

Wednesday, Aug. 12th, 2020

GENERAL NEWS AND HEADLINES

Human clinical trials for potential vaccine to begin on Friday

Koran Tempo; Kompas, headline; Media Indonesia, headline

The Padjadjaran University (Unpad) research team overseeing the Phase 3 clinical trial of a potential COVID-19 vaccine plans to simultaneously begin injections of the potential vaccine this Friday. In addition to the Unpad hospital, the trials are to be held at Unpad campus as well as in four community health centers (Puskesmas) located respectively in Sukapakir, Garuda, Ciumbuleuit and Dago – all in Bandung.

The team's field manager, Eddy Fadlyana, said about 100 volunteers would be receiving the injections at one of the five designated sites. These volunteers, Eddy explained, had already undergone initial examinations and swab tests to make sure they did not have a history of COVID-19 infection. "Those who pass the initial examination can participate in the vaccination trial," said Eddy on Tuesday.

While the research team had set a target of 1,620 volunteers for the clinical trial, there were only 1,115 registrants as of Monday. These include West Java Governor Ridwan Kamil and Bandung Mayor Oded Muhammad Danial. Volunteer registrations will continue to be open until the end of the month.

Testing disparity hinders fight against coronavirus

The Jakarta Post, p. 1

Jakarta remains the only province to meet the World Health Organization's recommendation for the minimum testing rate of 1 test per 1,000 inhabitants per week, according to the latest WHO situation report. In total, the capital has seen 26,624 confirmed infections, putting it ahead of second-placed East Java, which has logged 25,917 cases.

Despite meeting the WHO benchmark, Jakarta Health Agency head Widyastuti said the city administration's efforts to curb the disease would not succeed unless its satellite cities put up a similar effort, given the high mobility of people within Greater Jakarta.

"One obstacle we face is how to build synergy [with the satellite cities], because we cannot work alone. There is still a large [testing] gap between Jakarta and the other cities," Widyastuti said in a recent virtual discussion.

Experts have urged from the outset that the government look to improving the country's testing capacity, in the hope of immediately treating those infected to curb COVID-19 transmission.

However, the significant testing gap between regions across the country is a major stumbling block, as half of the laboratories that have the wherewithal to run polymerase chain reaction (PCR) tests for diagnostic purposes are located on the island of Java.

House, workers form special team to review omnibus bill

Kompas, p. 2

The House of Representatives and workers from labor unions have agreed to form a special team that will focus on deliberating the labor provisions stipulated in the job creation omnibus bill.

"We agreed to form a working team to discuss the labor provisions cluster together. We are looking for common ground, so that we can have some progress," said House deputy speaker Sufmi Dasco Ahmad, after meeting with representatives of the labor union on Tuesday.

Labor union representatives attending the meeting included Confederation of Indonesian Trade Unions (KSPI) chairman Said Iqbal as well as representatives from the All-Indonesian Workers Confederation Union (KSPSI), the Indonesian Welfare Labor Confederation (KSBSI) and the Indonesian Muslim Workers Union (PPMI).

Said welcomed the formation of a special team and expressed hope the team would be formed by August 18 and would be able to find common ground on the labor provisions in the bill.

KPK urges regional govts to follow-up complaints on social aid

Republika, p. 2

The Corruption Eradication Commission (KPK) noted that, as of Friday, there were still 54 complaints concerning the distribution of social aid (Bansos) that had not been addressed by local administrations. The KPK has asked regional administrations to follow up on the complaints submitted through the JAGA Bansos application.

"Based on the KPK's records as of August 7, there were still 54 public reports that had either been handled slowly or not responded to at all by the regional administration," said acting KPK spokesman Ipi Maryati Kuding on Tuesday.

Every incoming complaint, he explained, will first be verified by the JAGA Bansos team and within three days, the team will forward the complaint to the relevant local administration or agency. "Within seven working days, local administrations or related agencies are obliged to provide an update as to when the complaint has been received and whether they are in the process of following up on the issue," Ipi added.

