

**Thursday, Jul. 16<sup>th</sup>, 2020**

## GENERAL NEWS AND HEADLINES

### Govt to revive team to hunt graft fugitives

*The Jakarta Post, headline*

The government is stepping up its efforts to catch graft fugitives with a plan to revive an integrated team to hunt them down, after years of inaction.

Coordinating Political, Legal and Security Affairs Minister Mahfud MD said that his office would lead the team with members coming from the National Police, the Attorney General's Office (AGO), the Home Ministry and the Law and Human Rights Ministry.

Mahfud said each participating institution would play specific roles in the team: the police and the AGO will investigate and locate the whereabouts of graft fugitives, the Home Ministry will analyze civil registry records and the Law and Human Rights Ministry will provide immigration records. The team will also seize fugitives' illegal assets to reimburse state losses.

"We used to have a similar team and now we are going to revive it. We have prepared a presidential instruction [Inpres] as a legal guideline for the reactivation," Mahfud said in a statement on Tuesday.

The recent failure of authorities to detect the arrival of longtime fugitive and graft convict Djoko Tjandra in the country appears to have given urgency to the establishment of the team.

### Health Ministry sees unusual rotational changes

*Koran Tempo*

A number of echelon I and II officials at the Health Ministry have been rotated to positions of functional officers as expert doctors. Health Minister Agus Terawan inaugurated seven new functional officers at the ministry on Wednesday. Of the

seven officials, five had come from the Health Services Directorate General, one from the Secretariat General and one from the Research and Development Agency (Balitbangkes).

From the Health Services Directorate General, officials who were rotated to functional officers included Director General Bambang Wibowo, secretary Agus Hadian Rahim, referral health services director Tri Hesti Widyastoeti Marwotosoeko, Hadi Pranotom and Yuliatmoko Suryatin. While the officer from the Secretariat General was General Urgency Bureau head Made Wismarini and the officer from the Balitbangkes was Yalmi Indirawati Tjahja Notohartoyo.

Through written statements, Minister Terawan said structural changes and rotations in the ministry were common. He advised the newly appointed functional officers to commit to their new tasks. "Especially to doctor Bambang, I thank you for your service as Health Services Director General since 2016," said Terawan.

Though Terawan has claimed these rotational changes were common, a source from *Tempo* says the changes were made for other reasons.

The source claimed that those who were rotated to functional officers were unable to bear the pressure from their superiors in their previous positions. Moreover, the source also claimed that the Health Services Directorate General had often received questionable tasks, such as writing reports that did not adhere to factual data and bypassing required administrative procedures.

---

## **Health protocol violators regulated in presidential instruction**

*Media Indonesia, p. 1*

The government is drafting regulations in the form of a presidential instruction (Inpres) to serve as a legal umbrella for sanctions against people who do not comply with health protocols in public spaces. This was revealed by West Java Governor Ridwan Kamila after attending an internal meeting with President Joko "Jokowi" Widodo at Bogor Palace on Wednesday.

"The President is preparing a presidential instruction to strengthen the legal basis for sanctions," Ridwan said. He also expressed strong support for the move as local administrations themselves had proposed the idea.

In West Java, said Ridwan, the provincial administration had already calculated how large sanctions imposed on violators would be. "[Violators will be fined] Rp

---

100,000 to Rp 150,000. It is intended for those who do not wear masks in public spaces, except when they are speaking and eating. This will be strengthened by the Inpres that will hopefully come out this week," Ridwan said.

---

## **Hackers attack KPU servers**

*Kompas, p. 2*

A cyberattack hit the launching of the Klik Klik Movement on Wednesday, which marked the beginning of the matching and researching voter data preliminary stage for the 2020 simultaneous regional elections. The attack targeted the protected pages of the site *lindungihakpilihmu.kpu.go.id*, which is managed by the General Elections Commission (KPU).

The page was originally intended for prospective voters to check whether their data was included on the voter list. As a result, plans for regional KPU members to directly check their data at the event were cancelled.

KPU chairman Arief Budiman said cyberattacks had increased from Tuesday night to Wednesday afternoon. However, he assured that the attacks had not damaged the site's pages and applications and that the attacks had only caused the system to work slower. Arief also stressed that the voter database remained safe from the attackers.

