

Friday, Jul. 24th, 2020

GENERAL NEWS AND HEADLINES

Govt slammed for delay in forming COVID-19 team

The Jakarta Post, Headline

The government's move to establish a new COVID-19 response team to handle the impact the pandemic has had on health and the economy has come too late, as the coronavirus has spread rapidly and paralyzed economic activity, experts have said.

Airlangga University (Unair) public policy expert Agie Nugroho Soegiono said the government's decision to only now establish an integrated team was a consequence of its previous lack of urgency in dealing with the virus when it first spread across the country earlier this year.

"The government also lacked transparency and was indecisive in terms of health protocols," he said on Tuesday.

Indonesian Institute of Sciences (LIPI) economist Latif Adam said on Tuesday that Indonesia was way behind other countries that had quickly reacted when the outbreak began.

"Maybe the government is of the view that it is better late than never," he told *The Jakarta Post* over the phone.

The government launched on Monday a new team to tackle both the public health and economic aspects of the COVID-19 pandemic under the National Economic Recovery and COVID-19 Response Team.

"With this integrated team, all the planning and execution of programs regarding the handling of COVID-19 and economic recovery could go hand in hand as both will be handled under the same institutions with good coordination," Coordinating Economic Minister Airlangga Hartarto, who acts as the response team's chairperson, said in a press briefing.

COVID-19 cases in Jakarta continue to soar

Republika, p. 2

The number of COVID-19 cases in Jakarta has steadily increased in the past days. On Thursday alone, the capital city recorded as many as 470 cases, making Jakarta the province with the highest increase of new COVID-19 cases in the past six days.

Since last Saturday, the number of new COVID-19 cases in the capital city has been indeed consistently high, with an average of 385 new cases daily. The steady rise of COVID-19 infections in the capital city is in parallel with the trend at the national level. Based on the national COVID-19 task force's data, the average increase of COVID-19 cases in the country since July 18 has been around 1,600 cases per day. Other than Jakarta, provinces that have recorded a considerable number of new COVID-19 cases are East Java, Central Java, South Sulawesi, South Kalimantan and North Sumatra.

The Jakarta Health Agency's disease control and prevention division head Dwi Oktavia Tatri said that as of July 22, the capital city had tested 486,218 specimens in total, 17,951 of which had tested positive for COVID-19. Of those, 11,302 COVID-19 patients in Jakarta have reportedly recovered, and 767 patients have died. Meanwhile, 1,201 patients are still being hospitalized, while 4,680 people are self-isolating at home.

Govt urged to map out potential COVID-19 vaccine recipients

Koran Tempo

The government has been urged to improve the capacity of public health facilities, most notably community health centers (Puskesmas), to expedite the process of mapping out potential recipients of COVID-19 vaccination. Mapping out the potential recipients, it is argued, is important as the government's ongoing development of a COVID-19 vaccine enters its third phase.

Senior adviser to the World Health Organization's (WHO) gender and youth director general, Diah Saminarsih, said community health centers must own a blueprint that determines which individuals to be prioritized in receiving the new COVID-19 vaccine. "Right now, we must prepare community health centers to become primary health care so that they are ready by the time the vaccine development process is completed," said Diah.

Diah added that area mapping would be particularly important to determine which portions of the population faced a relatively higher risk of COVID-19 infection. In giving vaccinations, community health centers are expected to act fairly based on several considerations, including risk measurement and access to vaccination.

2020 regional elections laden with kinship politics

Kompas, p. 3

Several family members of well-established politicians and incumbents will take part in the upcoming 2020 regional elections. According to *Kompas'* data, family members of politicians who have secured the support of political parties are Gibran Rakabuming Raka, President Joko "Jokowi" Widodo's eldest son who will contest the Surakarta mayoral race, Rahayu Saraswati Djojohadikusumo, Defense Minister Prabowo Subianto's niece who will take part in the South Tangerang mayoral race, and Siti Nur Azizah, Vice President Ma'ruf Amin's daughter who will also take part in the South Tangerang mayoral race. Gibran, Saraswati and Siti have acquired the support of the Indonesian Democratic Party of Struggle (PDI-P), Gerindra Party and the Democratic Party respectively.

