

**Monday, Jul. 13<sup>th</sup>, 2020**

## GENERAL NEWS AND HEADLINES

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### Plan to revive team on hunting down graft convicts questioned

*Kompas, p.2*

The government's plan to reactivate its team tasked with hunting down corrupt persons at large has been deemed unnecessary as long as the government fails to step up its coordination. House of Representatives Commission III lawmaker Mulfachri Harahap of the National Mandate Party (PAN) told *Kompas* on Sunday that instead of only reviving the team, the most important thing for the government was to increase its willingness to track down graft convicts.

Mulfachri said that each law enforcement institution and government agency had enough authority to track down fugitives. According to Mulfachri, the government's lack of commitment was the one thing that hindered the arrest of fugitives.

Coordinating Political, Legal and Security Affairs Minister Mahfud MD said last week that the government would reactivate the corruption team to help track down fugitive Djoko Tjandra. The team, which was formed during former president Susilo Bambang Yudhoyono's administration, consists of officials from the National Police and the Attorney General's Office who work under the coordination of the Law and Human Rights Ministry.

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### Low turnout concern mounts as elections near

*Republika, p.3*

As the government stands firm in its decision to hold voting day of the simultaneous regional elections in December this year, concerns about a lower voter turnout mount as COVID-19 transmissions in the country show no signs of abating.

Elections Supervisory Agency (Bawaslu) member Ratna Dewi Pettalolo said on Sunday that her biggest concern was not only a lower voter turnout but also decreased public participation in overseeing the elections.

Previously, General Elections Commission (KPU) commissioner I Dewa Kade Wiarsa Raka Sandi said his party had targeted 77.5 percent of voter participation in this year's elections.

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## **Rieke's dismissal to boost deliberation of Pancasila guidelines bill: PDI-P**

*Koran Tempo, Nasional*

The Indonesian Democratic Party of Struggle (PDI-P) asserted that its decision to remove politician Rieke Diah Pitaloka from her post as House of Representatives Legislation Body (Baleg) deputy chairperson was to ensure smooth deliberation of the job creation omnibus bill as well as the Pancasila Ideology Guidelines (HIP) bill.

PDI-P House faction chairman Utut Adianto said Rieke's removal was not merely job rotation. "The deliberation of the job creation bill is approaching a crucial point. There's also the HIP bill," said Utut.

Utut added that, considering Baleg's heavier task, the PDI-P had to appoint the right person according to their field of expertise. The PDI-P, therefore, decided to appoint another PDI-P politician, M. Nurdin, who is a retired three-star police general, to fill Rieke's position at the House's Baleg.

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## **Press provisions dropped from job creation omnibus bill**

*Republika, p.2*

The government and the House of Representatives have agreed to revoke proposed revisions to the Press Law from the omnibus bill on job creation.

"We have agreed to revoke press provisions from the job creation omnibus bill. We respect the freedom [...] of the press. We are committed to democracy," House of Representatives Legislation Body (Baleg) deputy chairman Willy Aditya told *Republika* on Saturday.

Media groups have been opposing the bill, which seeks to amend Article 18 – among other provisions – of Law No. 40/1999 on the press.

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## **WHO urges Indonesia to test more suspected carriers amid high death rate**

*The Jakarta Post, p.1*

The World Health Organization has urged Indonesia to perform more COVID-19 polymerase chain reaction (PCR) tests on people suspected of having the disease because of the “substantially high” number of deaths among patients under surveillance (PDP) and people under observation (ODP).

The WHO acknowledged that Indonesia had improved its testing capacity significantly but said many of the PCR tests had been used on people already known to have COVID-19 — as required by outdated WHO guidelines.

“Indonesia has a substantially high number of deaths of PDP and ODP. Therefore, PCR tests should be prioritized for the diagnosis of suspected cases [PDP and ODP] rather than for follow-up tests for patients to be discharged,” the WHO said in its situation report for Indonesia on Wednesday.

As of July 10, Indonesia has conducted 1.015 million PCR tests. However, because the old WHO guidelines on discharging patients required hospitals to test confirmed patients multiple times, only 597,468 people had been tested, meaning only 58.8 percent of the PCR tests had been used on people who had not been tested before.

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### **BUSINESS AND ECONOMICS NEWS AND HEADLINES**

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## **LPS gains more power to prevent bank failure**

*The Jakarta Post, headline*

The government has issued a regulation that gives the Deposit Insurance Corporation (LPS) more room to manage its own liquidity and to prevent banks from failing in an effort to help strengthen the country’s financial system stability.

