

**Monday, Aug. 3<sup>rd</sup>, 2020**

## GENERAL NEWS AND HEADLINES

### Concerns grow as Jakarta hospitalizations increase

*The Jakarta Post, headline*

Medical workers in Jakarta are concerned that an increasing share of the city's hospital beds are becoming occupied as the number of COVID-19 cases continues to rise. The capital extended its transitional large-scale social restrictions (PSBB) on Thursday for another two weeks.

A World Health Organization situation report on Indonesia showed that as of July 26, the city's bed occupancy rate — the number of people hospitalized with confirmed or suspected cases of COVID-19 divided by the number of isolation beds — was 66.9 percent.

From early June to July 7, the number of people hospitalized with confirmed cases gradually decreased to about 400. But starting on July 8, the number "progressively increased and is still increasing as of July 26", when it was nearly 1,600. The WHO excluded data from the repurposed Wisma Atlet COVID-19 hospital in Jakarta.

The Sulianti Saroso Infectious Diseases Hospital (RSPI Sulianti Saroso), a COVID-19 referral hospital reserved for severe cases, is currently treating 38 patients, up from between 26 and 30 patients during the early days of the outbreak, according to president director Mohammad Syahril. He said the ICU was full but that the numbers were still manageable.

Jakarta has designated 67 referral hospitals, containing a total of 4,556 isolation beds and 659 intensive care unit (ICU) beds, excluding the Wisma Atlet hospital. The city's bed capacity, Jakarta Governor Anies Baswedan said, had been improving since the beginning of the outbreak and would suffice as the city began loosening restrictions.

## **Supreme Court to issue corruption crime regulation**

*Republika, p.2; Kompas, p.2; Media Indonesia, headline*

The Supreme Court has finished drafting Supreme Court Regulation (Perma) No. 1/2020 on the guidelines for the prosecution of corruption cases. The regulation stipulates that judges can hand down a life sentence for graft suspects that cause more than Rp 100 billion in state losses.

Based on the draft obtained by *Republika*, the regulation was made as a guideline to prevent disparities in the legal proceedings of similar crimes that violated articles 2 and 3 of the Corruption Law. Court spokesman Andi Samsan Nganro said the court planned to inform the public about the new regulation this week.

Meanwhile, the Corruption Eradication Commission (KPK) welcomes the issuance of the regulation and believes that it will accelerate the country's effort to tackle corruption.

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## **Police to trace source of funds that enabled Djoko Tjandra's evasion**

*Koran Tempo, Nasional; The Jakarta Post, p.3*

The National Police will investigate allegations that a flow of illicit funds had allowed high-profile graft fugitive Djoko Soegiarto Tjandra to evade law enforcement for more than a decade.

Police arrested Djoko, who has spent 11 years on the run, in Malaysia on Thursday in what authorities called "a planned operation". After being questioned at the headquarters of the National Police's Criminal Investigation Department (Bareskrim), Djoko was detained at a police facility in Salemba, Central Jakarta.

Djoko flew to Papua New Guinea in 2009, a day before the Supreme Court sentenced him to two years in prison and ordered him to pay more than Rp 546 billion in restitution for his role in the Bank Bali corruption case. He managed to return to Indonesia in early June this year to file a review request for his conviction. Djoko's clandestine return to Indonesia has implicated three high-ranking police generals who have been removed from top positions in the force for their alleged role in facilitating Djoko's travel within the country.

Corruption Eradication Commission (KPK) acting spokesperson Ali Fikri said the antigraft body had offered to help the police in tracking the flow of funds in Djoko's case.

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Meanwhile, the Indonesia Corruption Watch (ICW) has urged President Joko "Jokowi" Widodo to evaluate the performance of Budi Gunawan, the chief of the State Intelligence Agency (BIN), for his failure to detect Djoko's movement within Indonesia's borders. The agency has denied any wrongdoing.