It is predicted that the competition will be particularly tight in Banten. Other than Saraswati and Siti, Pilar Saga Ichsan, son of Serang Regent Ratu Tatu Chasanah, will also run in the South Tangerang mayoral race. Ratu Tatu herself is the sister of former Banten governor Ratu Atut Chosiyah, niece of current South Tangerang Mayor Airin Rachmi and cousin of Banten Deputy Governor Andika Hazrumy. Ratu Tatu will also reportedly seek reelection.

The candidacy of prominent political figures' family members in the upcoming regional elections has sparked debate on political dynasties in the country. Indikator Politik Indonesia executive director Burhanuddin Muhtadi said the phenomenon of political dynasties had existed in Indonesia for a long time. In the case of Banten, the province has been predominated by a certain political dynasty even since the colonial era.

Indicted KPU commissioner offers to cooperate, inform

The Jakarta Post, p. 3

Former General Elections Commission (KPU) commissioner and graft suspect Wahyu Setiawan has offered to cooperate with prosecutors to inform against other suspects in an election bribery case. Saiful Anam, Wahyu's lawyer, told

reporters that his client had filed a request to become a “justice collaborator” during a hearing with the Jakarta Corruption Court on July 9.

Wahyu is on trial for allegedly accepting a bribe from Harun Masiku and Saeful Bahri, politicians from the ruling Indonesian Democratic Party of Struggle (PDI-P). The Corruption Eradication Commission (KPK) accused the two of offering Wahyu Rp 1.5 billion (US\$102,524) in exchange for helping Harun secure a seat in the House of Representatives that was left vacant after a legislator died.

If the request was granted, Saiful said, Wahyu would assist the investigation by providing information on other parties who were suspected of being involved in the bribery case, such as PDI-P secretary-general Hasto Kristiyanto and PDI-P chairwoman Megawati Soekarnoputri. The lawyer said his client – who became a KPU commissioner in 2017 – would also reveal information on other election-related bribery cases, including in the selection of regional KPU members and alleged fraud in the 2019 legislative and presidential elections.

In response to the request, KPK spokesperson Ali Fikri said the commission would consider the proposal and analyze the evidence presented during Wahyu's trial, adding that cooperation with investigators could lighten Wahyu's sentence if he was found guilty.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

New ammunition for exports

Bisnis Indonesia, headline

Indonesia is ready to implement a new strategy to boost exports amid the COVID-19 pandemic. The new strategy will use the seller market products concept, which incorporates the 10 most-sought-after products in the international market with a more than 12 percent market share. These products include CPO and its derivatives, oleochemicals, margarine, bird nests, cloves, cocoa butter, wooden flooring, tissues, tin and nickel.

Changing export strategy is deemed to be more realistic for recovering Indonesia's balance of trade in the short-term, especially since top commodities have not been strong enough to boost exports.

Nevertheless, there are also risks associated with this new strategy. Despite the big market share potential, it is shadowed by the sheer amount of substitute products and the threat of price competition from target countries as most of the products are raw materials or semi-finished goods.

Identifying top products in target countries to map out potential trade competition will be important, particularly amid the concern of potential trade restrictions. Moreover, alternative markets should also be considered for distribution while infrastructure-wise, the readiness in the distribution process should be ensured.

Global investors to walk out of giant oil and gas projects

Kontan, headline

The future of investment in Indonesia's energy sector is being threatened as foreign investors have signalled their intention to withdraw from giant oil and gas projects.

PT Chevron Pacific Indonesia might not continue to develop the Indonesia Deepwater Development Project (IDD) Phase 2 in East Kalimantan as the project could not compete to secure capital in Chevron's global portfolio. Chevron was ready to walk out from the US\$5 billion project, said PT Chevron Pacific Indonesia corporate communication manager Sonitha Poernomo. "We believe that this will be a valuable project for other operators," added Sonitha.

IDD is a deepwater gas project developed by Chevron Indonesia Company (Cico) through four production sharing contracts with five gas fields currently ready for development. Chevron is the main operator and majority shareholder in this project with a 63 percent share. Other shareholders include Eni, Tip Top and PT Pertamina Hulu Energi among others.

Chevron has signaled its intention to leave the project since early this year as it keeps postponing the submission of the IDD Block plan of development. Chevron's intent to leave this energy project has contributed to the list of foreign investors who are planning to walk out.