---

## **Resources sector corruption exacerbates climate crisis**

*The Jakarta Post, p. 3*

Long-standing corruption in the natural resources sector could make the climate crisis worse and hurt the country's efforts to mitigate it and adapt to the ensuing changes, an anticorruption activist has warned.

Indonesia Corruption Watch (ICW) researcher Egi Primayogha said that widespread corruption in the uncontrolled exploitation of natural resources could lead to greater use of dirty energy through burning coal, as well as greater environmental damage, such as deforestation.

"This will hamper our transition to renewable energy sources," Egi said at a discussion on Tuesday.

Egi added that natural resource management in the country was still prone to corruption in many areas, in particular licensing, spatial planning and

---

monitoring corporate adherence to environmental regulations.

He highlighted that bribery was still rampant in licensing, with companies bribing regional leaders, who have the authority to issue business permits for natural resource exploration and exploitation.

---

## BUSINESS AND ECONOMICS NEWS AND HEADLINES

---

### **Beware of Singapore recession's spillover effect**

*Kontan, headline*

Indonesia should prepare for global economic turbulence caused by the COVID-19 pandemic. Singapore has become the first Southeast Asian country to enter a recession during the ongoing health crisis, which came after a slump in the last two quarters.

Singapore's Ministry of Trade and Industry announced that economic growth would plummet by 41.2 percent in the second quarter. In the first quarter, Singapore's economy has already seen a 0.7 percent drop. On a year-on-year basis, Singapore's economy has decreased by 12.6 percent, greater than the forecasted 10 percent.

As Singapore's economy faces a contraction, Indonesia should watch out for a potential spillover as investment and exports are among the main drivers of Indonesia's economy.

According to the Investment Coordinating Board (BKPM), Singapore's foreign direct investment (FDI) to Indonesia for the last five years has been quite high, with an average of 26.5 percent of the country's total FDI. In the first quarter of 2020 alone, this number has even reached 40 percent.

Recession could also prompt Singapore to hold or pull out trade facilities from its trade partners, including Indonesia, according to Institute for Development and Finance (Indef) economist Enny Sri Hartati, hence increasing the cost of trade. Despite this, some economists believe the effect of Singapore's recession on Indonesia will be minimal as Indonesia is also supported by domestic consumption.

---

Finance Minister Sri Mulyani projects that the Indonesian economy would plummet by 3.8 percent in the second quarter as all sectors hibernated in April and May.

---

## **RI exports rebound in June**

*Bisnis Indonesia, headline*

Indonesia's exports booked a positive growth of 15.09 percent to hit US\$12.03 billion in June, after experiencing negative growth in the previous two months. As a result, Indonesia recorded a trade surplus of \$1.27 billion in June.

However, looking at the January-June data, it is still difficult to predict the direction of exports and imports, especially non-oil and gas trade.

In the export side, only the agriculture sector booked positive year-on-year growth. The manufacturing sector, nevertheless, shows a prospective future by booking a slight decline of 0.4 percent to \$60.8 billion in the first six months of this year.

Industry Minister Agus Gumiwang Kartasasmita said: "I have to say that I'm surprised by the performance of our exports of manufacturing products. Our industry has been under pressure from the COVID-19 pandemic and yet, beyond our expectations, exports did not slow down as much as we expected."

On the import side, all sectors booked negative growth, including imports of capital goods and raw materials, indicating weak demand in the domestic market.

---

## **Businesses call for acceleration of government spending**

*Investor Daily, headline*

Businesses have called on the government to accelerate its budget spending in the second half of the year to trigger bigger multiplier effects from the national economy to regional economies.

CIMB Niaga CEO Tigor M Siahaan said businesses were now relying on government spending to spur demand, which only the government could do at the moment. Therefore, he suggested that the government expedite the disbursement of funds for the economic recovery program (PEN).

---

Also, he called on the government to fulfill its promise to pay out its debt to state-electricity firm PLN and oil and gas firm Pertamina, totaling Rp 93 trillion (US\$6.35 billion), so that they can pay out their liabilities to vendors and other businesses.

