictions. There have been suggestions to halt KRL services altogether, so we will submit a proposal to the Transportation Ministry," Syafrin said.

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## **RI's rehashed climate action commitments 'not ambitious enough'**

*The Jakarta Post, p. 2*

While the updated draft of Indonesia's Paris Agreement commitments awaits government approval, activists are concerned that the reworked climate action pledge might not be ambitious enough for one of the world's largest greenhouse gas emitters.

Under the United Nations Framework Convention on Climate Change (UNFCCC), the Nationally Determined Contribution (NDC) is a pledge to cut emissions in accordance with the Paris Agreement's goal of limiting global warming to 1.5 degrees Celsius above preindustrial levels.

After inviting environmental groups, experts and public officials in February to weigh in on the NDC, the government decided to retain its initial 2016 pledge to reduce emissions by 29 percent on its own and by 41 percent with international assistance by 2030.

Greenpeace Indonesia has criticized the draft NDC as not ambitious enough, as it had not increased the emissions reduction target. The group's climate and energy researcher, Dila Isfandari, suggested that any failure to do so would result in tangible consequences.

"Indonesia won't be able to save its people from the climate crisis [even with the current NDC]. A rise of even 1 degree in global temperatures will drastically increase the frequency of hydrometeorological disasters," Dila told *The Jakarta Post*.

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

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## **Concerns over state budget in dealing with COVID-19 pandemic**

*Bisnis Indonesia, headline*

President Joko "Jokowi" Widodo has promised more funds for social assistance and incentives to drive up economic activity. However, experts have argued that the additional budget allocation to fight the COVID-19 pandemic, now totaling over Rp 405 trillion, has not been directed to the right targets.

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Institute for Development of Economic and Finance (Indef) executive director Tauhid Ahmad said that the government was in a difficult position, with an expanding stimulus budget alongside a decline in tax income as a result of the economic slowdown. He said the additional budget allocations were not right, suggesting that they should be directed towards the social safety net.

Indonesian Employers Association (Apindo) deputy chairwoman Shinta W. Kamdani said there were three priority policies in allocating the budget to handle the COVID-19 pandemic. They included funds to deal with the pandemic, a social safety net to protect the purchasing power of low- to middle-income citizens and funds to support business activity by giving businesses financial breathing room.

Center of Reform on Economics (CORE) economist Ahmad Akbar Susanto said that government incentives should be focused on protecting the economy and depressing unemployment by hastening the distribution of social assistance and granting alternatives for businesses to preserve their workforce.

House of Representatives Prosperous Justice Party (PKS) faction deputy chairman Sukamta requested that the government postpone the pre-employment card program since laid-off and informal workers needed fulfillment of basic needs rather than training.

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## **Govt needs to increase social safety net budget to maintain social stability**

*Kompas, headline*

The COVID-19 pandemic has affected most businesses, both in the formal and informal sector, and this will result in people losing their jobs. Therefore, the government's priority over the next six months should be to help people who have lost their livelihoods by providing for their basic needs.

Indonesian Chamber of Commerce and Industry (Kadin) deputy chairman of trustees Gita Wirjawan said that the government needed to increase the budget to meet the basic needs of those affected by the pandemic and maintain social stability.

Gita, a former trade minister, said the budget for the social safety net should be at least Rp 200 trillion a month, and therefore, Rp 1.2 quadrillion for six months. In addition, the government must allocate about Rp 400 trillion in additional healthcare spending. So the total needs for six months would be Rp 1.6 trillion.

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That does not include funds to help businesses affected by the pandemic.

The government has allocated Rp 436 trillion in the state budget to contain the impacts of the COVID-19 pandemic – equal to 2.5 percent of gross domestic product (GDP). This is a very small percentage compared to the emergency COVID-19 budget in other countries. Neighboring Malaysia, for example, has allocated a total of 10 percent of its GDP, Singapore 10.9 percent, the United States 11 percent and Japan and Germany a staggering 19 and 20 percent respectively.

