

**Wednesday, Jul. 15<sup>th</sup>, 2020**

## GENERAL NEWS AND HEADLINES

### Widespread use of rapid tests raises questions

*The Jakarta Post, p. 1*

The widespread use of rapid antibody tests for COVID-19 as requirements for various activities during the pandemic, including for traveling in Indonesia, has sparked concerns among experts, who called for better government control over their use.

Post-market surveillance on rapid antibody test brands used in the country carried out by the Association of Indonesia's Clinical Pathology and Laboratory Medicine specialists (PDS PatKLIn) showed that many of them had sensitivity and specificity lower than 50 percent, the association's chairwoman, Aryati, said.

"With low sensitivity, chances of false negatives are high [...] While with low specificity, chances for false positives are high," Aryati, also a professor at Surabaya's Airlangga University, told *The Jakarta Post*, on Monday.

The COVID-19 task force has recommended 155 brands from various producers, as of April 28. It said it was referring to a list issued by the World Health Organization (WHO) -- which did not endorse the brands but rather inventoried lists from national regulatory agencies -- and products with certification by the European Union, the United States Food and Drug Administration and the like.

Although the varying quality of the test kits was the main problem, Aryati said how laboratory workers carried out the tests and the absence of training for these workers had also affected the accuracy of the tests.

### Indonesia awaits Switzerland's ratification of mutual legal agreement

*Kompas, p. 2; Koran Tempo*

While the House of Representatives has approved the ratification of a mutual legal agreement (MLA) between the Indonesian and Swiss governments that will allow Indonesia to track Indonesian tax evaders and criminals with assets parked in Swiss banks, approval is still needed on Switzerland's end.

The House ratified the MLA on Tuesday, however without Switzerland's approval, the process is expected to conclude next year.

However, despite Switzerland's pending approval, the Law and Human Rights Ministry will soon form a special task force to track the criminal activity Indonesians in Switzerland.

Indonesian Ambassador to Switzerland Muliaman Hadad said the agreement, which was signed on Feb. 4, 2019, would only take effect after having been ratified by both countries. Muliaman explained that the MLA still had to go through the Swiss Council of States and National Council.

"It is expected that all the processes will be completed no later than 2021," Muliaman assured.

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## **Jakarta administration reluctant to tighten restrictions again**

*Koran Tempo*

The Jakarta administration has stated that an emergency brake policy is not yet needed. "We have not yet reached that point. We are constantly assessing whether we must implement an emergency brake policy," Jakarta Deputy Governor Ahmad Riza Patrio told *Tempo* on Tuesday. He said that the administration was still evaluating the handling of COVID-19, while discussing with the central government, local administrations and health experts.

Previously, a number of members of the Jakarta Legislative Council (DPRD) asked the Jakarta administration to evaluate the implementation of the transitional large-scale social restrictions (PSBB). A Kebon Sirih legislator deemed the City Hall's efforts in overseeing the implementation of social restrictions as minimal. This was indicated by a record high of 404 new COVID-19 cases reported on Sunday, with a surge in positivity rate, doubling to 10.5 percent.

Indonesian Chamber of Commerce and Industry (Kadin) Jakarta chairman Diana Dewi, however, has expressed support for the government's decision if social restrictions were to be tightened. "If the conditions are like this, we will follow

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the government's policy," Diana said, adding that the COVID-19 outbreak is far from over.

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## **Thousands of civil servants support independent candidates**

*Media Indonesia, p. 3*

Elections Supervisory Agency (Bawaslu) spokesperson M. Afifuddin explained that from the results of the independent candidate supporters factual verification, as a preliminary stage of the simultaneous regional elections slated for Dec. 9, thousands of supporters did not meet the requirements. Afifuddin said that of the ID cards submitted to the election organizers to support independent candidates, 6,492 were state civil servants (ASN), whom are meant to be neutral during the elections. Moreover, as many as 4,411 ID cards of supporters were invalid as they belonged to the election organizers.

