

Monday, Aug. 24th, 2020

GENERAL NEWS AND HEADLINES

Graft suspect's office destroyed in AGO blaze

The Jakarta Post, headline; Koran Tempo, Berita Utama; Kompas, p.1; Media Indonesia, headline

A fire that gutted the main building of the Attorney General's Office (AGO) compound in Kebayoran Baru, South Jakarta, has raised questions about ongoing investigations into high-profile graft cases led by the law enforcement body.

Attorney General ST Burhanuddin told *The Jakarta Post* on Sunday that the building was the location of the human resources, legal and planning departments. The fire, he said, had affected the intelligence office, but the office had a backup of its data elsewhere. Burhanuddin did not dismiss the possibility of arson in an attempt to destroy evidence but said he would wait for the results of the investigation.

He confirmed that the destroyed rooms included the office of Pinangki Sirna Malasari, a prosecutor who was recently named a suspect for allegedly accepting US\$500,000 from Bank Bali graft convict Djoko Soegiarto Tjandra and meeting him several times while the convict was at large abroad.

In addition to the Bank Bali case, the AGO is investigating alleged corruption in ailing state-owned insurer Jiwasraya.

Coordinating Political, Legal and Security Affairs Minister Mahfud MD gave his assurance that all case files, including those on Djoko, Pinangki and Jiwasraya, were safe, and he urged against speculation.

RI's democracy level declines: Survey

Koran Tempo, Nasional

A recent survey conducted by the Institute of Research, Education and Information of Social and Economic Affairs (LP3ES) found that the majority of people believed Indonesia's democracy level had declined.

LP3ES director Wijayanto said that the survey, which was conducted from 16 to 21 August and polled 38 participants of the Institute's *Sekolah Demokrasi* (School of Democracy) II, found that 44.7 percent of respondents deemed the country's democracy was declining. "28.9 percent of respondents even consider that we are currently in an authoritarian era," said Wijayanto on Sunday.

Wijayanto further said that, according to the survey, there were 31 problems that caused a decline in Indonesia's democracy, which mainly centered on concerns related to authoritarianism.

Military training for university students deemed irrelevant

Kompas, p.2

The Education and Culture Ministry will allow university students to enlist in basic military training as part of the military reserve component program proposed by the Defense Ministry. The enlistment is stipulated in Law No. 23/2019 on the management of national resources for state defense.

Many, however, deem the military training as well as the enlistment program as irrelevant since state defense can be carried out through other professional fields besides the military field.

"One thing that should be improved is civil study," Setara Institute deputy chairman Bonar Tigor Naipospos said on Sunday.

Previously, Deputy Defense Minister Wahyu Sakti Trenggono proposed a plan to allow university students to join basic military training for a whole semester or six months. Their participation in the program could be included in their semester credit system (SKS), he went on to say.

Civil groups condemn cyberattacks on government critics

The Jakarta Post, p.1; Koran Tempo, Nasional

Civil groups have condemned recent cyberattacks on the websites of two prominent institutions and the social media account of a scientist — all of which

have been critical of the government's handling of the COVID-19 pandemic — calling the attacks a threat to democracy and freedom of speech.

The Twitter account of Pandu Riono, an epidemiologist at the University of Indonesia (UI), was reportedly hacked on Wednesday. The hacked account, *@drpriono*, posted pictures that apparently sought to damage Pandu's reputation. Late on Thursday, news website *tempo.co* — part of the Tempo Media Group, which also publishes *Koran Tempo* and *Tempo* magazine — was hacked and remained compromised until early on Friday. The media group's reporting has included criticism of government COVID-19 policies.

The website of the Center for Indonesia's Strategic Development Initiatives (CISDI), a research group that has been critical of the government's COVID-19 policies, was hacked on Wednesday and was compromised for three days.

The Civil Society Coalition, whose members include Amnesty International Indonesia, the Foundation of the Indonesian Legal Aid Institute (YLBHI) and the Southeast Asia Freedom of Expression Network (SAFEnet), demanded that the government and law enforcement bodies transparently investigate the cyberattacks and punish the perpetrators.

RI secures million doses of UAE's COVID-19 vaccine

Republika, headline

Indonesia has reportedly secured a number of cooperation agreements related to COVID-19 pandemic management with the United Arab Emirates (UAE), including in the procurement of 10 million doses of the latter's COVID-19 candidate vaccine and the plan to use advanced technology in tracing the spread of the disease.

The cooperation was conducted between the UAE's health and artificial intelligence (AI) company Group 42 (G42) Healthcare and two state-owned pharmaceutical companies Bio Farma and Indofarma.

Foreign Minister Retno LP Marsudi said during her visit to the UAE that G42 Healthcare was committed to sending 10 million doses to Indonesia by the third quarter of 2021.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Labor cluster remains an obstacle for omnibus bill on job creation

Kontan, headline

The House of Representatives and labor unions made an umbrella agreement on the labor cluster of the omnibus bill on job creation last weekend, but it does not make much difference as labor unions are still opposing the draft labor provision. Confederation of Indonesian Workers Union (KSPI) chairman Said Iqbal said if the House wanted to resolve the omnibus bill quickly, the labor cluster had to be removed.

Labor unions have relayed their aspirations to the bill's working committee from the House's Legislation Body (Baleg). They do not want any changes to Manpower Law No. 13/2003, in particular regarding the provisions on wage scheme, working contracts, outsourcing, pensions, foreign labor, unemployment benefit and sanctions.

