

**Thursday, Apr. 30<sup>th</sup>, 2020**

**GENERAL NEWS AND HEADLINES**

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## **COVID-19 deaths may be 3 times higher than reported figure**

*Kompas, p. 1*

The World Health Organization (WHO) has updated its guidelines on reporting COVID-19 deaths, emphasizing that any person who dies with clinical symptoms of COVID-19 are to be included as victims of the pandemic. In accordance to this update, thus, Indonesia's COVID-19 deaths will be three times the figure reported by the government.

The update was made on April 11, in which the WHO clarified that COVID-19 deaths are deaths clinically thought to be caused by the disease or confirmed to have been caused by it, unless there are other causes of death that cannot be attributed to COVID-19. According to the *WHO Situation Report-5* published on April 23, the total number of COVID-19 deaths in Jakarta, East Java, West Java, Central Java and South Sulawesi alone has reached 2,073 people.

"The WHO guideline should serve as a reference for the Indonesian government in reporting the number of deaths caused by COVID-19 because it will then provide a more realistic picture," said Eijkman Oxford Clinical Research Unit researcher Iqbal Ridzi on Wednesday.

According to Iqbal, the deaths that WHO has recorded across four provinces in Indonesia included the number of patients under surveillance (PDP) and people under monitoring (ODP).

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## **House grills govt over 'unconstitutional' Perppu**

*The Jakarta Post, headline*

A debate has erupted over a regulation that grants the government the power to allocate emergency COVID-19 spending and a legal shield that protects officials executing the programs.

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The executive order, Regulation in Lieu of Law (Perppu) No. 1/2020, which is pending approval from the House of Representatives, allows the government to extend the state budget deficit beyond the legal cap of 3 percent of gross domestic product (GDP) and allocate the spending for programs related to COVID-19 without the approval of the House.

Indonesian Democratic Party of Struggle (PDI-P) lawmaker Arterio Dahlan said the Perppu infringed on the House's right to deliberate the state budget.

"The [Perppu] is to guarantee people's welfare. But isn't it trespassing constitutional rules [by granting sole authority over the budget] to the government?" he said on Wednesday during a hearing on coronavirus budget monitoring.

If the Perppu is passed by mid-year, the government will not have to propose an amendment to the 2020 state budget to the House to make the large amount of COVID-19 funding available before the end of this year.

Lawmakers and antigraft activists have questioned the large allocation for economic recovery, as the government has also allocated large budgets for social assistance and support for industries.

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## **KPK supervisory board urged to sanction KPK leaders performing poorly**

*Koran Tempo, National*

Following the Corruption Eradication Commission's (KPK) supervisory board's (Dewas) identification of 18 internal issues in the antigraft body during their quarterly evaluation, the Indonesia Corruption Watch (ICW) has urged the Dewas to act decisively and sanction KPK leaders proven to be performing poorly.

KPK Dewas member Albertina Ho said the quarterly evaluations, which are reported to the President and the House of Representatives once a year, mainly discussed two matters, namely the duties of the KPK and performance evaluations of its leaders.

According to ICW researcher Kurnia Ramadhana, there has been a lot of evidence reflecting poor performance of the current KPK leaders, claiming that the leaders have failed to alleviate the image of the antigraft body in the eyes of the people.

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The KPK's poor performance was reflected most by the high-profile bribery case implicating Indonesian Democratic Party of Struggle (PDI-P) politician Harun Masiku, who is still at large. This included incidents where the KPK failed to search the PDI-P's central executive board office for the investigation and also failed to explain why a KPK investigator, who was hunting for Harun, was detained at the Police Staff College (PTIK).

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## **Perppu on regional elections urgently needed**

*Republika, p. 2; Kompas, p. 2*

Network for Democracy and Network Integrity (Netgrit) researcher Hadar Nafis Gumay has urged the government to immediately issue a regulation in lieu of law (Perppu) concerning regional head elections. This is because the Perppu will serve as the legal basis for the postponement of the 2020 simultaneous regional elections due to the COVID-19 pandemic.

"It is important that a Perppu is issued as soon as possible because only then can the General Elections Commission [KPU] act," Hadar said on Wednesday.

Hadar, who is also a former KPU commissioner, explained that commission needed to draw up derivative arrangements based on the Perppu as the 2020 regional elections and their preliminary stages will all be postponed.

