

Friday, Jul. 10th, 2020

GENERAL NEWS AND HEADLINES

Jokowi warns of COVID-19 spike

Republika, Headline

The government announced as many as 2,657 new COVID-19 cases on Thursday, the highest single-day increase since the emergence of its first cases in early March. President Joko "Jokowi" Widodo said the sharp increase of new COVID-19 cases was a sign of danger that must be overcome.

In Central Kalimantan, where the number of COVID-19 cases totaled at 1,093 so far, the President reiterated that regional leaders and task forces must not ease their vigilance in preventing and curtailing the spread of COVID-19. "If the public is not included in our fight against the pandemic, more and more people could get infected in the future. No one should undermine this," said the President.

The new cases recorded on Thursday have brought the total number of infections nationwide to 70,736. West Java recorded the highest spike with 962 new cases, followed by East Java and Jakarta with 517 and 284 cases, respectively. Achmad Yurianto, the government's spokesperson for COVID-19-related matters, explained that the significant increase in West Java came from the Army's Officer Candidate School (Secapa) cluster. In total, the government has recorded 1,262 confirmed cases from the cluster.

Maria's extradition shows up other fugitive failures

The Jakarta Post, p. 1

Indonesia succeeded in finally repatriating fugitive Maria Pauline Lumowa, who had been wanted for 17 years for allegedly stealing billions of rupiah from a state-owned bank, from the Republic of Serbia on Thursday.

Maria was named a suspect for fraudulent gains she made from loans from state-owned lender Bank Negara Indonesia (BNI) issued to her company PT

Gramarindo Group, which she coowned with Adrian Waworuntu. She allegedly used a fictitious letter of credit to obtain US\$136 million and 56 million euro (\$118,846) in bank loans between 2002 and 2003.

Law and Human Rights Minister Yasonna Laoly said in a statement that authorities later discovered that Maria – who was born in Paleloan, North Sulawesi in 1958 – had obtained Dutch citizenship in 1979 and was hiding in the Netherlands, from where she reportedly made several trips to Singapore. He added that the ministry had sent requests for her extradition to the Dutch government in 2010 and 2014, but they were rejected.

The Interpol National Central Bureau (NCB) in Belgrade apprehended Maria on July 16, 2019, as she was entering the country through Belgrade's Nikola Tesla Airport and alerted the Indonesian NCB in Jakarta.

While many lauded the government for the extradition, experts have called on the authorities to capture other high-profile suspects and fugitives that have fled overseas. The fugitive list includes Djoko Tjandra, who was convicted in 2009 for embezzling billions of rupiah from the state bailout fund during the 1998 Asian financial crisis. He escaped to Papua New Guinea (PNG), a day before a court announced the verdict and he reportedly obtained PNG citizenship later that year.

Govt to reactivate 'corrupt person hunting team'

Koran Tempo

Coordinating Political, Legal and Security Affairs Minister Mahfud MD asserted the government would track down and arrest graft convict and decade-long fugitive Djoko Tjandra. Mahfud added that the government planned to reactivate its "corrupt person hunting team", which was first established by former president Susilo Bambang Yudhoyono (SBY).

"In the near future, the corrupt person hunting team will start tracking down [fugitives]. The team, thus, will eventually hunt down Djoko," said Mahfud in his office yesterday.

Mahfud explained that personnel of the corrupt person hunting team would come from the Law and Human Rights Ministry, the Attorney's General Office (AGO) and the National Police. The team's coordination will be under the authority of the Coordinating Political, Legal and Security Affairs Ministry.

According to Mahfud, the team, which was formed in 2004 by SBY, already has a legal basis for its operations. "A presidential instruction was once issued [to regulate the team's operations]. However, the instruction was valid for only a year, and we haven't extended it since," said Mahfud.

TNI will not be given religious role in Papua

The Jakarta Post, Headline

Religious Affairs Minister Fachrul Razi appears to have backed off from a plan to tap into the Indonesian Military's (TNI) resources to promote religious harmony in Papua and West Papua, following widespread criticism that its involvement could result in more grievances among the indigenous population.