Businesses are optimistic that this will not slow down the omnibus bill's deliberation process. Previously, the government formed a tripartite forum to gather aspirations from both businesses and labor unions. The result has also been handed over by the Manpower Ministry for the House's deliberation process.

The Indonesian Chamber of Commerce and Industry (Kadin) permanent committee on manpower, Bob Azam, said if the workers wanted to keep the Manpower Law, then there should be a reform to the law to incentivize the creation of new employment opportunities, as the law was made almost 20 years ago.

Govt to allocate Rp 1.16 quadrillion for domestic product procurement

Investor Daily, headline

The central and local governments have allocated Rp 1.16 quadrillion (US\$78.51 billion) to increase consumption of domestic products. The government is also implementing the import substitution program for products that can be produced

domestically, such as food, clothes, handicrafts, electronics, petrochemicals and steel, to support local businesses and reduce the country's import dependency.

The House's deputy speaker Rachmat Gobel believes now is the best opportunity to boost domestic industry and at the same time promote domestic product consumption. Since the country has a large domestic market, he said an increase in domestic product consumption could help the industry through the COVID-19 pandemic.

Furthermore, Industry Minister Agus Gumiwang Kartasasmita said the government would focus on achieving the 35 percent import substitution by 2022 to reduce the country's import dependency. The import substitution is estimated to increase local production by up to 12.89 percent. The government will achieve the target by adding investments in sectors that produce import substitutes. Positive impacts expected from the investment include higher labor absorption in the sectors and improved exports.

Indonesian Chamber of Commerce and Industry (Kadin) vice chairman for industrial affairs, Johnny Darmawan, said Indonesia had regulations on local content requirements (TKDN) and the Indonesia National Standard (SNI) that support import reductions, but it lacks in implementation. Therefore, he suggested the government be consistent in implementing the two rules so imports could be reduced.

Filtering stocks from SOEs issuers

Bisnis Indonesia, headline

The performance of SOEs and their subsidiaries worsened in the first half of 2020, making decreases in profitability unavoidable. Out of 30 SOEs and their subsidiaries that have reported their financial statement, only eight have recorded a year-on-year (yoy) increase in revenue. As for net profit, only three companies booked an increase, while 19 issuers reported a net profit decrease and five others faced net losses.

The COVID-19 pandemic is the main reason for difficulties faced by these SOEs in the first half. As the infection rate remains high in the second half of 2020, it will be hard to predict when the pandemic will be over.

However, hope for recovery has started to grow in some sectors as the large-scale social restrictions (PSBB) have been relaxed. State-owned banks are projected to perform well in the market along with SOEs in the construction sector, which have

seen an upward trend in their stock prices. Furthermore, pharmaceutical SOEs such as PT Indofarma (INAF) and PT Kimia Farma (KAEF) have been recording increases of more than 100 percent in their stock performance, both year-to-date and in the past month.

Although it is predicted that SOEs issuers will start to recover this half, they still need to remain cautious. Implementing restructuring and increasing cost efficiency are some options that could be taken to survive the pandemic and improve their performance.

Flight ban misses target

Koran Tempo, business and economic headline

Aviation expert and Indonesian Ombudsman commissioner Alvin Lie said the West Kalimantan Governor Sutarmidji's decision to ban airlines carrying passengers who are COVID-19 positive misses the target. He said it was an abuse of power by the local government and called for the central government to intervene.

West Kalimantan's public health office had previously conducted random PCR testing on Citilink, Lion Air and Batik Air flights to Pontianak, the province's capital city, in the last month. The random tests found two Citilink, one Lion Air and six Batik passengers were COVID-19 positive. This prompted Sutarmidji to send a letter to the airlines to inform a temporary ban for the airlines from entering Pontianak.

Alvin said the ban was unfair for the airlines because the passengers had passed the verification by the Health Port Authority (KKP), an institution from the Health Ministry that is responsible for validating passengers' health test results. He also pointed out the ineffectiveness of the COVID-19 negative certificate requirement in ensuring that airline passengers were free from COVID-19.

Indonesian National Air Carriers Association (INACA) chairman Denon Prawiraatmadja has sent a letter to Sutarmidji discussing the issue. "The reprimand should have been addressed to the airport's KKP under the Health Ministry," he said as he believes that the flight ban misses its target.

Bank Indonesia to cut benchmark rate once again: Fitch Solutions

The Jakarta Post, business and economic headline

Bank Indonesia (BI) is projected to cut its benchmark interest rate by 25 basis points later this year to support the Indonesian economy against the coronavirus pandemic impact, backed by sufficient foreign exchange reserves, Fitch Solutions says.

Analysts at Fitch Solutions said the central bank had had to balance its policy to support the economy while maintaining the stability of the rupiah exchange rate, which led to its latest decision to leave its benchmark interest rate, the seven-day reverse repo rate, at 4 percent on Wednesday.

However, Fitch noted the rupiah had seen a gradual depreciation against the US dollar since it recovered from a sharp depreciation in March.

"We continue to forecast one more 25 basis point rate cut to 3.75 percent at the end of this year, as BI will continue to remain partial towards providing economic support," analysts at Fitch Solutions wrote in a note made available to *The Jakarta Post*.

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