

Wednesday, Aug. 5th, 2020

GENERAL NEWS AND HEADLINES

Activists slam restart of migrant worker placement

The Jakarta Post, headline

Critics have decried the government's recent decision to lift a ban on the recruitment and placement of Indonesian migrant workers, which was suspended in March when the country was dealing with the early emergence of the COVID-19 pandemic.

Wahyu Susilo from labor rights group Migrant Care said the decision could lead to haphazard recruitment and placement processes and encourage illicit activities by illegal migrant worker placement companies (P3MIs).

He said that sending migrant workers abroad was a risky move at a time when COVID-19 in Indonesia showed no signs of abating and while other countries were confronting a second wave of outbreaks.

Manpower Minister Ida Fauziyah signed on July 29 a ministerial decree that essentially revoked an earlier decree that had put restrictions in place on March 18.

The new decree stipulates that the government gradually allows worker placement to selected countries that have declared that they are open for migrant workers. The recruitment and placement processes are subject to health protocols, the cost of which may not be passed on from the P3MIs to applicants.

Ida said in a press conference on July 30 that the new decree aimed at supporting the recovery of the domestic economy during the transition to the so-called COVID-19 new normal.

PDI-P mobilizes members for Family Hope Program, social minister rebuffs

Koran Tempo; Republika, p. 3

The central executive board (DPP) of the Indonesian Democratic Party of Struggle (PDI-P) has instructed its members to take part in the selection of a coordinator for the Family Hope Program overseen by the Social Affairs Ministry. However, Social Affairs Minister Jualiari Batubara has reasserted that recruits for the program cannot be members of political parties.

PDI-DPP chairwoman Sri Rahayu said mobilizing its members to join the selection process would allow the party to oversee the implementation of the allocated Rp 37.4 trillion from the government. Minister Juliari, who is a member of the PDI-P himself, argued that having party members as coordinators would reduce transparency and give rise to conflicts of interest.

"The requirements stipulated to become a coordinator for the program have stood for years and I have not made any changes," Juliari said.

The program, which serves as a social safety net for the poor, has become a priority for President Joko "Jokowi" Widodo. This year's budget allocation for the program has reached Rp 37.4 billion and will be distributed to 800 thousand beneficiary families. Initially, the assistance was distributed every three months. However, due to the COVID-19 pandemic, the aid is being distributed once a month.

KPK supervisory council releases evaluation of antigraft body's performance

Media Indonesia, p. 4; Republika, p. 2

The supervisory council of the Corruption Eradication Commission (KPK) has released the performance evaluation results of KPK leaders in the first quarter. The evaluation was carried out using two methods, namely by following up on community-based reports submitted to the council and evaluating the leaders' performances based on the strategic plan that had been initially set at the beginning of current chairman Firli Bahuri's leadership.

The results of the evaluation conducted by the council will serve as the benchmark for improvement in the KPK's performance in the future.

In the first quarter, council head Tumpak Panggabean explained that the antigraft body appeared to have trouble completing multiple cases simultaneously and suggested that the KPK focus on handling one case at a time.

Moreover, the supervisory council also found that there were still many unresolved cases at the KPK. The council suggested that the cases be settled immediately. "This is also the case with stored evidence that had not been investigated yet and this is a finding that the Supreme Audit Agency [BPK] found back in 2018, which we have now conveyed directly to KPK leaders," Tumpak explained.

Regional head elections budgetary issues persist

Kompas, p. 2

The Home Ministry noted that two regions had yet to disburse at least 40 percent of their budget for the 2020 regional heads elections, according to the regional grant agreement document (NPHD). The two regions are North Halmahera and West Halmahera. Obstacles in disbursing the funds, however, do not lie in the limited amount of funds but rather in financial management issues.

"I see [that the issue] is financial management, rather than limited funds," said the Home Ministry's regional finance director general M. Ardian on Tuesday.

The ministry has since asked the two regional leaders to immediately disburse the funds according to Ministerial Regulation No. 41/2020 concerning funding for local elections sourced from regional revenue and the expenditures budget. This regulates the first phase of the election budget, which is that at least 40 percent of the budget must be disbursed no later than 14 days after signing the NPHD.

The next phase of budget disbursement for the elections will be carried out in August. "We are trying to make sure that it is all resolved by August," Ardian said.

Steady progress made in vaccine development

The Jakarta Post, p. 3

As Indonesia struggles to contain the COVID-19 epidemic, the country, like many others, is pinning its hopes on vaccine development.

Indonesia is looking to secure access to candidate vaccines, with its diplomats and local companies seeking cooperation with producers such as Sinovac Biotech of

China and Genexine Inc. of South Korea, as well as the Bill Gates-backed Coalition for Epidemic Preparedness Innovations (CEPI).

Meanwhile, for a longer-term, self-sufficient strategy, a national consortium under the Research and Technology Ministry is working on developing its own vaccine, helmed by the Eijkman Institute for Molecular Biology. The vaccine will be named after Indonesia's flag colors, Merah Putih, or red and white.

All of these attempts are progressing at different paces, while also offering various timelines, production targets and types of vaccines. But they are expected to complement each other, given the broad need to cover Indonesia's large population of some 270 million people.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Blue chip performance hit by pandemic

Kontan, headline

The COVID-19 pandemic has greatly affected business performances as reflected in the financial statements of LQ45 index members. Out of 31 issuers that have released their financial statements for the first semester of 2020, only seven recorded an increase in revenues and net profit.