Critics have slammed the minister for trying to involve the TNI in civilian affairs in the country's easternmost provinces, which has revived fears of military repression and throws the security reform agenda into doubt.

But Fachrul played down the TNI's involvement on Tuesday during a meeting with the House of Representatives in Jakarta. He insisted the Religious Affairs Ministry was only asking for help to map out logistics.

"We want to seek out additional information in our efforts to improve religious activities in Papua, so we can better ease tensions. It is not our intention to involve the TNI – we only asked them for input," he said at the hearing with House Commission VIII overseeing social affairs. "We will focus our attention on houses of worship and religious schools."

The minister's comments sought to address concerns raised by a number of lawmakers. National Awakening Party (PKB) lawmaker Maman Imanulhaq, for instance, took issue with the ministry's security approach in promoting religious harmony and suggested instead a dialogue-based approach.

Antigraft body continues probing PT DI's graft case

Media Indonesia, p. 4

The Corruption Eradication Commission (KPK) continues investigating corruption at state-owned aircraft manufacturer PT Dirgantara Indonesia (PT DI). Several witnesses have been questioned, including the National Development Planning Agency's (Bappenas) deputy for political, legal, defense and security affairs, Rizky Ferianto. According to KPK spokesperson Ali Fikri, Rizky was summoned as a

witness for Irzal Rinaldi Zailani, PT DI's former commerce director, who has been named as a suspect in the corruption case.

Other than Rizky, the KPK has also summoned and questioned PT DI's head of contracting, Dinah Andriani, and sales manager Heri Muhamad Taufik Hidayat.

The KPK has also questioned PT Selaras Bangun Usaha president director Ferry Santosa Subrata. Selaras Bangun Usaha was one of DI's partners that had acquired fictitious sales and marketing contracts. Other companies that secured DI's contracts include PT Angkasa Mitra Karya, PT Bumiloka Tegar Perkasa, PT Niaga Putra Bangsa and PT Abadi Sentosa Perkasa.

Previously, the KPK detained former DI president director Budi Santoso and Irzal, naming both of them suspects in a graft case surrounding fictitious projects at the state-owned aircraft manufacturer between 2007 and 2017. Both were charged under articles 2 and 3 of the 2001 Corruption Law, which prohibits the abuse of power for personal gain resulting in state losses. Each charge carries a potential punishment of 20 years of prison and Rp 1 billion (US\$70,509) in fines.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Indosurya Cooperative defies bankruptcy

Kontan, headline

Problem-ridden savings and loan cooperative (KSP) Indosurya Cipta has managed to avoid bankruptcy after 73 percent of its creditors with unpaid savings of over Rp 10 trillion agreed to the cooperative's proposal to restructure their savings.

The Central Jakarta Commercial Court will legalize the decision of the creditors grouped under the postponement of debt payment obligations (PKPU) committee on Friday. According to Sukisari, a lawyer representing Indosurya customers, after being approved by the court, the decision would apply to all creditors, including those who did not agree.

In its proposal, Indosurya promised to pay all its creditors' saving principals in stages until 2026, without interest.

KSP Indosurya failed to return the customers' funds totaling more than Rp 10 trillion earlier this year, citing "unfavorable economic conditions" that affected its financial performance. Indosurya then filed for a postponement of debt repayments through the Central Jakarta Commercial Court on March 6.

Although it collected a huge amount of third-party funds, Indosurya lies outside of the Financial Services Authority's (OJK) supervision as it is incorporated as a cooperative, and therefore, it is under the supervision of the Cooperatives and Small and Medium Enterprises Ministry. The police have named its founder, Henry Surya, a corruption suspect.

Finance Minister optimistic economy to rebound in Q3 as tax revenue increases

Investor Daily, headline

Finance Minister Sri Mulyani is optimistic that increasing economic activities will boost economic growth to a positive 1.2 percent in the third quarter and 3.2 percent in the fourth quarter. The rising economic activities are reflected in higher tax revenue in June.

Personal income tax revenue experienced the most significant increase from a growth of 10.9 percent in May to 144.3 percent in June. This trend followed income tax PPh 21, which experienced negative growth of 28.4 percent in May, then positive growth by June with 13.5 percent.