Recently, Royal Dutch Shell (Shell) planned to sell its 35 percent participating interest in the Masela Block with a total investment of US\$19.8 billion. Mitsui Corp Japan is also planning to walk out from the Paiton Electric Steam Power Plant project in Central Java, of which they own 45.5 percent of the shares.

Government promises deregulation in property industry

Investor Daily, headline

When the job creation bill is passed into law in August or September, the government promises it would provide a better business climate for many sectors, including the property sector, as the bill would deregulate particular rules on property such as the spatial regulation, land bank provision, right-to-manage (HPL) title, and land ownership by foreigners.

Agrarian and Spatial Planning Minister Sofyan Djalil explained that the government and the House of Representatives targeted to finish the deliberation of the job creation bill by this August so that it could be implemented soon. He also promised that he would keep in touch with those in the property business to get feedback to improve the business climate.

In line with the deregulation, the government will also migrate all land-related services online next year and expects it will improve Indonesia's ease of doing business (EODB) ranking from 73rd to 40th.

Real Estate Indonesia (REI) chairman Paulus Totok Lusida said the association was ready to coordinate with the Agrarian and Spatial Planning Ministry to give detailed feedback on how to deregulate the property industry. "We will compile the feedback from REI. In a week, we will submit it to Mr. Sofyan Djalil," he said.

Indonesian Chamber of Commerce and Industry (Kadin) deputy chairman James T. Riady reminded that the property sector had a great multiplier effect as it involved 175 sectors, therefore, the demand side should be stimulated as well by cutting the interest rates of mortgage loans (KPR), providing subsidies or even extending the market for foreigners to get the same opportunity to buy property in Indonesia.

Govt targets cooperatives to channel loans to MSMEs

Kompas, headline

President Joko "Jokowi" Widodo told Cooperatives, Micro, Small and Medium Enterprises (MSME) Minister Teten Masduki to disburse subsidized loans for MSMEs through cooperatives to speed up disbursement of the national economic recovery (PEN) program budget.

In front of cooperatives' executives, President Jokowi said the government would count on the help of cooperatives to disburse the subsidized loans to stimulate

economic activity so that the country would avoid going into recession.

The government has projected negative economic growth of 4.3 or even 5 percent for the second quarter of this year. If the economy contracts again in the third quarter, by definition, Indonesia would enter into a recession.

Teten said his ministry had so far disbursed Rp 11.8 trillion (US\$790 million) in various stimulus programs for MSMEs, or about 9.6 percent of the total PEN budget for MSMEs of Rp 123.5 trillion. Teten said his ministry would follow up the order from the President to disburse some of the stimulus through cooperatives.

Induk Koperasi Usaha Rakyat director Suroto said cooperatives, especially the big ones with networks across the country such as Credit Union and Kospin Jaya, would have the capacity to help the government expedite the disbursement of subsidized loans to MSMEs.

Angkasa Pura postpones airport projects

Koran Tempo, Economy and Business Page

State-owned airport operators PT Angkasa Pura I and PT Angkasa Pura II have decided to postpone the development of a number of airports in the country due to uncertainties surrounding the COVID-19 pandemic.

Angkasa Pura II, which operates airports in the western part of Indonesia, said it had cut its capital expenditure (capex) budget for this year from Rp 7.8 trillion to Rp 1.4 trillion. "And as of today, the budget available for capex is only Rp 700 billion," said Angkasa Pura corporate secretary Yado Yarismano.

Therefore, a number of airport developments have been postponed or cancelled, including the expansion of Minangkabau Airport in Padang, West Sumatra, as well as relocations of Sultan Syarif Kasim II Airport in Pekanbaru, Riau, and Sultan Mahmud Baharuddin II Airport in Palembang, South Sumatra.

Angkasa Pura I corporate secretary Handy Heryudhitiawan said the company had delayed or postponed the development of a number of airports, including Juanda Airport in Surabaya, East Java, Sultan Hasanuddin Airport in Makassar, South Sulawesi, and Manado Airport in North Sulawesi. Nevertheless, Angkasa Pura I would finish the redevelopment of Lombok International Airport to support next year's convening of the Motor GP race in Mandalika, West Nusa Tenggara.

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