

Wednesday, Apr. 29th, 2020

GENERAL NEWS AND HEADLINES

Too soon to say curve flattening

The Jakarta Post, headline; Kompas, headline

The government has claimed that Jakarta, the country's epicenter of COVID-19, has flattened its curve of transmission, but experts argued further studies into existing data proved to be necessary before coming to such a conclusion.

"We can explain in the latest development that particularly for Jakarta, the new cases have rapidly slowed down and flattened," said COVID-19 task force chief Doni Monardo on Monday.

Doni further stated that the implementation of large-scale social restrictions (PSBB) had contributed to the outcome.

While acknowledging that the PSBB might help slow down transmission, experts have warned against interpreting data on new confirmed cases at face value, mainly because the country's lack of polymerase chain reaction (PCR) testing might lead to low and late reporting of new confirmed cases.

Biostatistic researcher at the University of Indonesia's (UI) School of Public Health, Iwan Ariawan, said that without further information on the number of tests being carried out and the time gap between the collection of swab samples and the announcement of test results, interpreting a decline in reported COVID-19 cases could be misleading.

Iqbal Ridzi Fahdri Elyazar, disease surveillance and biostatistics researcher at the Eijkman-Oxford Clinical Research Unit, said that the claim of declining new cases in Jakarta must be supported with accurate data, which would largely rely on the country's testing capacity to reveal timely new cases.

"Vietnam tests 2.17 per 1,000 people and Indonesia 0.21 per 1,000 people. It means the testing scope in Vietnam is 10 times that of Indonesia. Vietnam's claim

of declining new cases is, therefore, more reliable because it is testing more people at risk,” Iqbal said.

Indonesia has only tested 62,544 people as of Tuesday, resulting in 9,511 positive diagnoses. Iwan said that based on his team’s estimation, Indonesia would need to carry out PCR tests on 3 million people to detect and isolate cases.

Regions to intensify PSBB to curb COVID-19 case surges

Republika, headline; Media Indonesia, p. 8

Although the number of COVID-19 infections per day is said to be slowing down in Jakarta, surges in cases are still being detected in some regions, leading to tightened and stricter large-scale social restrictions (PSBB).

In West Java, the Bandung city administration said it would tighten the monitoring of vehicles at checkpoint locations during the implementation of the PSBB. Bandung administration secretary Ema Sumarna said the administration plans to tighten the PSBB by having security personnel guard the checkpoints 24 hours a day. Currently, the checkpoints are only guarded from 6 a.m. to 8 p.m., leaving time during the evenings for residents to violate the restrictions.

South Tangerang Deputy Mayor Benjamin Davnie conceded that the PSBB implemented over the past 11 days had yet to prove effective. According to Benjamin, authorities have still found many people in violation of the restrictions and said the implementation of stricter social sanctions was necessary.

West Sumatra Governor Irwan Prayitno also said the PSBB in West Sumatra was only effective in managing the inflow and outflow of vehicles at inter-city and regency borders within the province. However, the PSBB has not been very effective in other locations, such as markets and mosques.

KPK supervisory board uncovers internal issues

Kompas, p. 3

As many as 18 issues within the Corruption Eradication Commission (KPK) have been identified by the antigraft body’s supervisory board (Dewas), after a three-month evaluation of the performances of KPK leaders and staff. Though the current KPK leadership has argued that these were long-standing, persistent issues, former KPK leaders, academics and civil society say they rose during Firli Bahuri’s tenure.

KPK Dewas chairman Tumpak H Panggabean said via text message on Tuesday that a majority of the issues surrounded the KPK's legal actions, which still has room for correction to reflect greater professionalism. However, Tumpak was reluctant to share the details of these internal issues.

KPK Dewas member Syamsudin Haris further stated that the issues dealt with almost all aspects of the antigraft body, including actions, precautions, coordination, supervision and other fields.

The internal evaluation held by Dewas is conducted every three months, in accordance to KPK Law No. 19/2019, which states that the supervisory board is tasked with overseeing the duties of KPK authorities, evaluating the antigraft body's performance and handling all ethics violations by commissioners and staff.

Regions synchronize data of prospective social aid beneficiaries through lengthy process

Koran Tempo, Main Report

A number of regions have claimed they are experiencing difficulty in organizing data so that beneficiaries of COVID-19 social assistance did not overlap, especially when there are a number of programs in place to distribute social aid.

In Yogyakarta, Sleman regency COVID-19 task force spokesperson Shavitri Nurmala Dewi explained that the synchronization of prospective beneficiary data was done by matching national identity numbers (NIK). If there is a registered NIK who is found to have received assistance from the Family Hope Program, then that NIK owner will not be entitled to receive aid from other programs.