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## **Establishment of election justice deemed urgent**

*Kompas, p.1; Media Indonesia, p.3*

The establishment of a special justice responsible for settling electoral disputes is deemed urgent as the current mechanism and institutional design of election justice is reportedly prone to institutional overlap and, thus, hinders efforts to ensure the realization of electoral justice.

The proposal to establish a special justice for electoral disputes first emerged in 2009 and has since been brought up every time the country reevaluates the Election Law.

Political analyst Agus Riewanto of Surakarta's Sebelas Maret University said the 2017 Election Law had bequeathed the authority to resolve electoral disputes to five different state institutions, namely the Constitutional Court, the Election Organization Ethics Council (DKPP), the state court, as well as the Elections Supervisory Agency (Bawaslu) at both the central and regional level.

"A new mechanism is needed so that there won't be too many "doors" in seeking electoral justice," said Agus on Sunday.

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## **Jakarta reimposes odd-even plate policy to curb mobilization**

*Media Indonesia, p.2; The Jakarta Post, p.3*

The Jakarta administration will reimpose the odd-even license plate policy today in an effort to limit unnecessary car travel as the COVID-19 pandemic wears on.

Jakarta Transportation Agency head Syafrin Liputo said the odd-even traffic policy aimed to prevent the accumulation of travelers on the road.

The policy, which was lifted by the administration in the early days of the COVID-19 outbreak in March, will return to 25 thoroughfares on Monday and will be in place from 6 a.m. to 10 a.m. and 4 p.m. to 9 p.m. Syafrin explained that the administration had decided to reimpose the policy because traffic had increased as the city began its transition out of large-scale social restrictions (PSBB).

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The odd-even traffic policy was reimposed because the Jakarta administration had removed the requirement of obtaining an entry and exit permit to travel in or out the capital city during PSBB, Syafrin said.

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## BUSINESS AND ECONOMICS NEWS AND HEADLINES

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### Issuers book loss amid COVID-19 pandemic

*Bisnis Indonesia, headline*

Social distancing protocols during the COVID-19 pandemic have greatly affected issuers' financial performance in the first half of 2020. Out of 383 issuers, only 87 reported an increase in profits, in addition to 17 issuers that recorded profits on a year-on-year basis. The rest have reported a decrease in profits and more than 100 issuers have faced loss. Although all sectors have been affected by the pandemic, tourism has been hit the hardest along with labor-intensive and construction sectors. Some issuers in the healthcare sector recorded loss in this first half.

Local pharmaceutical company PT Kalbe Farma (KLBF) is among the few issuers that managed to book profit amid the pandemic. "Positive performance in the first half of 2020 is supported by consumer health and nutrition products as [the market] health awareness is high during the COVID-19 pandemic," said KLBF president director Vidjongtius.

As economic activities and commodity prices have started to recover, there is hope that the second half will provide opportunities for these issuers to rebound.

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### National economic recovery threatened by global recession

*Kontan, headline*

As the COVID-19 pandemic led global economies into recession, Indonesia's economic recovery could also be compromised. The United States economy has contracted 32.9 percent in the second quarter, deeper than the minus 5 percent recorded in the first quarter. Other economies, including the European Union (EU), Singapore and South Korea have also entered recession after recording negative growth in two consecutive periods.

Since these countries are also Indonesia's top trading partners and investors, this will affect the speed of our economic recovery. The slowing down of loan distribution from foreign banks could potentially disturb the flow of investment financing in Indonesia and decrease the number of investment portfolios.

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Nevertheless, Center of Reform on Economics (Core) economist Piter Abdullah is still quite optimistic that the global recession will not have a large impact as our economy is dominated by local spending. He said the low level of consumer spending will have a worse consequence on Indonesia's economy, highlighting the importance of maintaining purchasing power by boosting social aid programs.