Meanwhile, import income tax PPh 22 and corporate income tax remained negative. PPh 22 revenue dropped by 64 percent in May and 54 percent in June, while corporate income tax dropped by 54 percent in May and 41 percent in June.

All in all, the government raked in Rp 531.7 trillion (US\$37.1 billion) in tax revenue as of June, or 44.4 percent of the target of Rp 1.2 quadrillion in the first half, or a 12 percent contraction from the same period last year.

Low budget spending to slow economic recovery

Bisnis Indonesia, headline

The government spent Rp 1.1 quadrillion (US\$73 billion) in the first half, 39 percent of the Rp 2.7 quadrillion budget. This low budget spending is likely to slow economic recovery.

Finance Minister Sri Mulyani Indrawati attributed the low realization of budget spending in the first quarter to the refocusing and reallocation of funds to focus on fighting the impacts of the COVID-19 pandemic.

Nevertheless, the disbursement of the national economic recovery (PEN) program funding has also been slow. For the social safety net budget of Rp 203.9, for example, the government spent only Rp 72 trillion, 35.6 percent. For healthcare budget spending of Rp 87.5 trillion, the government disbursed only Rp 4.9 trillion.

Indonesian Chamber of Commerce and Industry deputy chairman Johnny Darmawan blamed red tape and bureaucracy for the low budget disbursement. If the government could not speed up budget spending disbursement, it would likely slow down economic recovery.

OJK tells 17 small banks to merge or invite new investors

Koran Tempo, headline

The Financial Services Authority (OJK) has told 17 small banks with core capital of below Rp 1 trillion to look for opportunities for mergers and invite potential investors to strengthen their capital amid the worsening economic condition due to COVID-19 pandemic.

OJK executive director for banking research and regulation Anung Herlianto said the OJK had issued a regulation requiring banks with core capital of below Rp 1 trillion to increase it to above Rp 1 trillion. Currently there are 17 banks with core capital of below Rp 1 trillion.

Aung said average capital adequacy ratio (CAR) of all commercial banks stood at 22.16 percent as of May, far higher than the minimum of 12 percent. However, he warned that the impacts of the pandemic could be longer than expected and therefore, owners of the 17 banks should look for ways to increase their capital.

Bank Mandiri chief economist Andy Asmoro said Indonesian banks' CAR was the highest in Southeast Asia. However, he warned that banks needed to be vigilant about increasing non-performing loans.

Garuda flights from US, France to boost tourism

The Jakarta Post, Business page

National flag carrier Garuda Indonesia plans to open direct flights to Denpasar, Bali, from the United States, France and India in an attempt to boost the country's tourism that has been battered by the pandemic.

The direct flights will connect Bali with American cities like Los Angeles and San Francisco and Indian cities like Mumbai and New Delhi as well as France. The airline is currently in talks with the State-Owned Enterprises (SOE) Ministry and the Tourism and Creative Economy Ministry regarding the plan, according to Garuda president director Irfan Setiাপutra.

Under the plan, Bali, Indonesia's long-time main tourism hub, would be the entry point for tourists, not the capital Jakarta. Bali's airport accounted for more than half of foreign tourist arrivals via air gates and 38 percent of overall foreign tourist arrivals in 2019, Statistics Indonesia (BPS) data show.

Tourism has been one of the sectors hardest hit by the COVID-19 outbreak. Bali's I Gusti Ngurah Rai International Airport saw an almost 100 percent decrease in foreign tourist arrivals in May, compared to the same month last year, while Indonesia saw a 86.9 percent dip in overall foreign tourist visits in May, welcoming 163,646 tourists, compared to May 2019.

Garuda itself saw a 30 percent year-on-year slump in revenue to US\$768.12 million in the first quarter from \$1.1 billion in the same period last year. As a consequence, it booked a \$120 million loss compared to the \$20.48 million profit recorded in the January to March period of 2019.

The airline launched a direct flight between Mumbai and Denpasar in 2018, which was later closed in 2019.

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