House of Representatives Commission II previously approved the government's proposal over this matter, voting that the elections will be postponed to Dec. 9, only three months after the initially scheduled date of the elections on Sept. 23.

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## **Supreme Court seeks to eliminate disparities in graft sentences**

*The Jakarta Post, p. 2*

A perceived inconsistency in the sentencing of graft convicts has put pressure on the Supreme Court to draft a set of guidelines for judges to follow, as antigraft experts call for a clearer sentencing policy for the nation's corruption courts.

Most recently, a study by Indonesia Corruption Watch (ICW) found that corruption court judges hand out varying degrees of punishment to graft convicts in different cases who are culpable of the same or similar charges, without providing any reasonable explanation.

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"I'm still baffled as to why each graft defendant receives a different sentence," ICW researcher Kurnia Ramadhana said recently.

"It only reaffirms the longtime public assumption that justice isn't always blind to those with more power and resources in this country."

As a fix, the antigraft watchdog urged the Supreme Court to draft a set of guidelines for use by corruption court judges, which Kurnia said was required to restore public faith in judges' determination to combat corruption. Otherwise, the public would assume that the principle of fair trial was not being heeded in the courts.

Supreme Court spokesman Andi Samsan Nganro acknowledged that there were concerns about the disparity in graft convictions and said the court had already started drafting the necessary guidelines.

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## BUSINESS AND ECONOMICS NEWS AND HEADLINES

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### Fiscal deficit could reach Rp 1.4 quadrillion

*Bisnis Indonesia, headline*

Bank Indonesia is preparing all options to help plug the government's fiscal deficit, which according to Bank Indonesia Governor Perry Warjiyo could reach Rp 1.4 quadrillion (US\$93 billion) this year.

Perry explained that financing for the Rp 1.4 quadrillion deficit would come from the government's cash balance managed by Bank Indonesia totaling Rp 500 trillion, budget reallocation totaling Rp 225 trillion, the economic recovery budget, the central bank's relaxation of banks' reserves requirement that would bring in cash from banking industry totaling Rp 100 trillion and issuance of sovereign debt to cover the remaining deficit totaling Rp 425 trillion.

Finance Minister Sri Mulyani said issuing government bonds would be the most challenging now, at a time when investors are running away from emerging markets and putting their money in US Treasury bills. As a result, the interest rates of Treasury bills have dropped to below 1 percent.

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Sri Mulyani said if the government had to issue bonds, foreign investors would demand higher yields, which would eventually become burdensome to the government.

“So, it is not we who do not want to shoulder bigger deficits. However, we have to be very careful if our deficit needs to be expanded further, at what level of interest rates that we could tolerate and be able to pay,” Sri Mulyani said.

From Tuesday’s auction of government debt, it is obvious that the government does not want to pay higher yields. Out of the Rp 44.39 trillion subscription, the government only took Rp 16.62 trillion, with interest rates ranging from 7.44 percent to 8.5 percent.

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## **BI quantitative easing reaches Rp 503.8 trillion**

*Investor Daily, headline*

Bank Indonesia continues to support the government’s expansive fiscal policy amid the coronavirus pandemic by pursuing quantitative easing — in other words, by printing money. The central bank will again inject Rp 117.8 trillion (US\$7.8 billion) in liquidity into the market in May, bringing in the total amount of money injected through quantitative easing to Rp 503.8 trillion so far this year.

Bank Indonesia Governor Perry Warjiyo explained that the quantitative easing policy would allow the central bank to help the government meet its funding requirements and cover the budget deficit.

The policy has been pursued in a number of ways, such as actively purchasing government debts (SBN) both in the secondary market and in the primary markets, relaxing banks’ reserves requirement with the central bank and market operation to stabilize the rupiah.

In the period of January to April, Bank Indonesia purchased SBN in the secondary market totaling Rp 386 trillion. During the period, foreign investors became net sellers of Rp 166 trillion. In addition, the central bank also purchased SBN from banks through repurchase agreements totaling Rp 137 trillion and relaxed banks’ reserves requirements that resulted in additional liquidity of Rp 53 trillion and purchased foreign exchange through swap agreement totaling Rp 29.7 trillion.

Perry explained that the central bank’s quantitative easing policy had resulted in the reduction of the market volatility index (VIX) from its peak of 83 to 38, although it is still higher than the pre-pandemic level of 18.

