

**Thursday, Apr. 23<sup>th</sup>, 2020****GENERAL NEWS AND HEADLINES**

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**Jakarta extends PSBB imposition to May 22***Media Indonesia, headline; Republika, p. 2*

The implementation of large-scale social restrictions (PSBB) in Jakarta has been deemed ineffective, as many citizens have not taken the restrictions seriously since it took effect on April 10. With the Jakarta provincial administration now imposing road block policies ahead of the *mudik* (exodus) ban starting on Friday, Jakarta Governor Anies Baswedan has extended the PSBB period for another 28 days, ending on May 22.

"Many people are not yet fully aware of the PSBB and its regulations. As we look ahead, the appealing phase and the educational phase are over. Now, we enter the enforcement phase," Anies warned.

One of the reasons that mobility in the capital has not decreased, according to Anies, is because hundreds of companies are still operating. Though it is outlined in the PSBB mechanism that 11 business sectors are still allowed to operate during this time, Anies has lambasted companies that did not belong to the excluded category but continue to operate.

Additionally, Indonesian Association of Planners (IAP) head Dhani Muttaqin assessed that PSBB implementation in Greater Jakarta was not running optimally as they were not imposed simultaneously, but rather imposed for different durations.

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**MRT closes 5 stations***Koran Tempo*

MRT Jakarta will close another two stations during the implementation of the large-scale social restrictions (PSBB), namely Istora Mandiri Station and Setiabudi Astra Station.

Five MRT stations in total are now closed, with the ASEAN, Blok A and Haji Nawu stations having halted their operations since April 20.

PT MRT operations and maintenance director Muhammad Effendi said the temporary closures were aimed to support the capital's implementation of PSBB.

"Starting Thursday, the MRTs will only stop at Lebak Bulus Grab, Fatmawati, Cipete Raya, Blok M BCA, Senayan, Bendungan Hilir, Dukuh Atas BNI and Bundaran HI stations," said Muhammad on Wednesday.

PT MRT, Muhammad added, will also be limiting its operational hours from 6 a.m. to 6 p.m. and that one train will be filled with a maximum capacity of 60 passengers, all of whom must wear masks and maintain physical distance with others.

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## **Urgency of COVID-19 data transparency highlighted**

*Kompas, headline*

The number of COVID-19 deaths in Indonesia is suspected to be far greater than the official figures reported by the government. Delays in examination and treatment have resulted in the deaths of many patients under surveillance (PDP) and persons under monitoring (ODP) who did not get tested for the coronavirus before their passing. These deaths, however, are not included among the official numbers of COVID-19 deaths in the country.

The government's spokesperson for COVID-19, Achmad "Yuri" Yurianto, has reported that there are 17,754 persons under surveillance and 193,571 patients under monitoring. As of Wednesday, there were 7,418 confirmed COVID-19 cases across the country, while the fatalities were recorded at 635.

However, the government has never reported the number of ODP or PDP that have died, even though a number of regions have noted that the number of ODP and PDP deaths exceeded the number of COVID-19 deaths. Banten administration, for example, has reported that of the 1,287 PDP cases, 129 had died. Whereas of the 286 confirmed COVID-19 cases, 43 patients had died.

Jakarta administration has not reported the number of PDP deaths either. However, it was reported that between the beginning of March to April 20, the government had buried 1,229 bodies in accordance with the COVID-19 protocol. Despite this fact, of the 3,399 confirmed cases in Jakarta, only 308 deaths have been reported.

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Indonesian Medical Association (IDI) chairman Daeng Muhammad Faqih said on Monday that the fatality rate of COVID-19 in Indonesia was far greater than what the government had reported.

“When we coordinated with the BNPB [National Disaster Mitigation Agency], it was reported that based on real-time reports from hospitals, there have been 1,300 deaths, including COVID-19 positive patients and PDP, for which there were no test results,” Daeng said.

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## **Democrats withdraw from job creation omnibus bill working committee**

*Republika, p. 3*

The Democratic Party has withdrawn its members from the working committee (Panja) of the omnibus bill on job creation, following the Prosperous Justice Party (PKS), in rejecting the discussion of the contentious bill amid the COVID-19 outbreak.

Democratic Party member Bennu Kabur Harman affirmed that his party had withdrawn from the discussion of the omnibus bill, which the party deems is not relevant to people’s needs amid the outbreak.