Meanwhile, others have recorded decreases in year-on-year revenue ranging from 3 to 51 percent. On average, net profits have also dropped to above the 40 percent level. The large-scale social restrictions (PSBB) that were implemented during the second quarter is one of the main reasons behind this poor performance.

The fast-moving consumer goods (FMCG) and sanitary sectors are among those that still managed to gain profits during the pandemic. As the demand for basic necessities and internet access increased during the pandemic, companies such as UNVR, INDF and TOWR have recorded some growth in the first semester.

Despite the performance drop faced by most of the LQ45 issuers, Capital Sekuritas analyst Chris Apriliony is optimistic that the government's responses

and stimulus for economic recovery will bring positive sentiment for the movement of the LQ45 index.

Racing for 5G network

Bisnis Indonesia, headline

The race to implement the 5G network will heat up in the second semester of 2020 as the Communication and Information Ministry opens the 2,300 MHz radio frequency band tender for the first time in the last three years.

Mobile network operators have expressed their interest in joining the bid and expanding their services. For Telkomsel and Smartfren, gaining an additional 30 MHz bandwidth through this bid will allow them to materialize their 5G ambition as they have already secured 30 MHz bandwidth in the 2,300 MHz spectrum. "If Telkomsel or Smartfren win the bid, they will become the pioneer for 5G," said ITB telecommunications observer Ian Yosef M. Edward.

Meanwhile, for XL, Indosat and Tri, who have yet to own 30 MHz bandwidth, this bid will strengthen their current 4G network and become a major step forward in implementing the 5G network.

Being the pioneer or provider of the 5G network will benefit these operators as Indonesia is projected to become the third-biggest market for gadgets in 2025, which means that the demand for a reliable network will increase.

Regulators are currently speeding up the deliberation process for 5G, focusing on gadgets, frequencies, implementation and road maps. Whether the implementation for 5G will be on a national or regional basis, or only in certain locations, is still under discussion, said Indonesian Telecommunications Regulation Body (BRTI) member Setyardi Wibowo.

Manufacturing not out of the woods despite improvement

The Jakarta Post, p. 1

Despite improvement in July, Indonesia's manufacturing industry has yet to recover from the deep downturn earlier this year, as domestic consumption remains weak, economists and businesspeople have said.

IHS Markit's Manufacturing Purchasing Managers' Index (PMI) for Indonesia, a gauge of the country's manufacturing activities, climbed by almost eight points from 39.1 in June to 46.9 in July, the highest reading since February.

A value above 50 indicates an expansion against the previous month, while a reading below 50 indicates a contraction.

The country also recorded a slower drop in new orders and output amid the gradual reopening of the economy.

Earlier this year, the index recorded its worst decline in the survey's nine-year history and the steepest drop recorded in Asia when it fell to 27.7 in April from 45.3 in March. Analysts said the government's COVID-19 containment measures were the cause behind the downfall, as they forced factories to shut and caused unemployment to grow.

The country has since taken steps to kick-start the economy. In June, the central government and local administrations were seen gradually easing large-scale social restrictions (PSBB).

BPKM runs after relocation projects worth \$37b

Koran Tempo, Economy and Business page

The Investment Coordinating Board (BKPM) has formed a team to run after relocation projects from China. The team is currently courting 17 companies that have interests in investing in Indonesia, with total investment of US\$37 billion.

BKPM director for investment planning for services and zones Nurul Ikhwan said the special team was now offering various facilities and stimulus to the 17 companies, ranging from tax holidays, tax allowances and import facilities. If the team could convince the 17 companies to invest in Indonesia, they could create 112,000 new jobs.

Out of the 17 companies, seven companies have expressed their commitment to relocate their plants to Indonesia. One of them is PT Meiloon Technology Indonesia, which produces Meiloon audio solution products. The company has started its construction and will start producing Meiloon speakers this year and export the products to the United States.

Another confirmed investor is Taiwan-based tire producer Kenda Rubber, which will relocate its tire plant from China to Serang, Banten.

Other investors that have expressed their commitment to invest in Indonesia are PT CDS Asia, Alpha Lighting and LG Electronics, which will relocate one of its manufacturing plants from Korea to Indonesia.

Nurul Ikhwan said the government had prepared 20 industrial estates with total area of over 15,000 hectares for the relocation projects, including one in Batang in Central Java and one in Subang, West Java.

BRI to save MSMEs amid Covid-19 pandemic

Investor Daily, headline

State-owned lender PT Bank Rakyat Indonesia (BRI) has been restructuring the debt of 2.9 million customers amounting to Rp 179.9 trillion (US\$12.38 billion), almost half of them – or 1.4 customers – are micro-scale customers with Rp 64.2 trillion debt.

BRI deputy director Catur Budi Harto explained that 78 percent of the BRI loan portfolio was for micro, small and medium enterprises (MSME). BRI has over 60 million MSME customers.

BRI has got Rp 10 trillion of cheap funds from the government, with the task for the bank to triple the amount in the form of loans for MSMEs. From June 25 to Aug. 4, BRI disbursed loans totaling Rp 27.7 trillion, mostly microcredit loans (KUR) to 604,636 MSMEs.

Furthermore, BRI has launched single-digit interest loans with single-digit interest rates based on Finance Ministerial Regulation (PMK) No. 71 to 1,784 borrowers totaling Rp 981.6 billion, and loans with subsidized interest (PMK No.65 and 85) to 7.2 million customers totaling Rp 1.2 trillion.

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