Institute for Development on Economics and Finance (Indef) economist Bhima Yushistira feared that if the government's national economic recovery program failed to be realized immediately, Indonesia's economic recovery might turn into an L-shaped curve and it would be difficult to return to 5 percent growth.

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## **Govt ammunition to prevent recession in 2020**

*Investor Daily, headline*

With the all-out implementation of multiple policy packages and strategies as ammunition, the government is optimistic that economic growth in the third quarter of 2020 will be positive by at least 0.5 percent and more than 5 percent next year.

Coordinating Economic Minister Airlangga Hartarto said the COVID-19 pandemic mitigation and national economic recovery (PEN) strategy was like the gas and brake pedals in a car, in which the economic stimulus acted like the gas, while health management and vaccine development act as the brake.

As for the gas pedal, the government has implemented several stimuli such as the preemployment card, social assistance, business incentives through the tax reduction, fund placement in bank, working capital guarantee for micro, small, and medium enterprises (SMEs) and corporations, as well as electricity cost reduction amounting Rp 3 trillion (US\$204.98 million).

Airlangga is optimistic that after the pandemic ends, the economy will rise sharply in a V-shape just like back in the 1998 and 2008 crises. "The trend has been positive. Consumer spending has improved in June and July," he said.

To support the economy, the government is committed to lowering logistic costs, which currently stand above 20 percent of gross domestic product (GDP). Furthermore, the government has also invited investors to the new industrial area by utilizing the state-owned enterprises (SOE) land like in Batang, Central Java and Subang, West Java.

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## **SOEs allocate Rp 18.52 trillion for local products**

*Koran Tempo, headline*

The government is boosting the use of local components as one of the economic recovery programs to mitigate the impacts of the COVID-19 pandemic. State-Owned Enterprises

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(SOEs) Deputy Minister Budi Gunadi Sadikin, who is also the chair of the COVID-19 national economic recovery (PEN) task force, said the SOEs had allocated working capital and an operational budget of Rp 18.52 trillion (US\$1.27 billion) to purchase local products, especially those produced by small and medium enterprises (SMEs).

Industry Minister Agus Gumiwang Kartasasmita said the program was in line with President Joko "Jokowi" Widodo's instruction to increase the purchase of local products. He said two strategies are used to implement the program, first is to allow local products to have a higher price than imported products. Second is to use the National Procurement Agency's (LKPP) e-catalogue for purchase. Agus added that the government targeted 40 percent of local content (TKDN) in the e-catalog until 2024.

The Industry Ministry's metal, machinery, transportation equipment and electronic industry (ILMATE) director general, Taufiek Bawazier, said the government's focus in the pandemic was to boost the industry's utility by increasing demand and supply, such as by absorbing local products. However, challenges remain in implementing the program, such as the raw material that still needs to be imported. With new investment in the upstream, the local components could reach 80 percent, Taufiek added.

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## **Venture capitalists expect start-up funding to fall in H2**

*The Jakarta Post, headline*

Funding for Indonesian start-ups will likely decrease in the third and fourth quarters of the year as investors look to profitable companies that are able to adapt to the pandemic, venture capitalists have projected.

The projection is based on data that shows funding in this year's first six months has mostly gone to seed-stage companies.

"We expect to continue seeing funding for companies in the third and fourth quarters – most of these companies will likely fall into the 'for growth' category with a clear path to profitability," said Monk's Hill Ventures cofounder and managing partner Peng T. Ong in an email interview on July 29.

Going forward, he went on to say, greater investment would go to companies that had benefited from the crisis, such as collaboration tool and e-commerce platforms, as well as companies that supported these companies, such as recruitment firms or logistics businesses.

A recent survey by Mobile Marketing Association (MMA) and SurveySensum revealed that e-commerce and fast-moving consumer goods (FMCG) players in several Asian countries, including Indonesia, expressed optimism that their business would recover quicker than other sectors after the pandemic. They expected business to return to normal within five months, around a month earlier than the 6.2 months expected by other sectors.

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