

Wednesday, Apr. 22th, 2020

GENERAL NEWS AND HEADLINES

'Mudik' ban starts Friday, sanctions for violators effective May 7

Koran Tempo, Main Report; Kompas, headline; The Jakarta Post, headline; Media Indonesia, headline

President Joko "Jokowi" Widodo has announced his decision to ban the Idul Fitri *mudik* (exodus). Coordinating Maritime Affairs and Investment Minister Luhut Pandjaitan, who also serves as acting transportation minister, reaffirmed that the ban was not sudden and had been in the works through careful consideration and preparation.

Previously, the government had only banned civil servant, military and police personnel as well as employees of state-owned enterprises from participating in the annual *mudik*, whereas the public at large were only advised not to return to their hometowns in accordance with the imposed large-scale social restrictions (PSBB).

Although the *mudik* ban will be effective starting Friday, Luhut said sanctions for violators would be issued starting May 7.

The *mudik* ban will be imposed in all 20 regions that have implemented PSBB. However, Luhut explained, modes of transportation within the city would not halt their operations as medical workers may still need to travel. "This is also to ensure that logistics are not obstructed," Luhut explained.

The Transportation Ministry's land transportation director general, Budi Setiyadi, said the *mudik* ban would be stipulated in a ministerial regulation being compiled. The sanctions are still being discussed with the police.

"The regulation will be finalized [today]. A day after the harmonization phase will begin and [the ban] will be effective on the 24th," Budi said.

Harsh penalties for recidivists needed

Republika, p. 3; Media Indonesia, p. 3

The National Commission on Human Rights (Komnas HAM) is considering revoking the status of assimilation for inmates who have reoffended after having been released. To date, a total of 38,822 prisoners have been released through an assimilation program to prevent the transmission of COVID-19 in overcrowded penitentiaries and detention centers. A number of these criminals, however, have already committed criminal acts in the community since their release.

“It is important that we revoke the assimilation status of [released] prisoners who continue to violate the laws. We must give strict sanctions for those who repeatedly reoffend,” Komnas HAM commissioner Choirul Anam said in a statement on Tuesday.

Choirul added that supervision also needed to be improved and strengthened by involving all law enforcement parties. According to Choirul, the police and even those in the lower administrative structure must also perform their duties.

COVID-19 hoaxes continue to emerge

Kompas, p. 2

COVID-19-related hoaxes have been widely circulating, especially on social media platforms. The hoaxes often encourage the public to commit actions that can actually endanger their health instead, which is why the government has been urged to be transparent in providing information on COVID-19 as it is the lack of clear information that allows hoaxes to appear and spread quickly.

Based on data from the Communication and Information Ministry, from Jan. 23 to April 21, there were a total of 568 hoaxes related to COVID-19. The hoaxes were spread across various social media platforms with a recorded total of 1,260 cases. Most of the hoaxes were spread on Facebook (886) and Twitter (356).

Of the 1,260 cases, 908 cases have been erased whereas the other 352 cases are currently in the process of being erased.

Working committee, experts to discuss job creation omnibus bill

Koran Tempo, National

Starting Wednesday, the working committee (Panja) on the job creation omnibus bill, which was established by the House of Representatives, will discuss a number of issues in the omnibus bill with experts. However, the working committee has not yet revealed the names of the experts invited to the discussion.

Working committee member Taufik Basari said the aim of the committee was to invite a number of experts from various disciplines to encourage openness and public participation in the discussion of the omnibus bill. Furthermore, the committee plans to create a special channel that will contain all developments on the discussion of the omnibus bill to be accessible to the public.

Taufik said that over the last two days, the working committee had discussed the technical procedures and mechanisms for the omnibus bill. Based on that discussion, 11 issues have been identified in the bill that will be discussed on Wednesday.

COVID-19 gives telemedicine room to grow in Indonesia

The Jakarta Post, p. 2

The use of virtual medical services has climbed in recent months as people try to contain the spread of COVID-19 at hospitals and clinics in Indonesia, telemedicine platforms have reported.

As the role of telemedicine has become broader in the country, President Joko "Jokowi" Widodo expressed his appreciation for the business on Monday. He said he hoped the platforms would continue to grow.

"I think that medical consultations through advanced technology, or telemedicine, should be enhanced so that we could limit direct contact between doctors and patients [during the pandemic]," the President said during a Cabinet meeting at the State Palace complex on Monday.

