

**Monday, Apr. 20<sup>th</sup>, 2020**

## GENERAL NEWS AND HEADLINES

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### **Omnibus bill on shaky ground after layoffs**

*The Jakarta Post, headline*

The deliberation of the disputed omnibus bill on job creation has met further resistance as the country is facing massive layoffs due to an economic slowdown during the coronavirus pandemic.

As millions have been furloughed and laid off, labor unions plan to hold mass rallies nationwide on April 30 to oppose the bill despite a ban on crowds under large-scale social restrictions (PSBB) that have been implemented in Jakarta and other cities. The massive wave of layoffs has seen several parties in the government coalition at the House of Representatives join the public in opposing the bill.

The Indonesian Democratic Party of Struggle (PDI-P) and the NasDem Party — two major factions in the House — have pushed for the government to drop labor provisions from the legislation process.

PDI-P lawmaker Rieke Diah Pitaloka, who is also the deputy chairwoman of the House's Legislation Body (Baleg), suggested that the labor provisions be deliberated in a separate regulation, adding that the main substance of the bill was to relax regulations related to business and investment. The ruling party in the government coalition, she said, had been reluctant to deliberate the bill since the beginning because of strong public resistance to it.

Congress of Indonesia Labor Alliance (KASBI) chairwoman Nining Elitos said the omnibus bill as a whole was harmful not only to workers but also to people's welfare and fundamental rights in accessing natural resources. Nining urged the government and the House to shift their focus to mitigating the impacts of COVID-19, saying business owners had used the pandemic as an excuse to cut down on employees.

## **PKS to support postponement on omnibus bill deliberation**

*Kompas, p.2*

The House of Representatives' job creation omnibus bill working committee (Panja) is set to hold a virtual meeting on Monday to continue its deliberation on the contentious omnibus bill, despite growing protests. Out of nine political parties sitting at the House, only the Prosperous Justice Party (PKS) has decided not to delegate its lawmakers to join the committee as part of its commitment to halting the bill's deliberation.

PKS lawmaker Ledia Hanifa Amalia confirmed that her party would not join the deliberation of the bill until the end of the COVID-19 pandemic was declared by the government. Ledia said deliberating the bill during the current difficult situation would potentially draw further controversies and likely end in the public's rejection.

PKS representative at the House's Legislation Body (Baleg) Almuzzammil Yusuf said that for now, his party would oversee the bill's deliberation from outside the Panja.

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## **Ministry to propose draft regulation on regional elections this week**

*Koran Tempo, Nasional; Kompas, p.2*

The government is currently drafting a regulation in lieu of law (Perppu) to legally support the General Elections Committee's (KPU) decision to postpone the simultaneous regional elections, which was initially slated for September this year. The Home Ministry's acting director general for politics and government, Bahtiar, said the ministry, which is drafting the regulation along with the State Secretariat and the Law and Human Rights Ministry, aimed to submit the draft regulation to President Joko "Jokowi" Widodo within this week.

According to Bahtiar, the KPU has proposed three alternative dates for voting day, one of which is Dec. 9. Bahtiar added that the Home Ministry would hold further discussions in June should the government decide to extend the country's COVID-19 emergency status.

Previously, during an online discussion, KPU chairman Arief Budiman conceded that it would be difficult to reschedule voting day to Dec. 9 because of uncertainties surrounding the pandemic.

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## **KPK asked to submit performance report**

*Republika, p.2*

House of Representatives Commission III member Arsul Sani said on Sunday that the Corruption Eradication Commission's (KPK) five leaders had been facing public resistance since their appointment in December last year and are, therefore, having their authority undermined. In response to their lack of popularity, Arsul requested the KPK leaders to report their first trimester performance to the public.

Responding to the House's appeal, KPK deputy chairman Nurul Ghufroon said the KPK would immediately submit its performance report, which had also been requested by the antigraft body's supervisory council.

Indonesia Corruption Watch (ICW) announced the results of the KPK's 2019 performance on Sunday, which indicated an increase in acquittals for graft convicts. Last year saw the KPK acquitting 54 graft convicts, while in 2018 and 2017, the KPK had only acquitted 27 and 35 graft convicts, respectively.

2019 also saw the KPK giving low to mild verdicts to more than 900 graft convicts.

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## **Millennial presidential staff mired in controversy**

*Media Indonesia, p.4; The Jakarta Post, p.3*

Several members of President Joko "Jokowi" Widodo's expert staff have received public criticism over conflicts of interest regarding their double roles in public service and private interests, especially during the COVID-19 outbreak.

Adamas Belva Devara, cofounder of education technology start-up Ruangguru, is the latest staffer to experience backlash following the naming of his company as one of the government's eight partners in the preemployment card program. Responding to the criticism, Belva tweeted on Wednesday that he had played no part in the decision-making for appointing Skill Academy by Ruangguru as a government partner.

Prior to Belva, presidential staffer Andi Taufan Garuda Putra, owner of PT Amarta Mikro Fintek, was subject to criticism over a letter asking for local leaders' support of a COVID-19 relief program led by his company.

Previously, staffer Angkie Yudistia also received criticism over hoaxes she posted on her Instagram account on March 15. The post, which has since been deleted,

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spread false information about COVID-19 detection. Meanwhile, staffer Billy Mambrasar was publicly condemned after posting a tweet that demeaned the government's opposition in November.

Despite widespread disapproval of the presidential expert staff, President Jokowi issued Presidential Regulation No. 56/2020 on April 6, which allowed the Vice President to have a maximum of 10 expert staff members from the initial eight.