However, distributing the social aid requires a long verification process, according to Shavitri, as there are three assistance programs in place for Sleman residents. To determine the type of assistance to be provided to prospective recipients, the task force must first verify the list of recipients in the Additional Food Social Assistance Program. Then, the team must match the NIK with the list of recipients of the Cash Social Assistance Program from the Social Affairs Ministry. Finally, the NIK will be matched with recipients of the Yogyakarta Special Region Staple Foods Program.

Sleman regency social services head Eko Suhargono said that data synchronization was a long process and that before matching data to the list of social aid beneficiaries, the social services must first screen data submitted by villages to make sure they are among the poor and vulnerable.

TNI readies troops in anticipation of social turmoil amid COVID-19

Investor Daily, p. 12

The Indonesian Military (TNI) has readied troops to mitigate any social unrest triggered by the COVID-19 pandemic. TNI spokesperson Brig. Gen. Sisriadi stated in a Webinar themed Developing the Synergy of Various Components of a Nation in Dealing with the COVID-19 Pandemic that the TNI must always be prepared to act in worst-case scenarios, especially in times of crises. Though Sisriadi acknowledged that the number of COVID-19 cases appear to have slowed in Jakarta, he asserted that Indonesia must continue to stay vigilant.

Sisriadi claimed overcoming the pandemic can only succeed when there is cooperation between citizens and authorities. As citizens are encouraged to always wear masks, maintain social distance and to stay home as much as possible, the TNI has also synergized with various parties to tackle COVID-19, including police personnel, community leaders, mass organizations, religious leaders and local administrations.

The TNI has so far prepared 109 hospitals on land, sea and even in air. Moreover, the TNI had also proposed a budget increase to the Defense Ministry and sought approval from members of the House of Representatives.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Budget to fight coronavirus pandemic swollen

Kontan, headline

Finance Minister Sri Mulyani Indrawati said that the coronavirus pandemic had affected businesses in more industries, not just tourism and the manufacturing sectors, and therefore, the government's tax incentives would be expanded to cover more industries.

Budget allocation for tax incentives, which was initially set at Rp 22.9 trillion (US\$1.49 billion), has bloated to Rp 64 trillion. Of the total, Rp 35.3 trillion will be in the form of income tax incentives, covering income taxes based on articles 21 (PPh 21), 22 (PPh 22) and 25 (PPh 25) of the income tax law, for businesses in 18 sectors. Initially, they were to cover nine sectors only.

The government also allocated almost Rp 1 trillion for income tax incentives for companies operating in bonded zones, Rp 2.45 trillion for income tax incentives for small and medium enterprises and Rp 25.5 for value added tax incentives.

In addition, the government also added to the budget for social safety nets, including Rp 25 trillion for market operations to bring down prices of basic commodities, Rp 780 billion to top up social assistance budgets of local governments in Greater Jakarta and Rp 5.4 trillion for local governments outside Greater Jakarta.

So far, the government has reallocated a total of Rp 554.8 trillion in the state budget to fight the coronavirus. In addition, the government has issued \$4.3 billion in global bonds also to finance the budget to fight against the pandemic. The government also plans to borrow \$ 1.5 billion from the Asian Development Bank.

Business groups decry omnibus bill delay

The Jakarta Post, p. 1

Key business groups have expressed opposition to the decision to delay deliberations of the labor provisions in the omnibus bill on job creation, saying it would create an unfavorable environment for investment amid the increasing risk of a recession.

The Indonesian Employers Association (Apindo) issued on Monday a public statement claiming that without the labor provisions, the bill would reduce the opportunity to attract labor-intensive investment as well as weaken job creation efforts, undermine the dispute mechanism in labor-intensive companies and lead to a lack of flexibility with regard to nonpermanent workers.

"The COVID-19 pandemic has caused a huge spike in the number of layoffs and furloughs, and these are expected to continue to rise until the end of 2020. This situation should push us even more to deliberate the bill, including the labor elements, intensively given that after the pandemic there will be a need for massive job creation for the laid-off workers," Apindo's statement reads.

President Joko "Jokowi" Widodo announced on Friday that the government and House of Representatives had agreed to delay deliberations of labor provisions in the omnibus bill, providing time to explore substantial issues and "accommodate input from stakeholders".

While labor groups commended the government for delaying the legislation process, businesses objected the decision, citing fears of layoffs amid the oncoming economic downturn.

"It's true that we should focus on preventing the spread of COVID-19. However, we also have to simultaneously anticipate the skyrocketing number of layoffs by improving our business climate," Apindo deputy chairman Bob Azam told *The Jakarta Post*.

More than 1.2 million workers from 74,439 companies in both the formal and informal sectors have either been told to stay home or have been laid off as a result of the pandemic, according to Manpower Ministry data released in early April.

OJK asked to mediate multifinance firms and banks

Investor Daily, headline

Indonesia's multifinance industry has been hit hard by the coronavirus pandemic as many of their customers are unable to service their debts. Therefore, multifinance companies asked the Financial Services Authority (OJK) to help mediate their negotiations with banks, the main source of funding for multifinance companies.