Under Government Regulation (PP) No. 33/2020 on the LPS’ authority in imposing measures to deal with financial stability issued on July 7, the corporation can now place funds in banks during the COVID-19 economic recovery. The placement aims to strengthen the LPS’ liquidity and/or to anticipate or solve financial problems that can result in bank failure.

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The new regulation allows the LPS to place a maximum 2.5 percent of its assets in one bank and a maximum 30 percent of its assets in all banks for a maximum period of one month, with up to five extensions permitted.

The LPS' total assets reached Rp 120.58 trillion (US\$8.35 billion) at the end of 2019. It also had Rp 114.53 trillion in securities investment, with liabilities reaching Rp 751 billion and total equity of Rp 119.83 trillion.

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## **BUKU III banks' credit distribution falls**

*Bisnis Indonesia, headline*

Financial Services Authority (OJK) data shows credit distribution grew by only 3.04 percent year-on-year (yoy) in May, the lowest since 1988.

The low growth was caused by credit distribution from the BUKU III category, banks with core capital between Rp 5 trillion (US\$347.12 million) and Rp 30 trillion, which fell by 0.57 percent in the same period. Meanwhile, other bank categories recorded over 4.5 percent yearly growth.

BUKU III banks had seen a decline in its credit distribution by 5.17 percent last year. This year, the banks had only recorded positive growth twice, in March and April. As a result, the banks' net interest margin (NIM) remained below 4 percent in the first quarter, while the other categories gained more than 4 percent.

According to Indonesian Banking Development Institute (LPPI) senior faculty member Trioksa Siahaan, banks are generally facing hardship due to COVID-19, especially BUKU III banks that are focusing on restructuring credit portfolios.

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## **Govt prepares new contactless tollgate system**

*Kontan, headline*

The Public Works and Housing Ministry is preparing a bidding worth Rp 4.35 trillion (US\$302 million) for a new cashless and contactless tollgate system called the multi-lane free flow (MLFF). The new system aims to reduce traffic jams around tollgates.

The qualification process for the bidding started on July 8. Indonesia Toll Road Authority (BPJT) head Danang Parikesit expects to announce the winner by the end of the year.

Furthermore, Danang said banks that had been issuing e-toll payment systems were to participate in the project as fund providers of toll payment.

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## **Airlines struggle to survive**

*Koran Tempo, economic headline*

Demand for flight transportation remains low despite the relaxation of large-scale social restrictions (PSBB) in a transition to the new normal. National flag carrier PT Garuda Indonesia president director Irfan Setiাপutra said the airline had lost 90 percent of its revenue and 70 percent of its aircrafts remain on the ground.

According to Irfan, the demand for flight transportation failed to pick up because of inconsistent regulation between the central and local governments. The central government extended the validity period of negative COVID-19 test results to 14 days for flying requirements. Previously, the polymerase chain reaction (PCR) results were only valid for 14 days and rapid test results for seven days. However, some regions only accept PCR test results.

Indonesia National Air Carriers Indonesia (INACA) secretary-general Bayu Sutanto said airlines could only survive until September if passenger numbers, currently at 10 to 15 percent of capacity, remained low.

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## **Health protocol, fiscal stimulus key to positive growth**

*Investor Daily, headline*

The Indonesian economy stands a chance to recover faster and grow positively this year if the government implements health protocol effectively in controlling COVID-19 and if the fiscal stimulus is disbursed properly.

Bank Nasional Indonesia chief economist Ryan Kiryanto said the government had to accelerate economic growth in the third quarter to achieve positive yearly growth. In order to do that, he said the government should boost spending through economic stimulus, such as social safety nets and the preemployment program, while curbing the spread of COVID-19 to prevent a second wave.

Gross domestic product is estimated to fall between 2.5 percent and 3.5 percent year-on-year in the second quarter. If the government boosts spending and contains the virus, Ryan estimated the economy could grow by up to 0.5 percent. Meanwhile, if a second wave takes place, he said the economy would see slow Nike-shaped growth.

According to Core Indonesia researcher Yusuf Rendy Manilet, although the government has improved ease of investment in the health sector, enforcement in controlling the spread of infection was still lacking. Therefore, he suggested stricter health protocol enforcement, especially in red zone provinces.

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