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## BUSINESS AND ECONOMICS NEWS AND HEADLINES

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### **Contradicting PSBB regulations perpetuate uncertainty**

*Bisnis Indonesia, headline*

The implementation of large-scale social restrictions (PSBB) in Jakarta is likely to be extended as intended results have not been achieved. The restriction was put in place to limit physical interaction as an effort to curb COVID-19. However, one week into practice, commuting remains high and the number of positive cases has not shown any signs of slowing down.

Lack of coordination between governments and ministries might be to blame for the PSBB's ineffectiveness. First, Industry Ministry circular No. 4/2020 regarding factory operations during the COVID-19 emergency allows non-essential factories to keep operating, provided that they follow the COVID-19 protocol. As a consequence, the Jakarta administration has had to relax its PSBB policy on prohibiting factories' operations and observing COVID-19 protocols, among other regulations.

Second, Transportation Ministerial Regulation No. 18/2020 allows app-based motorcycle taxi drivers to pick-up riders with certain requirements, while the Health Ministry's PSBB guideline completely prohibits it. In addition, the central government disagreed with the Jakarta and West Java provincial governments' proposal to temporary halt commuter line operations to limit people's movements.

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Indonesian Employers Association (Apindo) deputy chairwoman Shinta Kamdani assured that businesses will follow the rules should the PSBB be extended. However, they will be more cautious in make decisions as businesses have contracted heavily, as can be seen from the Purchasing Managers Index, which stood at 45.33 in March this year, the lowest since April 2011.

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## **S&P downgrades RI's debt rating outlook**

*Kontan, headline*

Standard & Poor's has cut its outlook on Indonesia's debt rating from stable to negative, raising concern over local companies' ability to pay their debts. PT Pemeringkat Efek Indonesia (Perfindo) previously downgraded the credit and outlook ratings for 11 companies in March, as the COVID-19 pandemic has affected the companies' performance and financial capacity to pay debts.

To complicate things further, a number of issuers have huge debts. PT Indosat (ISAT), for example, has short-term liabilities of Rp 22.13 trillion (US\$1.43 billion). Meanwhile, PT Timah (TINS) has Rp 11.96 trillion in short-term debt, an 80-percent increase from Rp 6.63 trillion at the end of 2018 due to an expansion in capital expenditure and investment.

According to OSO Sekuritas analyst Sukarno Alatas, risks of a default are particularly high for issuers with a high debt, low-cash ratio. He pointed to ISAT as an example; despite its large debt level, its business has become more lucrative because of the work-from-home policy.

Meanwhile, businesses with US-denominated debt will face higher risks as the US dollar is appreciating, such as state-owned gas company PT Perusahaan Gas Negara (PGAS). However, the company claimed it had prepared cash to pay for debts due this year. According to the firm's 2019 financial report, its short-term debt is recorded at \$1.12 billion.

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## **OJK: Debt restructuring should be done through consensus**

*Investor Daily, headline*

Financial Services Authority (OJK) chairman Wimboh Santoso has strongly suggest that banks, non-bank financial institutions and borrowers reach a consensus in order to get a win-win solution in debt restructuring.

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Wimboh told national media chief editors in a teleconference last week that with OJK Regulation NO. 11/POJK 03/2020, the authority gives facilities to both lenders and borrowers in ensuring that their businesses keep running while debts are paid.

Borrowers are given incentives in the form of exemption from 3, 4 and 5 collectability so they can get more lending from banks. The countercyclical policy is needed to make sure that the borrowers stay in business and keep their workers employed.

Meanwhile, by exempting borrowers from the 3, 4 and 5 collectability categories, banks are no longer required to add allowances for earning assets losses (PPAP) funds. Therefore, they can use the liquidity for other needs.

Wimboh said three types of borrowers were prioritized by the OJK — micro, small and medium enterprises, state-owned enterprises and big private firms — because of their significant impact on the economy.

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## **Govt to carry on with new capital city project**

*Koran Tempo, headline*

The National Development Planning Agency (Bappenas) will continue the government's plan to move the capital city despite the COVID-19 pandemic. The agency's regional development deputy, Rudy Soeprihadi Prawiradinata, emphasized that the plan would not interfere with the reallocation of COVID-19 mitigation funds.

Rudy said the agency had reallocated Rp 640 billion (US\$41.48 million) from this year's state budget for public health emergency needs, with field surveys and project fund allocations being among the budget affected.

He also ensured that all projects that were not crucial had been postponed, such as physical infrastructure development activities. The agency is prioritizing activities to maintain relations with potential investors.

One of the ongoing activities is a bidding for Rp 85 billion worth of consultation services to design the new capital city's masterplan. The bidding has been planned since the end of 2019 and has gone through an international bidding

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process. According to the Electronic Goods and Services Procurement [LPSE] system, the consultancy agency will be chosen through a direct appointment. All candidates are to be evaluated on April 27-29, while the contract will be signed in early May.

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## **Bank Indonesia to relax credit card rules**

*The Jakarta Post, p.1*

Bank Indonesia (BI) will relax rules on credit cards starting on May 1 until the end of the year to boost cashless transactions and fuel economic activity during the coronavirus pandemic.

The central bank decided to lower the credit card interest rate to 2 percent per month from the current 2.25 percent and slashed the minimum credit card payment from 10 to 5 percent of total outstanding credit.

Furthermore, it will also lower the late payment penalty from the current 3 percent of the outstanding amount or a maximum Rp 150,000 (US\$9.51) to 1 percent or a maximum of Rp 100,000.

Indonesian Credit Card Association chairman Steve Martha said the regulation would directly benefit consumers that might face financial problems caused by the COVID-19 pandemic, adding that it would also benefit the industry in the long run.

Steve said the industry's nonperforming loan (NPL) ratio was around 2 percent, adding the coronavirus pandemic "no doubt" would cause a higher bad debt ratio if not for intervention by government authorities.

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