As of April 27, according to OJK data, 166 multifinance companies out of total 183 have filed for a restructuring of their debts to banks, with 644,517 contracts worth Rp 39.5 trillion (US\$2.57 billion). In addition, 367,465 contracts worth Rp 25 trillion have also been submitted for restructuring. Of the total, banks have approved debt restructuring of 235,183 contracts worth Rp 13 trillion.

Multifinance Companies Association chairman Suwandi Wiratno also called on banks to disburse approved lines of financing to multifinance companies.

OJK nonbank financial supervision department head Bambang Budiawan said that OJK would talk to banks and call on them to share the burdens with multifinance companies, which rely 80 percent of its financing from bank loans.

In addition, Bambang also called on the multifinance companies to care about their customers, especially those who are affected by the pandemic and could not service their debts to multifinance companies by restructuring their debts.

Debt issuers in difficult position following rating downgrade

Bisnis Indonesia, headline

A number of rating agencies have downgraded their ratings on Indonesian debtors most likely affected by the coronavirus pandemic. Such a rating downgrade would make it more difficult for companies to service their debts.

Rating agency Fitch Ratings is now reviewing its ratings for 51 Indonesian debt issuers in relation to the coronavirus pandemic. Of the total, 28 companies are in the area of being susceptible to rating downgrade.

Fitch Ratings has revised its rating and outlook of PT Modernland Realty (MDLN) from stable to negative. Fitch Ratings director Olly Prayudi said the reasons behind the downgrade was that the property sector was one of the most affected by the pandemic. In addition to Fitch Ratings, Moody's has also downgraded its rating on MDLN from B2 to B3 with a negative outlook.

Currently, MDLN has short term liabilities totaling Rp 951 billion (US\$61.9 million), while its current assets as of end of 2019 totaled only Rp 553 trillion. MDLN investor relations department head Eliza Saliman said that despite the rating downgrade, the company would try to meet all its debt commitments.

"The strategy that we have prepared is through debt refinancing and sales of our land bulks this year."

Moody's has also downgraded its rating on PT Jasa Marga (JSMR) from Baa2 stable to Baa2 negative. JSMR corporate finance group head Eka Setya Adrianto said the company was also considering refinancing Rp 1 trillion bonds that mature in October this year.

"So far, we still have standby loans totaling Rp 4.75 trillion as backup."

PT Pemeringkat Efek Indonesia (Pefindo) director Vonny Widjaja acknowledged the pandemic would have some negative effects on debt issuers. However, the effects would be different from one industry to another and from one issuer to another, depending on the fundamentals of each company.

IDX lowers expectations, relies on domestic investors

The Jakarta Post, Business page

The Indonesia Stock Exchange (IDX) has set lower targets on daily transaction values and newly listed companies this year while relying more on domestic investors to cushion the volatility of stocks as it faces tougher challenges amid the COVID-19 pandemic.

IDX trading director Laksono Widodo said on Friday that the bourse expected this year's daily transactions to reach an average of Rp 7 trillion (US\$450.7 million), much lower than the Rp 9.5 trillion figure recorded last year.

"For the past few weeks, the average daily transaction is stable at Rp 6.5 trillion to Rp 6.9 trillion, so we expect this year's average to be around Rp 7 trillion, assuming that the economy is going to rebound in the second half of this year," he said during a virtual press briefing.

The IDX's main gauge, the Jakarta Composite Index (JCI), recorded an average transaction value of Rp 6.89 trillion on Monday while the market capitalization stood at Rp 5.2 quadrillion.

The bourse was also managing its expectations regarding the number of newly listed companies for this year, said assessment director I Gede Nyoman Yetna.

Although three companies had announced they were shelving their initial public offering (IPO) plans this year due to the high uncertainty in the global economy and financial market, Nyoman said other companies were still going forward with theirs.

The bourse has 18 companies in its IPO pipeline this year with core businesses ranging from agribusiness and finance to property and trade and services.

In the meantime, 26 companies have listed their shares on the IDX since the beginning of this year, 10 of which were listed after the World Health Organization declared the COVID-19 a pandemic. Among them are hospital firm PT Metro Healthcare Indonesia (CARE), property firm PT Karya Bersama Anugerah (KBAG) and fast-food chain operator PT Cipta Selera Murni (CSMI).

Nyoman said the number of newly listed companies in Indonesia was still the highest compared to that of other bourses in Southeast Asia during the first quarter of this year, citing Ernst and Young's Global IPO Trends report.

The JCI has lost more than 28 percent of its value so far this year amid global market volatility due to the COVID-19 outbreak, the second-worst in the region after Manila, which lost more than 30 percent, followed by Singapore (20.7 percent) and Bangkok (20 percent).

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