As of Friday, the KPK had received a total of 894 complaints regarding social aid distribution, 369 of which claimed they had not received the social aid at all.

Prabowo urged to up his game for 2024 presidential race

The Jakarta Post, p. 1

The Gerindra Party's extraordinary congress has again appointed Prabowo Subianto as its chairman, making him a strong potential candidate for the 2024 presidential election, but experts believe more is needed for him to win.

Prabowo, who ran against President Joko "Jokowi" Widodo in the 2014 and 2019 elections, has yet to declare that he will run again in 2024. However, some Gerindra executives have said that the current defense minister would consider the possibility if he garnered support from the party's cadres and the public.

Prabowo in a speech at Saturday's congress did not publicly address the issue despite all party branch leaders having asked him to run again.

"Prabowo said in the congress that he would make a decision one year or one-and-a-half years before the presidential election," party secretary-general Ahmad Muzani said on Saturday.

Among all potential candidates for the 2024 race, Prabowo is currently the strongest contender, given his party chairmanship, his close ties with the ruling Indonesian Democratic Party of Struggle (PDI-P) and his lead in the polls.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Govt to hand out interest-free loans for micro businesses

Kontan, headline

Finance Minister Sri Mulyani Indrawati stated that the government will hand out interest-free loans of Rp 2 million each for micro-sized businesses to support their survival. The targets are businesses without access to bank loans, in particular former employees who have been laid off and housewives wanting to start businesses. This is part of the government's Economic Recovery Program (PEN) for businesses.

The government is still trying to identify potential recipients for these loans. According to their current data, 94 percent of the micro businesses have loans under Rp 10 million, with 2.1 million of them receiving loans from the state investment unit Pusat Investasi Pemerintah (PIP) under the ultra-micro loan program. Besides that, 6.2 million ultra-micro debtors are receiving loans through the Mekaar program, 4 million through PT Pegadaian, and 1.5 million others through cooperatives.

Furthermore, the government would launch another social aid program to distribute productive capital loans of Rp 2.4 million each for 12 million SMEs this month, coinciding with the celebration of Independence Day on Aug. 17, Sri Mulyani added.

Meanwhile, Association of Young Indonesian Entrepreneurs (Hipmi) finance and banking head Ajib Hamdani warned the government to review the distribution process of the stimulus aid to ensure it reaches the targeted recipients, especially considering that the SME database is still limited.

Trade, manufacturing sectors rely on domestic market

Bisnis Indonesia, headline

The sectors of trade and manufacturing are facing hardship amid fierce competition in the global market due to the COVID-19 pandemic as global demand decreases. The sectors are now relying on the domestic market as they can no longer rely solely on exports.

The domestic market seems to be less affected by the disruption of global supply chains, giving rise to optimism in the manufacturing sector. Industrial investment in the first half was up 23.9 percent on a year-on-year basis.

The government is optimistic about the prospects of economic recovery, as the Purchasing Managers' Index (PMI) – the main gauge for the manufacturing sector – returned to the level of 46.9 points in July, the highest since the implementation of large-scale social restrictions (PSBB). The industries of food and beverages, pharmaceuticals and medical equipment can be relied on to boost the performance of the processing industry.

Despite the optimism, it will not be easy to restore the performance of the trade and manufacturing sectors to the pre-pandemic level. The decrease in people's purchasing power and market trust are some of the challenges that remain for the government. Swift and targeted distribution of stimulus aid will be key to keeping the trade and manufacturing sectors running.

President orders local govts to spend Rp 170 trillion funds in banks

Investor Daily, headline

President Joko "Jokowi" Widodo has instructed governors, regents and mayors to immediately spend local government funds totalling Rp 170 trillion (US\$11.58 billion) that are currently in the banking system to avoid further economic decline in the third quarter of 2020.