Indonesia Chamber of Commerce and Industry (Kadin) deputy chairwoman Shinta W Kamdani argued that the burden-sharing scheme between Bank Indonesia (BI) and Finance Ministry to dampen the effects of the COVID-19 pandemic should also be directed to save the business sector.

She argued that burden-sharing would result in lower lending rates to businesses because the government would inject funds into the banking industry at discounted rates.

---

## **Indonesia raises record high \$1.27b from retail bonds sale**

*The Jakarta Post, Business page*

Indonesia has raised Rp 18.33 trillion (US\$1.27 billion) from government retail bond issuance ORI-017, the Finance Ministry announced on Monday, the highest proceeds ever recorded in an online bond offering by the country as the government struggles to finance its coronavirus response.

The Finance Ministry managed to book the figure as individual investors flocked to safe-haven assets amid a volatile financial market due to uncertainties triggered by the COVID-19 outbreak. This is the third year the government has issued retail bonds online.

"The proceeds will be used to fund the budget deficit, particularly for mitigating the impact of the COVID-19 pandemic," the Finance Ministry's director for sovereign debt papers, Deni Ridwan, told a discussion on Monday.

"With high appetite from retail investors, we can be more independent in financing the state budget needs."

Bonds in the ORI-017 series carry a fixed coupon rate of 6.4 percent and have a tenure of three years to mature on July 15, 2023. The debt papers were offered online to Indonesian individuals, who could invest between Rp 1 million and Rp 3 billion each. The bond will be tradable between domestic investors after a two-month holding period.

The Finance Ministry noted that 42,733 investors bought the debt papers offered from June 15 to July 9. They are dominated by millennials, or people

---

between 20 and 40 years of age, followed by the age group of 41 to 55 years and investors aged 54 to 74 years old.

---

## **Govt to disburse Rp 150 trillion to SOEs**

*Republika, Corporation page; Media Indonesia, Economy page*

The House of Representatives has approved a government plan to inject Rp 23.6 trillion into seven state-owned enterprises (SOE) and pay its debt totaling Rp 115 trillion (US\$1.61 billion) to nine SOEs and extend loans totaling Rp 11 trillion to Garuda Indonesia and Krakatau Steel.

In a hearing with SOE Minister Erick Thohir, the House Commission VI on industry, trade and investment warned that the state capital injection to the seven SOEs may not be used to pay out their debts but to pay investments or carry out assignments tasked by the government.

Erick explained that PT Hutama Karya would get Rp 7.5 trillion to complete the development of certain segments of the trans-Sumatra toll road, PT Bahana Pembinaan Usaha Indonesia would get Rp 6 trillion to guarantee loans to small and medium enterprises and PT Pengembangan Pariwisata Indonesia (ITDC) would get Rp 500 billion to develop the Mandalika special economic area.

In addition, Erick explained that the government would disburse payments of its Rp 115 trillion debt to nine SOEs, including Rp 48.5 trillion to PT PLN, Rp 45 trillion to Pertamina, Rp 8.9 trillion to PT Waskita Karya, Rp 5.7 trillion to PT Pupuk Indonesia, Rp 5 trillion to PT Jasa Marga, Rp 1.9 trillion to Hutama Karya, Rp 566 billion to Perum Bulog, Rp 257 billion to PT Kereta Api Indonesia and Rp 60 billion to PT Wijaya Karya.

---

**Disclaimer:**

Tenggara Strategics always aims to use reliable sources in providing our best analysis to our clients, and is not responsible for any errors, inaccuracies and/or viewpoints in the original source material upon which we have based our analysis. The analysis contained in this document is intended exclusively for our clients who have subscribed to this service, and is not for public consumption or dissemination.

Nothing contained herein shall to any extent substitute for the independent investigations and the sound technical and business judgment of the reader. In no event will Tenggara Strategics, including its employees, be liable for any decisions made or actions taken in reference to the information contained in these documents, or for any incidental, consequential, indirect, special or exemplary damages, including damages from loss of profits or opportunities, even if advised of the possibility of such damages.