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GENERAL NEWS AND HEADLINES

Regional COVID-19 testing disparities pose challenges

(The Jakarta Post, p. 1)

With the COVID-19 pandemic requiring an unprecedented scale of laboratory testing, Indonesia continues to face disparities in testing between regions in the vast archipelago.

The country is now operating 269 laboratories to run polymerase chain reaction (PCR) tests for diagnoses, from only 12 labs allowed by the Health Ministry in mid-March, when the country reported its first confirmed cases.

Half of these labs are located in Java, Indonesia's most populous island that is home to some 141 million of the country's 270 million population.

The head of Andalas University's infectious disease diagnostic and research laboratory, Andani Eka Putra, acknowledged there was a lab disparity even prior to the outbreak, but what he regretted most was the "centralism" seen from the government at the beginning of the epidemic.

"I remember the South Korean government gathering everyone with lab competency — be it from the health sector, universities or research agencies — in the early days of the pandemic, asking everyone to work together as one," he said. "Here, we went the other way: it was all centralized. As a result, we were paralyzed. Now all suitable labs are allowed to participate in testing, [but] quality control is not clear."

Phase III vaccine trial guaranteed safe

(Media Indonesia, p. 2; Republika, p. 1)

The Padjadjaran University medicine faculty team has guaranteed the safety of the Phase III trial of a potential COVID-19 vaccine developed by China-based biopharmaceutical company Sinovac Biotech.

"The vaccine, which will be tested on 1,620 subjects in Bandung, has gone through various testing stages, so it has been confirmed to be physically and chemically stable," said vaccine trial testing team head Kusnandi Rusmil.

According to Kusnandi, Phase I and II trials were carried out in China and were tested on monkeys. The successes of these phases were reflected by several parameters, such as the vaccine not being disease-causing and no severe side effects being found.

Moreover, Kusnandi added that Phase I and II clinical trials had already been documented and published in various credible international scientific journals, which should reassure the public that the Phase III clinical trials in Bandung are deemed safe.

House opposes Prabowo's plan to buy Austria's Typhoon jet fighters

(Koran Tempo; Kompas, p. 4)

Members of the House of Representatives have opposed Defense Minister Prabowo Subianto's plan to buy used Typhoon jet fighters from Austria. Purchasing the aircraft risked damaging the road map for the cooperation to build combat aircraft with South Korea.

House Commission I member Tubagus Hasanuddin said the Indonesian government could potentially be embargoed by a number of countries if it pursued ambitions to buy aircraft from Austria.

"We are currently pioneering jet fighter prototypes through the KFX/IFX (Korea Fighter Xperiment/Indonesia Fighter Xperiment) cooperation, which is supposed to be developed," Hasanuddin said on Wednesday.

According to Hasanuddin, Indonesia aspires to be able to build its own fighter jets equivalent to the F-22 Raptor and the F-35 aircraft made in the United States. Thus, purchasing used fighter jets from Austria would then foil the project that took more than 10 years to realize.

Lawmakers slam new COVID-19 team

(The Jakarta Post, p. 4)

Concerns have mounted over President Joko "Jokowi" Widodo's decision to form a COVID-19 handling and national economic recovery committee tasked with streamlining strategic policies on countering the pandemic.

Members of the House of Representatives have questioned the move, while pointing out that the country has achieved little in its fight against the coronavirus pandemic.

Nihayatul Wafiroh, deputy chairwoman of House Commission IX overseeing health care, said the committee had been established based only on economic factors, unlike its

predecessor, the national COVID-19 task force, which was formed as a result of health, social and economic concerns.

"Health wasn't the main consideration of the committee's formation [...] I have no more hope for public health because [the committee's] only focus is the economy," the National Awakening Party (PKB) politician said on Tuesday.

Netty Prasetiyani of the Prosperous Justice Party (PKS) echoed Nihayatul's concern, saying it was clear that the government prioritized the economy.

"It's not surprising at all. The budget for the country's COVID-19 response is being [allocated] half-heartedly. As a result, hospitals are overwhelmed and health workers are dying," she said.

Domestic workers protection bill should not be postponed any longer

(Media Indonesia, p. 4)

A bill that consolidates the protection of domestic workers cannot be postponed any longer, as the Constitution mandates the state to protect all of its people, including domestic workers.

"Article 28 of the 1945 Constitution requires all walks of society, including state and public institutions, not to deny the rights of the people, including domestic workers," said People's Consultative Assembly (MPR) deputy chairperson Lestari Moerdijat at an online discussion forum.

The discussion, which was held by the Denpasar12 Discussion Forum in collaboration with the Public Policy and Strategic Issues Coordinator of the NasDem Party's executive board (DPP), was moderated by MPR expert Arimbi Heroepoetri and featured speakers including House of Representatives Legislative Body deputy Willy Aditya and Lita Anggraini, an activist from the National Network on Domestic Workers Advocacy (Jala PRT).

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Tough road ahead for investments

(Bisnis Indonesia, headline)

Despite the government's effort to roll out the red carpet for investors, investment has stalled because of the COVID-19 pandemic. The Indonesia Investment Coordinating Board (BKPM) announced on Wednesday investment realization in the second quarter fell 4.3 percent year-on-year (yoy) to Rp 191.9 trillion from Rp 200.5 trillion in the same period last year.

