

**Monday, Jul. 20<sup>th</sup>, 2020**

## GENERAL NEWS AND HEADLINES

### Political dynasty rampant amid regional elections

*Koran Tempo, Berita Utama*

Analysts have said that the 2020 regional elections will be fertile ground for political dynasties. Under intense spotlight is President Joko "Jokowi" Widodo's eldest son, Gibran Rakabuming Raka, whose mayoral bid in Surakarta has been laden with controversy.

Indonesian Political Opinion executive director Dedi Kurnia Syah said that signs of political dynasties had increased in the country since Gibran acquired official backing from the ruling Indonesian Democratic Party of struggle (PDI-P), being chosen over incumbent Surakarta deputy mayor and prospective mayoral candidate Achmad Purnomo.

Besides Gibran, Jokowi's son-in-law Bobby Nasution also intends to compete in the Medan mayoral race. While he has yet to acquire the PDI-P's support, Bobby has secured support from the Golkar Party, NasDem Party and Gerindra Party.

Dedi said Gibran's success in securing PDI-P's backing was largely due to his status as the President's son, considering that he had zero experience in politics. Dedi further predicted that Gibran's mayoral candidacy would be detrimental to Jokowi and political parties' images for their contribution in preserving political dynasties.

### Cases, deaths soar after reopening

*The Jakarta Post, headline*

After almost a month of taking gradual steps to reopen the economy, Indonesia has seen its COVID-19 cases and deaths double as crowds reemerge in virus epicenters like Jakarta. Experts have cautioned that the country is at risk of becoming one of the worst hit worldwide.

Indonesia has recorded 86,521 total cases and 4,143 deaths as of Sunday, twice the cumulative figure from the previous month.

The central government and local administrations gradually lifted certain requirements under large-scale social restrictions (PSBB) in the first weeks of June

Epidemiologist Riris Andono Ahmad from Gadjah Mada University said the focus should be on suppressing transmission as early as possible. He said the exponential growth and shortened doubling period showed that community transmission had reached a level necessitating further intervention to enforce social distancing.

Despite a growing network of labs, Indonesia continues to have one of the lowest testing rates in the world, having tested 707,238 people so far. Data compiled by Worldometers show that Indonesia has tested 439 people per 100,000, while China has tested 6,281 people per 100,000.

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## **BIN under President's direct supervision**

*Republika, p.2*

As stipulated in the Presidential Regulation (Perpres) No. 73/2020 on the Coordinating Political, Legal and Security Ministry, the State Intelligence Agency (BIN) is now under the direct supervision of the President, as affirmed by Coordinating Political Legal and Security Affairs Minister Mahfud MD.

"State intelligence is directly needed by the President," Mahfud wrote in his Twitter account *@mohmahfudmd*.

Mahfud, however, added that every Coordinating Ministry could still ask for intelligence from the BIN.

Former chief of the Indonesian Military's Strategic Intelligence Agency (BAIS), Soleman Ponto, said that it was the right decision to put BIN under the President's direct supervision.

"Previously, BIN's reports to the President had to be reported also to the Office of the Coordinating Political, Legal and Security Affairs Minister and therefore could leak," said Soleman.

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## **Jokowi urged to lobby Malaysia in arresting fugitive Djoko Tjandra**

*Media Indonesia, p.2*

The Indonesian Anti-Corruption Community (MAKI) has urged President Joko "Jokowi" Widodo to lobby neighboring country Malaysia in a bid to return graft fugitive Djoko Tjandra home. The measure is deemed effective to arrest Djoko, who is entangled in the Bank Bali corruption case from 1998.

Previously, former Attorney General Muhammad Prasetyo had tried to bring Djoko home through extradition to no avail.

MAKI coordinator Boyamin Saiman said that Malaysia had been very cooperative with Indonesia such as when it assisted in repatriating Siti Aisyah, who had been charged with the murder of Kim Jong-Nam, the half-brother of North Korean leader Kim Jong-un.

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## **Online learning may worsen RI's educational inequality**

*The Jakarta Post, p.1*

For the past four months, more than 60 million students throughout the nation have had to study at home using online resources because of the COVID-19 pandemic. This form of learning presents new obstacles, particularly because of citizens' uneven access to technology and the perceived inadequacy of online teaching methods. Concern is growing that remote learning could exacerbate Indonesia's educational inequality.

A SMERU Research Institute study released on Thursday showed that while teachers in the major cities of Java had proper resources to teach their students online, teachers in villages, especially those outside Java, needed to visit their students' homes to give and collect homework because of a lack of access to the internet and digital devices.

Among other recommendations, the report urges the Education and Culture Ministry and local education agencies to intervene to support teachers and prevent inequality in education from widening.

A 2018 Indonesian Internet Providers Association (APJII) survey showed that although 64.8 percent of the Indonesian population was connected to the internet, users were centralized in Java.

Students [without access to technology] are mostly state school students in villages, especially outside Java. They are prone to experiencing losses in education.

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## BUSINESS AND ECONOMICS NEWS AND HEADLINES

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### **Banks to slash profit target**

*Bisnis Indonesia, headline*

Slow economic growth induced by the COVID-19 pandemic has pushed the banking industry to take realistic measures in revising their business projection, including lowering their loan growth target.