Indonesian Medical Association (IDI) spokesperson Halik Malik said the association fully supported the telemedicine platforms, which are endorsed by the government, in providing health services for the public, especially during the pandemic.

“Telemedicine was designed for teleconsultations, but a further physical examination is still needed for diagnosis and treatment,” Halik told *The Jakarta Post* on Monday. “But at least, it can reduce unnecessary visits to health facilities.”

According to Halik, the association encouraged doctors nationwide to provide medical consultations through online platforms so that people can access medical information from home.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Protecting regional economy amid ‘mudik’ ban

Bisnis Indonesia, headline

The decision to ban the Idul Fitri *mudik* (exodus) starting from April 24, with punishment for violators starting May 7, will decrease cash flow in the regions and further cause the regional economy to slow down. Based on Bank Indonesia (BI) data, cash needs for Idul Fitri on 2019 reached Rp 217.1 trillion.

The Finance Ministry’s budgeting director general, Askolani, said the ministry would implement a special social safety net for Greater Jakarta. Meanwhile, Industry Minister Agus Gumiwang Kartasasmita stated that there would be no movement restrictions for logistics amid COVID-19 handling.

West Java Governor Ridwan Kamil welcomed the central government’s initiative, adding that small business owners that did not close to participate in the exodus would receive social assistance from the West Java provincial government.

Central Java Governor Ganjar Pranowo said the deadline for social assistance applications in Jakarta would be extended beyond April 23. Meanwhile, the governor of East Java intends to give social assistance in the form of direct aid and small business aid.

Indonesian Chamber of Commerce (Kadin) deputy chairwoman for international relations Shinta Kamdani revealed that Kadin had suggested the stimulus be increased to Rp 1,600 trillion; Rp 400 trillion for healthcare spending, Rp 600 trillion for social safety net programs and Rp 600 trillion to support the

weakening economy. Shinta also opined that the *mudik* ban would dampen spending in major cities outside Jakarta, which would be affected more by pandemic management.

Organization of Land Transportation Owners (Organda) central executive board chairman Adrianto Djokosoetono said public transportation revenue would decline sharply because of the *mudik* ban, adding that he hoped there would be compensation for Organda members.

Institute for Development of Economics and Finance (Indef) economist Bhima Yudhistira urged the government to give compensation to those affected by the *mudik* ban.

Despite crude oil price decreases, domestic fuel prices not falling

Investor Daily, headline

International crude oil prices have fallen so much, at one point reaching negative US\$37.63 per barrel, but domestic fuel prices have not automatically decreased because state-oil and gas company Pertamina has to absorb domestic crude oil, the price of which is way above international prices.

In addition, Pertamina president director Nicke Widyawati said Pertamina had to bear the exchange rate costs as a result of the weakening of the rupiah against the US dollar. And therefore, it could not automatically cut its domestic fuel prices in line with falling international crude oil prices.

To add to the complication, Nicke said, domestic fuel consumption had fallen sharply in the past few months amid the COVID-19 outbreak. Fuel consumption in Jakarta, for example, dropped by 50 percent in March, while aircraft avtur fuel consumption dropped by 48 percent.

Because of this falling consumption, Pertamina could not increase its crude imports, with lower prices, and instead, has to absorb domestic crude output with higher prices. In addition, its refineries have to operate normally, despite lower demand.

In addition, the authority to determine fuel prices is not in the hands of Pertamina, but with the Energy and Mineral Resources Ministry, Nicke said during a hearing with House of Representatives Commission VII on energy on Tuesday.

Falling crude oil prices to push down JCI index

Kontan, headline

International crude oil prices have fallen continuously, at one point reaching minus \$37.63 per barrel, and will likely remain low, thus pushing down stock prices on the Jakarta Stock Exchange (IDX).

WTI crude oil contract prices for May delivery recovered to a positive level at \$2.65 per barrel on Tuesday, while contract prices for June increased further to \$15.18 per barrel. But experts predict that crude oil prices will fall again amid the pandemic and will remain low.

Panin Sekuritas analyst William Hatanto said that if crude oil prices continued to dampen, Jakarta Composite Index (JCI), the main gauge of stock prices on the IDX, will likely fall further to below 4,000 and will even reach the support level of 3,800. On Tuesday, the JCI fell 1.62 percent to 4,501 points.