However, accumulated investment realization in the first half of this year slightly increased by 1.8 percent yoy to Rp 402.6 trillion from Rp 395.6 trillion, pushed up by 8 percent yoy investment growth in the first quarter. Nonetheless, the country has yet to achieve half of its new target of Rp 817.2 trillion investment realization in the first half of this year.

Aside from the pandemic, the slow progress of the proposed Omnibus Law bill could also potentially hamper investment growth. The bill that is hoped to boost investment has been shrouded in controversy on the field. This would make it even more difficult for Indonesia to achieve its target for investment.

Nevertheless, the BKPM is still optimistic that it can achieve the targeted investment this year by relying on the effectiveness of its strategy. Furthermore, China's economic recovery and the implementation of the new normal could potentially become the catalyst for investment growth in the second half of this year.

FDI declines for second consecutive quarter

(The Jakarta Post, headline)

Indonesia recorded a further decline in foreign direct investment (FDI) realization in the second quarter this year, as the COVID-19 pandemic batters both the national and global economy.

The Investment Coordinating Board (BKPM) announced on Wednesday that FDI fell 6.9 percent year-on-year (yoy) to Rp 97.6 trillion (US\$6.67 billion) in the April-June period, continuing the downward trend recorded in the first three months of the year. In the first quarter, FDI dropped 9.2 percent yoy.

"The second quarter was a very difficult period," BKPM head Bahlil Lahadalia said in a virtual presser on Wednesday. "We had not anticipated this; our aim was to attract Rp 200 trillion in the second quarter."

Even before the pandemic, the government had been struggling to attract foreign investment and help investors realize their projects by cutting red tape and providing various incentives in a bid to support economic growth.

Bankruptcy looms across all business sectors

(Kontan, headline)

Five commercial courts across the country have seen a rise in debt restructuring (PKPU) cases filed by companies from all business sectors. There were 249 debt restructuring cases filed in the first semester this year, rising 52.76 percent from only 163 cases filed in the same period last year.

Recently, the Jakarta Commercial Court declared property developer PT Cowell Development bankrupt. In addition, companies under diversified business Fikasa Group have also filed for debt restructuring. Other companies filing for debt restructuring include those from the transportation, logistics, tourism, retail and financial sectors.

Indonesian Chamber of Commerce and Industry (Kadin) vice chairman Shinta Widjaja Kamdani said almost all companies were facing cash flow issues due to a fall in demand and a disrupted supply chain caused by the COVID-19 pandemic. She hopes stimulus from the government can improve people's purchasing power and raise demand so the companies can receive orders and remain in operation.

Companies to perform better in third quarter

(Investor Daily, headline)

The relaxation of the large-scale social restrictions (PSBB) and the national economic recovery (PEN) disbursement are predicted to help companies listed on the Indonesia Stock Exchange (IDX) to perform better in the third quarter of 2020.

Indonesian Publicly Listed Companies Association (AEI) executive director Samsul Hidayat said listed companies' net profit in the second quarter would not be better than the first quarter, but he estimated that net profit in the third quarter would offset it. "If there are no more obstacles, [net profit in] the fourth quarter will also improve," he said.

Similarly, Pilarmas Investindo Sekuritas research and investment associate director Maximilianus Nico Demus also said the recovery would not start until the third quarter because economic improvement would come along with PSBB relaxation and the government's PEN disbursement.

Furthermore, the Financial Services Authority (OJK) recorded that as many as 70.73 percent, or 336 out of the total 475 listed companies saw increased profit in the first quarter. However, 58.73 percent, or 279 companies, saw their profit fall compared to the previous period. Meanwhile, 139 companies recorded a loss.

Companies in the agriculture sector experienced the highest loss, with a profit contraction of 641.93 percent. The trade, service and investment sector saw a 121.92 percent profit contraction, followed by the construction sector with 92.4 percent

contraction, the finance sector with a 61.71 percent contraction and the mining sector with a 44.87 percent contraction.

Recovering consumption and investment

(Kompas, economy and business)

Public health and social aid distribution remain the key to national economic recovery by increasing public consumption and investment. However, the COVID-19 pandemic is not under control. As a consequence, public consumption and investor confidence remains low.

The government has relaxed the large-scale social restrictions (PSBB) to reopen the economy. However, its effect is not significant as public demand remains low. Investment is one of the ways to support economic recovery, but attracting labor-intensive investment during the pandemic is challenging.

To address this, the government has created a joint National Economic Recovery and COVID-19 Response Team based on Presidential Regulation No. 82/2020. Employers are welcoming this new committee but emphasize the need to have more measured strategies to maintain the economy while battling the virus, according to Indonesian Employers Association (Apindo) vice chairman Shinta W. Kamdani. "Failure to manage the pandemic will make it harder for the economy to recover," added Shinta.

Center of Reform on Economics research director Piter Abdullah also said that despite having a new joint committee, policy implementation still depended on each technical ministry. As coordination between ministries has become one of the challenges in national economic recovery, it is doubted that the new joint committee could bring a significant breakthrough without solving the coordination issue.

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