“The Democratic Party is also urging President [Joko “Jokowi” Widodo] to also postpone the discussion of the bill and instead focus on solving more urgent issues,” Benny said. Benny added that once the COVID-19 pandemic had passed, the Democratic Party would return to the discussion of the bill.

Another Democratic Party member, Hınca Pandjaitan, also stated that the party would reject any discussions on bills that were unrelated to the COVID-19 outbreak.

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## **RI workers caught returning from Malaysia via illegal routes**

*The Jakarta Post, p. 3*

Dozens of Indonesian migrant workers returning from Malaysia have been caught attempting to sneak past border authorities via illegal routes.

The Indonesian Navy spotted and secured a fishing vessel carrying 22 undocumented Indonesian migrant workers from Malaysia in Tanjung Tumpul in Asahan, North Sumatra, on Monday. Belawan I Naval Base commander Adm.

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Abdul Rasyid said the authorities were keeping a close watch on the country's borders with Malaysia because there were concerns that illegal migrants might enter Indonesia and spread the coronavirus disease upon arrival.

The Navy would continue patrolling the sea, as well as a number of routes that were found to have been used as illegal entry points by migrants, he said. "This is the umpteenth time that we have detained migrant workers who returned from Malaysia. It has become a major concern for us amid the COVID-19 pandemic," Abdul said on Monday.

Belawan 1 Naval Base spokesperson Second Lt. Mega Patijurjana said the authorities had conducted medical tests on passengers of the all-male fishing vessel to determine whether they posed any public health risks. "All migrant workers are currently isolated at a hospital to curb the spread of COVID-19," Patinurjana said.

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## BUSINESS AND ECONOMICS NEWS AND HEADLINES

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### Incentives deemed ineffective in suppressing layoffs

*Bisnis Indonesia, headline*

A number of incentives given to businesses affected by the COVID-19 pandemic are considered ineffective to stem the flow of layoffs as the problem is plummeting production due to falling demand.

Indonesian Employers Association (Apindo) advisory board chairman Sofjan Wanandi said the diverse stimulus packages were not effective in preventing layoffs when production is plummeting. A solution, he added, could be allowing businesses to not pay employees for the next three months.

Indonesian Chamber of Commerce (Kadin) deputy chairwoman Shinta W. Kamdani said avoiding layoffs amidst the pandemic was impossible, and the best employers could do was suppress the number of layoffs. She added that mass layoffs could be prevented by lessening corporate costs, such as electricity, taxes and Idul Fitri bonuses.

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The Labor Ministry has recorded 241,431 layoffs in the formal sector as of April 20, while 1.3 million have been forced to take unpaid leave. Center of Reform on Economics (CORE) Indonesia projected that the number of unemployed would increase by 4.25 million to 9.25 million people.

Bank Danamon chief economist Wisnu Wardhana suggested the government limit the income tax allowance to businesses that lay off their workers and consider the possibility of imposing higher taxes on incentive recipients after the pandemic, so that the government does not need to shoulder too much of the costs.

The government has recently widened the scope of incentive recipients to 18 business sectors, adding Rp 35.3 trillion in budget spending for allowances such as a six-month exemption from PPh22 import income tax, a 30 percent discount on Pph 25 income tax, a PPh 21 income tax exemption for taxing salary, and hastening tax restitution with an upper limit of Rp 5 billion.

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## **Capital market volatility passes its peak**

*Investor Daily, headline*

Global financial volatility caused by the coronavirus pandemic has passed its peak. The volatility index (VIX) that at one point hit 83.3 in the second week of March, has since declined to 43.8. It's far from its peak, although it has not reached the pre-pandemic level of 18.8.

Bank Indonesia Governor Perry Warjiyo explained that the falling VIX meant the risk premium had also been declining. Although uncertainty remains high, global investors are no longer panicking as in the second week of March.

The falling risk premium would increase the attractiveness of Indonesian debt papers, which eventually should also contribute to the stability of the rupiah, which closed at Rp 15,567 per US dollar. Perry said the rupiah was still undervalued and should strengthen to Rp 15,000.

Perry also noted that foreign capital had begun to reenter Indonesia in the past week of April 13 to April 20, where nonresidents accounted for a net capital inflow of Rp 1.57 trillion. This net inflow was supported by foreigners' net buying Indonesian debt papers totaling Rp 4.37 trillion, as foreigners still booked a net outflow of Rp 2.8 trillion in the capital market.