The minimum requirement for the support of independent candidates is calculated from the final voters list (DPT) in their respective regions. For gubernatorial elections, the minimum requirement for support of independent candidates is 10 percent for a DPT of 2 million, 8.5 percent for a DPT of 2-6 million, 7.5 percent for a DPT of 6-12 million and 6.5 percent for a DPT of more than 12 million.

Bawaslu law enforcement Commissioner Ratna Dewi Pettalolo also reported a number of violations. The Bawaslu has recorded 670 alleged violations from 142 reports. There are currently 168 cases of administrative violations, 35 ethics violations and 12 cases of criminality. The other violations, amounting to 427, were related to the lack of neutrality of civil servants spread through social media.

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## **House seeks answers about escape of Djoko Tjandra**

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

Lawmakers at the House of Representatives have floated a plan to form a special committee following the Immigration Office's failure to detect the arrival of fugitive and graft convict Djoko Soegiarto Tjandra into the country.

Two political party factions in House Commission III overseeing legal affairs – the NasDem Party and the Democratic Party – proposed the formation of the committee to investigate the matter during a hearing with officials from the Law and Human Rights Ministry on Monday.

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The hearing saw Jhoni Ginting, the ministry's Immigration Director General, bombarded with questions from lawmakers, several of which he could not answer, such as on Djoko's whereabouts and whether he was currently still in Indonesia or had fled to another country.

"The director general did not answer our questions. There is a possibility that other institutions could become involved [in the case]," Benny K. Harman of the Democratic Party said, "I propose the commission establish a special committee. Because the director general couldn't handle the things he didn't know."

NasDem politician Taufik Basari said his faction would support the setting up of a special committee.

Commission III chairman Herman Hery said that members of the commission would soon discuss the proposal. "We will discuss it in our internal meeting."

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## BUSINESS AND ECONOMICS NEWS AND HEADLINES

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### Market worries about future coronavirus waves

*Kontan, headline*

The economy has started to move again but at the same time, the number of positive confirmed COVID-19 cases has significantly increased. This has raised concerns about how long COVID-19 waves will continue and its potential to once again put a hold on economic activities. Stopping economic activities will put the capital market under pressure and affect investment yields.

Market players argued that resuming economic activities had resulted in positive sentiment for the capital market. The decrease in IDX Composite has gone down to 19.37 percent so far this year, while the Indonesia Composite Bond Index has risen to 4.53 percent.

The inflation rate has also remained stable at 3 percent – compared to 12 percent during the global financial crisis in 2008 and 82 percent during the Asian financial crisis in 1998. Indonesia's foreign exchange reserves remained high at US\$130 billion as of May, enough to maintain rupiah stability.

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Although the market is still shadowed by negative sentiment, there is potential for U-shape recovery, according Sucorinvest Asset Management president director Jemmy Paul.

Therefore, Jemmy said, this is the time for investors to reevaluate and restructure their portfolio by looking for assets that could potentially increase once the economy recovered. Government bonds and blue chips stocks in the banking sector could be quite appealing for investors depending on their risk profile.

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## **Cathay Life to inject capital into Bank Mayapada**

*Investor Daily, headline*

Taiwanese insurance company Cathay Life Insurance Co Ltd has committed to injecting capital into Bank Mayapada International, and therefore, Mayapada could enter the BUKU IV category with minimum core capital of Rp 30 trillion (US\$2.1 billion).

The Financial Services Authority (OJK) commissioner for banking supervision Heru Kristiyana said Cathay Life had just finished the due diligence and expected to complete the process by next week. Meanwhile, Bank Mayapada president director Hariyono Tjahjarijadi confirmed that Cathay was the controlling shareholder of the bank and would increase its shareholding.

Currently, Cathay holds 37.33 percent of share in the company, while Mayapada Group owner Dato Sri Tahir holds 26.42 percent through PT Mayapada Karunia. Other shareholders are Galasco Investment Ltd with 12.67 percent, Unity Rise Ltd with 7.31 percent and the investing public with 16.27 percent.