"I have asked governors, regents and mayors to immediately spend their regional budget funds. I can see that those budgets are still in the banks nationwide. Regional budget funds amounting Rp 170 trillion are still in the banks," President Jokowi said.

He also noted that Indonesia's economy should not go into negative territory in the third quarter after the economy contracted by 5.2 percent in the second quarter and grew by 2.97 percent in the first quarter. If the economy contracts again in the third quarter, technically Indonesia falls into a recession.

President Jokowi said he was still optimistic that economic growth would be positive in the third quarter as long as all were working hard and the disbursement of all stimulus funds and assistance was accelerated until September. The government has allocated Rp 695.2 trillion for the national economic recovery (PEN) program, but disbursement has been slow.

OJK, IDX to educate, protect retail investors

The Jakarta Post, headline

The Financial Services Authority (OJK) and Indonesia Stock Exchange (IDX) have unveiled new initiatives to help educate and improve the protection of the country's growing number of retail investors during the pandemic.

On its 43rd anniversary commemoration on Monday, the IDX launched several initiatives, such as virtual trading to educate new investors before they make the jump into the actual stock market, and electronic initial public offering (e-IPO), which give retail investors wider access to participate in the primary market of an IPO.

Meanwhile, the OJK also plans to launch disgorgement funds, first floated last year, to cushion investors' losses resulting from criminal acts rather than investment failure. Disgorgement is the legally mandated repayment of gains received through ill-means imposed by the courts on wrongdoers.

"The [disgorgement] fund [proposal] is currently going through a public hearing. We hope we can launch it by the end of the year or the first quarter of 2021 at the latest," OJK stock market supervision executive head Hoesen said during a virtual press conference on Monday.

Given the rapid growth in investors, Hoesen said the OJK was committed to improving its supervisory function while also strengthening its coordination with other institutions to ensure better enforcement in the capital market.

Domestic investors have grown in dominance in the Indonesian stock market, accounting for Rp 723.8 trillion (US\$49.3 billion) in transactions, or 63 percent of the trading value since the beginning of the year, IDX data show. They also accounted for 79 percent of Monday's trading, totaling Rp 5.7 trillion.

Operators prepare international hub airports

Koran Tempo, Economy and Business page

Airport operators PT Angkasa Pura I and PT Angkasa Pura II are preparing a number of airports to become international hubs and super hubs, following criticism from President Joko Widodo that the country had too many international airports.

PT Angkasa Pura II, which manages airports in the western part of Indonesia, is currently preparing Kualanamu International Airport in Medan, North Sumatra, to be the international super hub in addition to Soekarno Hatta International Airport in Jakarta.

PT Angkara Pura I, which manages airports in the eastern part of Indonesia, is currently nominating Hasanuddin International Airport in Makassar, South Sulawesi, as a super hub airport for eastern Indonesia. In addition, Angkasa Pura I is nominating Ngurah Rai International Airport in Bali and Kulonprogo Airport in Yogyakarta as other super hub airports.

President Jokowi mentioned eight airports as good candidates for hub and super hub status: Soekarno Hatta, Kualanamu, Hasanuddin, Juanda International Airport in Surabaya, East Java, Kulonprogo, Ngurah Rai, and one each in East Kalimantan and North Sulawesi.

Disclaimer:

Tenggara Strategics always aims to use reliable sources in providing our best analysis to our clients, and is not responsible for any errors, inaccuracies and/or viewpoints in the original source material upon which we have based our analysis. The analysis contained in this document is intended exclusively for our clients who have subscribed to this service, and is not for public consumption or dissemination.

Nothing contained herein shall to any extent substitute for the independent investigations and the sound technical and business judgment of the reader. In no event will Tenggara Strategics, including its employees, be liable for any decisions made or actions taken in reference to the information contained in these documents, or for any incidental, consequential, indirect, special or exemplary damages, including damages from loss of profits or opportunities, even if advised of the possibility of such damages.