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"This shows that foreign investors' confidence in Indonesia has returned, especially in Indonesian fixed-income investment," Perry said.

The central bank governor explained two factors that had contributed to the return of foreign investors to Indonesia: the falling risk premium and the attractiveness of Indonesian debt papers that still offered good yields.

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## **Listed companies to cut CAPEX due to pandemic**

*Kontan, headline*

The coronavirus pandemic has forced companies listed on the Indonesian Stock Exchange (IDX) to review their business plans and cut their capital expenditure (CAPEX), but they are unable to project by how much they will cut expenditure and adjust their operations, because they are unsure when the pandemic might end.

Astra International (ASII) head of investor relations Tira Ardianti said the uncertainty had forced the company to maintain a good cash flow; as a result, it would slash nonpriority CAPEX spending.

Ciputra Development (CTRA) has also decided to cut its CAPEX budget of Rp 1.5 trillion this year. CTRA director Tulus Santoso said initially the CAPEX would be used to increase the company's land bank and to build three malls in Tangerang and Surabaya. That plan is now shelved.

Aneka Tambang (ANTM) corporate secretary Kunto Hendraprawoko said that, within the company's CAPEX, priority would be given to building plants in the downstream sector, such as a ferronickel plant and an aluminum refinery. Yet, it would wait for the pandemic to settle down.

Perusahaan Gas Negara (PGAS) president director Gigih Prakoso also said the company would cut its CAPEX budget of US\$700 million by 25 percent. This decision was taken due to falling demand for gas and falling gas prices in the international market.

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## **Pertamina to export excess fuel**

*Koran Tempo, Business Page*

State-owned oil and gas company Pertamina has excess fuel in its stocks due to falling domestic demand and is now scouting export markets for the excess fuel.

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Pertamina CEO Nicke Widyawati said domestic demand had slumped by 34.9 percent, with the highest drop of 45 percent recorded for sales of aircraft fuel. Pertamina now has more avtur in its stocks than would be needed for 90 days of normal consumption.

“Export will bring in some revenue, although the price is not good,” Nicke said, adding that the company had managed to export one-cargo shipment of avtur to China.

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## **Optimistic Indonesians likely to spend more: Reports**

*The Jakarta Post, p. 1*

Indonesians are relatively optimistic about the economic outlook and will spend more in the future as businesses are forced to adapt to changing consumer behavior to endure the economic effects of the pandemic, several surveys show.

More than half of Indonesian respondents say they are optimistic that the economy will rebound within two to three months, faring better than most countries around the world, according to a new McKinsey & Company survey on Indonesian consumer sentiment during the coronavirus crisis.

Indonesia’s consumer-driven economy relies on household spending, which accounts for around 55 percent of the country’s gross domestic product.

The economy is expected to grow 2.3 percent this year, the lowest since 1999, or contract by 0.4 percent under the worst-case scenario, as businesses and workers, and consequently households, are paralyzed during the pandemic, government calculations project.

Another report from market research firm Kantar Indonesia points to manageable concerns over COVID-19 from the perspective of Indonesians. Based on a sample of 6,428 people on March 25, 68 percent of Indonesians were concerned but said they knew what to do, while 10 percent were very concerned and did not know what to do.

“We see that Indonesians are concerned but assured,” Kantar Indonesia wrote. “Indonesia and Malaysia are the only countries in the region that have maintained a net-positive sentiment in their social media chatter about COVID-19.”

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While the reports point to consumer optimism in the future, spending will remain cautious and targeted with a big shift in consumer needs, requiring businesses to adapt to changing consumer behavior.

“Think of now as the new normal. We must take action,” said branding and marketing expert Yuswohady on April 13, during a webinar series hosted by Inventure Knowledge on COVID-19 and its impact on businesses. He urged businesses to be quick in adapting to the crisis, saying that “agility is key”.

Inventure released a briefing document titled “30 Consumer Behavior Shiftings” as a navigation guide for businesses to survive amid a spike in layoffs, poverty and bankruptcy that the government has forecast.

As the government tries to soften the economic shocks from the COVID-19 pandemic through tax breaks and cash transfers, businesses are urged to play their part in adapting to recent trends.

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