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## **Govt to spend Rp 28.3 trillion to help SMEs**

*Kontan, headline*

The government has promised to extend various stimuli for small and medium enterprises (SMEs) so they can continue to operate during the coronavirus pandemic and thus support the economy. The government has allocated Rp 28.3 trillion (US\$1.8 billion) for SMEs so far.

The government has prepared five schemes of incentives for SMEs: cash social assistance for SMEs belonging to people who have fallen into poverty, waiving income tax for SMEs with annual turnovers of below Rp 4.8 billion for six months, restructuring SMEs' debts, providing working capital assistance to SMEs and encouraging partnerships between SMEs, state-owned enterprises and private companies.

Finance Minister Sri Mulyani said SMEs who had loans of up to Rp 10 billion would get an interest subsidy of 3 percent for the first three months and 2 percent for the next three months. The finance minister said the government had encouraged banks to provide support for SMEs in the form of delaying principal payment of their debts, while the government will give interest subsidies.

According to the finance minister, a total of 23.8 million debtors with total debts of Rp 271 trillion had received the facility in the form of debt servicing postponement. Sri Mulyani said the government had asked Bank Indonesia to help banks that face liquidity problems as a result of the government's policy of giving postponements of debt servicing to SMEs.

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## **Logistics down by more than 50% amid pandemic**

*The Jakarta Post, Business Page*

Logistics companies have experienced a more than 50 percent decline in overall business performance since the COVID-19 outbreak hit Indonesia in early March, the Indonesian Logistics Association (ALI) reports.

The association's chairman, Zaldy Ilham Masita, said logistics volume was down 60 to 70 percent across the board since early March due to emergency measures taken by the government to prevent COVID-19 transmission. Zaldy said business-to-consumer (B2C) and customer-to-customer (C2C) delivery services had experienced growth despite the outbreak but the increase was too small to compensate for the sharp drop in the business-to-business (B2B) segment.

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In total, the business performance of the association's members has fallen 50 percent since the first confirmed COVID-19 cases were unveiled on March 2, he said.

"The B2C and C2C segments recorded growth due to the increase in demand for food, perishables and medical supply deliveries despite large-scale social restrictions [PSBB]," Zaldy told *The Jakarta Post* on Monday, adding that all three categories had seen a 100 percent increase since March.

He went on to say that during Ramadan, shipment volume usually increased by 30 to 50 percent. However, this year he predicted that the volume would be down 40 percent from last year.

"The prediction is based on lower consumer spending because there have been layoffs everywhere and THR [holiday bonus] cuts," he said.

Zaldy also predicted that the logistics sector would return to normal in the first quarter of 2021. In the meantime, he said, logistics companies could begin digitalizing operations and broaden services, such as catering to more B2C clients to survive the outbreak.

Supply Chain Indonesia (SCI) chairman Setijadi also said spending on tertiary goods such as automotive, electronics and fashion had declined during the outbreak, while medical supplies and health products were likely to continue their growth trend.

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## **House ready to bring Minerba bill to next level of deliberation**

*Koran Tempo, Economic Page*

House of Representatives' Energy Commission chairman Sugeng Suparwoto said that the controversial mineral and coal mining (Minerba) bill is now entering the synchronization stage and after that it would be brought to the next level for approval at the special working committee, before it would be brought to the plenary session to be passed into law.

Suparwoto also explained that during the synchronization process, the Minerba bill would be compared to the job creation omnibus bill, which also contains some articles governing mineral and coal mining operations. "Before the end of the third House session, we could finish the deliberation of this [Minerba] bill," Suparwoto said. The third House session began on March 30 and would end on May 20.



Meanwhile, a number of parties have voiced concerns over the speedy deliberation of the Minerba bill, which many accused was sponsored by the first generation of coal miners whose concessions are expiring.

Speaking at the Energy and Mineral Resources Ministry on Tuesday, University of Indonesia international law expert Hikmahanto Juwono suggested that the government and the House relook into the bill and not bow down to the demands of first-generation coal miners.

Hikmahanto suggested that the bill should retain some elements of the existing Minerba law, which requires first-generation coal miners to return their concessions to the government and not automatically grant extensions to the existing miners.

Mineral and Coal Director General Bambang Gatot said the government would take some input into consideration. However, he acknowledged that the government and the House had agreed on all issues regarding the expiring concessions. Bambang said the input that differed with the bill would be accommodated in the implementing regulations.

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