Financial reports from 10 of the biggest banks in the country show that eight banks experienced a profit drop in the January-May period from the same months last year. In line with a slowdown in net profit growth, credit growth peaked in March at 7.95 percent, only to fall and stabilize at 3.04 percent by May.

Furthermore, the COVID-19 pandemic has reduced demand for new loans while increasing the risks of non-performing loans (NPL). Despite the slow loan disbursement nearing the second semester of 2020, NPLs reached 3.01 percent in May. In addition, loan restructuring programs will increase the risk of outstanding loans once the programs end.

However, large banks remain optimistic they can maintain profitability despite the profit decrease and less aggressive business projection as they can rely on market scale and relatively lower cost of funds.

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### **IPO remains attractive despite pandemic**

*Kontan, headline*

Indonesia recorded the highest number of initial public offerings (IPO) among Southeast Asian countries. According to Indonesia Stock Exchange (IDX) data, 32 companies have gone public since the beginning of the year. IPOs remain an attractive option in the country despite the 19.37 percent year-to-date fall in the Jakarta Composite Index (JCI), the main price gauge at the IDX, on Friday.

Malaysia, for example, only has eight companies going public even though its index, the FTSE BM, showed a 0.48 percent ytd growth. Meanwhile, the Philippine's PSEi showed the deepest fall of 22.09 percent ytd; only one company had an IPO during the same period.

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CSA Institute president director Aria Santoso said IPOs remain an attractive option for companies in Indonesia because they could get funding without adding to their debt. However, the IPO transaction value this year has been relatively smaller. Hospital firm PT Metro Healthcare Indonesia recorded the highest transaction value at Rp 1.03 trillion (US\$70.17 million).

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## **Automotive and cement sales surge as PSBB relaxes**

*Investor Daily, headline*

The relaxation of large-scale social restrictions (PSBB) and loan disbursement restructuring by multifinance companies triggered a significant increase in cement and auto sales in June.

Motorcycle sales, which represent the people's purchasing power, soared by 500 percent to more than 150,000 units in June compared to the previous month with only 25,000 units. Car sales in the same period surged by 255 percent to 12,632 units compared to the previous month with only 3,551 cars sold.

Indonesian Motorcycle Industry Association (AISI) commercial head Sigit Kumala explained that interest in motorcycles had increased because the commuters would rather use a private vehicle to travel to and from work instead of public transportation to avoid the risks of COVID-19 infection. He added that multifinance companies had relaxed their policies on down payments for motorcycles, reducing them from 40 percent to only 20 to 25 percent.

Meanwhile, Indonesian Cement Association (ASI) chairman Widodo Santoso said domestic cement sales soared by 29.2 percent year-on-year to 4.86 million tons in June, supported by limited sales in the previous month because of Ramadan.

However, Widodo said the trend did not guarantee that domestic spending would continue to increase in the second half of the year, pointing to the budget reallocation from infrastructure spending to COVID-19 mitigation. Furthermore, economic growth is expected to slow down, causing uncertainty in the property industry. The only way out, according to Widodo, is to boost exports of clinker and cement, which saw a 29 percent increase to 3.73 million tons in June.

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## **Govt to discuss cigarette excise for 2021**

*Koran Tempo, economic headline*

The Finance Ministry has yet to decide on the cigarette excise rate for 2021 because officials are still evaluating the impacts of the COVID-19 pandemic on the tobacco industry. According to the Customs and Excise Directorate General's technical and facility director, Nirwala Dwi Heryanto, the government will invite stakeholders to discuss the tariff.

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She added that tobacco production decreased 12 percent year-on-year in May because of the pandemic. The current target for tobacco excise revenue (CHT) set by Presidential Regulation (Perpres) No. 72/2020 is Rp 164.94 trillion (US\$11.24 billion), lower than the previous target of Rp. 165.64 trillion set by Perpres No. 54/2020.

The government decided to increase its cigarette excise by 23 percent and increase the retail prices of cigarettes by an average of 35 percent per Jan. 1. Meanwhile, growth in the tobacco industry is projected to contract with a threshold of minus 17.5 percent this year.

Sulami Bahar, who heads the Association of Cigarette Employers' (Gapero) East Java chapter, said the COVID-19 pandemic could potentially decrease cigarette production to 40 percent. Consequently, this might result in a 26 percent decrease in tobacco industry (IHT) workers.

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## **Online learning may worsen RI's educational inequality**

*The Jakarta Post, p.1*

For the past four months, more than 60 million students across the nation have been forced to study from home during the COVID-19 pandemic. But online learning presents new obstacles, particularly with uneven access to technology and inadequate online teaching methods, and concern is now growing that remote learning could worsen inequalities in education.

A survey launched on Thursday by the SMERU Research Institute showed that while teachers in major cities in Java had proper facilities to teach their students online, teachers in villages, especially outside Java, have needed to visit their students' homes to give and collect homework because of a lack of access to the internet and digital devices.

Furthermore, an initiative called BisaBelajar in Yogyakarta found that the parents of many students who struggled to participate in online classes were low-skilled subcontract workers or tourism workers, a sector that has been hit particularly hard by the pandemic.

Iwan Syahri, the ministry's director general for teachers and educational staff, said the COVID-19 outbreak had challenged every teacher in Indonesia to adapt and find new ways to teach their students. The ministry, he said, had launched a website called Guru Berbagi to provide a space for teachers to share teaching methods and learning materials they have used during pandemic – either for online classes or in combination with online and offline classes.

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