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## **Mutual fund investors may be returning to the market**

*Investor Daily, headline*

Indonesian mutual fund investors may be regaining confidence in the local market despite the coronavirus pandemic. After withdrawing from markets in big numbers in March, mutual fund investors, now totaling 1.8 million investors, have returned in April, with a net asset value (NAV) totaling Rp 480 trillion.

Financial Services Authority (OJK) investment management director Sujanto said local mutual fund investors were net buyers of mutual funds in January with Rp 4.13 trillion and in February with Rp 390 billion. However, in March, they became net sellers, totaling Rp 21.42 trillion. From April 1 to April 9, they became net buyers again, with a net buy of 6.31 trillion.

As of April 9, local mutual fund investors have become net sellers of Rp 10.59 trillion. Compared with the total NAV of Rp 480 trillion, the net redemption is relatively small. The current NAV of Rp 480 trillion represents a 11.74 percent drop in value from the NAV at the end of 2019 of Rp 542 trillion.

Mutual Fund Investors Association (APRDI) Prihatmo Hari said that the lower NAV of mutual funds was a result of reduction in value not of redemption. It indicated, he said, that local mutual fund investors were investing maturely and had not been affected by the COVID-19 crisis.

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## **Salim Group returns to banking**

*Kontan, headlines*

Having lost its crown jewel Bank BCA after the 1998 financial crisis, the Salim Group is now returning to the banking industry in the midst of the COVID-19 crisis by becoming the controlling stakeholder of Bank Ina Perdana (BINA).

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The Salim Group became the controlling shareholder of BINA after the previous controlling shareholder, Peter Tanuri of PT Philadel Terra Lestari, retreated from the position.

As a result, PT Indolife Pensiontama of the Salim Group is now BINA's biggest shareholder, controlling a 22.47 percent stake, followed by Liontrust S/A NS Asean Financial Fund with 18.29 percent, PT Samudera Biru with 16.51 percent, DBS Bank Ltd as a trustee of NS Financial Fund with 10.49 percent, PT Gaya Hidup Masakini with 9.98 percent and Philadel Terra Lestari with 9.64.

Samuel Sekuritas head of research Suria Dharma said that the change of BINA's majority shareholder would not affect the bank negatively. He said it would strengthen BINA. BINA is now in the BUKU II category with total assets of Rp 1.14 trillion as of last December.

Daniel Budirahayu said that with the Salim Group as the bank's controlling shareholder, the bank would make an aggressive expansion in credit. For the first two months of this year alone, the bank's lending has increased by 52.27 percent.

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## **Jakarta-Bandung high-speed railway project delayed**

*The Jakarta Post, p 5 (Business page)*

Construction of the Jakarta-Bandung high-speed railway project is expected to be delayed as a result of the COVID-19 pandemic, a high-ranking government official has said.

Railway developer PT Kereta Cepat Indonesia China (KCIC), a joint venture between Indonesian and Chinese railway companies, initially planned to finish the project and start operations in 2021.

"The target must be rescheduled because the construction is suspended right at the moment. There are only a few activities, so it will definitely be delayed," acting transportation minister Luhut Pandjaitan told reporters in an online briefing on Tuesday evening.

Luhut, who also serves as the coordinating maritime affairs and investment minister, said the development of the project would depend on the state of the coronavirus outbreak in the country.

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Chinese workers wanting to return to work on the Jakarta-Bandung high-speed railway project should abide by the health and safety protocols, said Luhut.

The Jakarta-Bandung high-speed railway project is one of the government's national strategic projects in the transportation sector and is expected to require a total investment of US\$6.07 billion.

The Law and Human Rights Ministry issued a regulation in late March offering an exemption for foreigners working on national strategic projects from the temporary ban on foreign arrivals and transits. The ban is set to last until the government declares an end to the outbreak.

"We are still making an evaluation," said Luhut. "We are still calculating the cost of the delays to the project."

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