Although Dato Sri Tahir is not the controlling shareholder of the bank, his partners count on him to run Mayapada. However, after Cathy Life Insurance injects fresh funds into the bank, Tahir said, Cathy Life would run the bank as the controlling shareholder.

*Tempo* magazine reported in this week edition that Mayapada was facing liquidity problems, prompting Tahir to tour the country telling big depositors that the bank was going to be fine.

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## **Bukopin to increase capital through private placement**

*Bisnis Indonesia, headline*

Problem-ridden Bank Bukopin has announced that it will increase its capital through a combination of rights issue and private placement, which will make KB Kookmin Bank of South Korea the majority shareholder of the bank by 67 percent.

The bank will issue 4.66 billion rights shares this month, which is expected to increase Kookmin Bank shareholding from 22 percent to 26 percent. Kookmin is the standby buyer for this rights issues.

After that, Bukopin said the bank will issue 22.24 billion new B-series shares at Rp 100 per share through private placement, to raise Rp 2.22 trillion. Through this private placement, Kookmin will increase its shares to 67 percent. The private placement would be conducted only after shareholders' meeting scheduled for August 25.

It is not clear how the bank's current controlling shareholder, Bosowa Corporindo with 23.4 percent share, will react to the plan. In the past, Bosowa had rejected Kookmin Bank's proposal to inject funds through private placement. Bosowa said it wanted Kookmin to pursue it through rights issue.

Bosowa Corporindo chief commissioner Erwin Aksa said his party would focus on the rights issue. Meanwhile, Financial Services Authority (OJK) deputy commissioner for public relations Anton Prabowo said the OJK would not interfere in the negotiations among Bukopin shareholders.

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## **Govt to help airlines with travels, subsidy**

*Koran Tempo, headline*

The government has encouraged civil servants to travel to domestic tourist destinations to help local airlines struggling from the effects of the COVID-19 pandemic.

The Transportation Ministry's air transportation director general, Novie Riyanto, said encouraging travel was a logical move to support airlines, in addition to various incentives and possible subsidies. He said the Finance Ministry had provided budgets for such travels.

The Office of the Coordinating Maritime and Investment Minister has issued an instruction to seven ministries and institutions under its coordination – including the Transportation Ministry – to encourage its personnel to visit eight priority tourism destinations, including Lake Toba and Labuan Bajo.

The plan, however, has drawn criticism from Indonesian Ombudsman member Alvin Lie, who said that encouraging such travels was contradictory to the country's efforts to contain the spread of COVID-19.

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## **Batang industrial park aimed at luring FDI**

*The Jakarta Post, p. 2*

President Joko “Jokowi” Widodo’s administration is developing Batang Integrated Industrial Park in Central Java to get foreign companies to invest in and relocate to Indonesia amid a foreign direct investment (FDI) slump.

To develop the industrial zone, the government has established a team comprising the Investment Coordinating Board (BKPM) the State-Owned Enterprises Ministry, the Industry Ministry, the Public Works and Housing Ministry and the Transportation Ministry.

State-owned construction company PT Pembangunan Perumahan (PP), state-owned toll road operator PT Jasa Marga and toll road developer PT Waskita Toll Road will also join the team.

BKPM investment promotion deputy Ikmal Lukman said on July 7 that the team aimed to complete the park’s development plan this month as the BKPM wanted construction to finish in just six months.

The government is pushing forward the development to speed up the recovery of FDI inflow, which was down by 9.2 percent year-on-year to Rp 98 trillion (US\$6.8 billion) in the first quarter of 2020.

With many companies looking to relocate from China to other countries, Indonesia is also rushing to bring investment to the archipelago after failing to do so last year.

Jokowi announced in late June that seven foreign companies had confirmed plans to relocate production facilities, mostly from China, to Indonesia. For investors who had not yet procured land for their facilities, he offered Batang Industrial Park as a location.

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“We will provide around 4,000 hectares of land here, and in the first phase, there will be 450 hectares,” he said during a visit to the park.

The relocation is estimated to bring an investment of \$850 million to the country and potential employment for 30,000 workers, according to the BKPM.

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