Falling crude oil prices would especially affect listed companies that relied on crude oil and fuels. PT AKR Corporindo (AKRA) director Suresh Vembu said the company had to revise its revenue targets for this year.

For some listed companies that rely on fuel for their operation, the falling crude oil prices should help improve their performance. National flag carrier Garuda Indonesia, for example, spent \$908 million on fuel in the period of January - September 2019, lower than \$1 billion in the same period of 2018 due to lower prices. Garuda expects fuel spending for this year to be lower but it all depends on state oil and gas company Pertamina, which supplies avtur fuels to Garuda.

However, because of the pandemic, even low crude oil prices will not help much. And the market will continue to be dampened by falling economic growth.

PSBB causes price disparity

Kompas, p. 1

The adoption of large-scale social restrictions (PSBB) in Greater Jakarta and in a number of regions have widened price disparities.

Prices of a number of food commodities have fallen at the producer level, such as breeders, fishermen and farmers. Chicken prices at the breeder level in Central Java, for example, had fallen below Rp 5,000 a kilogram, far below its production cost of Rp 17,000 a kg.

Chicken egg producers in Blitar, East Java, for example, had an excess of stock because demand had fallen sharply. Normally, they would send 65 to 70 percent of their output to buyers in Greater Jakarta. But now, with demand having fallen, they have no other choice but to keep them in stock. The same story is common among fishermen, who have to bear the cost of keeping their catch in stock because of falling demand.

President Joko “Jokowi” Widodo has noticed this phenomenon and said, “The price of unhusked rice fell by 5 percent but the price of rice rose 0.4 percent. What happened? Please look on the field. There must be problems. Farmers did not gain benefits from rising prices. The people in general have incurred losses.”

The President said during a Cabinet meeting that not only had rice prices increased at the consumer level but prices of sugar, chili, beef, onion, shallots and chicken eggs had also increased.

After the meeting with the President, Coordinating Maritime Affairs and Investment Minister Luhut Pandjaitan said every ministry and institution had to do their part to smoothen the distribution of basic commodities to narrow the price disparity.

Consumer habits force retailers to adapt

The Jakarta Post, p. 1

Consumer habits have rapidly changed since emergency measures were launched in mid-March to slow the spread of COVID-19, prompting retailers to introduce new ways to engage with their customers.

Association of Indonesian Retailers (Aprindo) chairman Roy Mandey said in Jakarta on Thursday that most of the association’s members saw a fourfold increase in transactions involving apps or delivery services as visits to brick-and-mortar stores dropped.

“The changing customer behavior is, of course, directly impacting our modern retailers,” Roy said, noting that transactions had plunged 80 to 85 percent at non-food retailers and 30 to 40 percent at food retailers since large-scale social restrictions were imposed on April 10.

In response to the changing behavior, Roy went on to say, the bigger retailers increased hires or outsourced additional forces to support their in-house delivery services, whereas smaller retailers opted for partnerships with existing online delivery services.

“Visits to modern retail stores still dominate, but because members of Aprindo now have distribution channels via phone apps, [these] are increasing during this COVID-19 [pandemic],” Roy said, emphasizing that, despite the shift to online-based services, the majority of consumers still chose to shop offline, mostly to ensure the quality of fresh produce.

Aprindo, which comprises 150 local and national retail companies with a total of around 45,000 outlets across Indonesia, is the largest association of retailers in the nation.

Recent studies have documented similar trends in the shift of consumer behavior, with conclusions suggesting that some consumer preferences formed throughout the pandemic are likely to remain in force even after the health crisis subsides.

According to a report published by McKinsey & Company this month — titled *Reimagining food retail in Asia after COVID-19* — around half of the respondents have switched from their regular grocers during the pandemic, but 98 percent of them plan to go back.

The top three factors behind consumers’ decision to switch stores are: the proximity of a store to a consumer’s home (60 percent), out-of-stock items (44 percent) and a preferred brand being sold out (32 percent), according to the study.

The study also showed that, aside from store location and availability of products, cleanliness was an important factor for grocery shopping over the next four weeks.

Although in-store visits are declining due to the large-scale social restrictions, the study suggests that grocery stores may benefit in the long run, as more consumers prefer groceries over restaurant dine-ins for their meal options in “a trend that could linger”, the study says.

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