

Tuesday, Jul. 7th, 2020

GENERAL NEWS AND HEADLINES

Hunt continues for fugitive Djoko Tjandra

The Jakarta Post, p.2; Kompas, headline; Republika, p.2

The South Jakarta District Court postponed again on Monday a hearing for a case review sought by Djoko Soegiarto Tjandra, a high-profile corruption convict and fugitive from the law who has reportedly returned to the country after being at large for over a decade.

His whereabouts remain unclear, although reports suggest he entered Indonesia in order to file the review of his case, raising questions as to why the authorities have failed to find him.

Monday's hearing was scheduled to be the first in the case review, in which he is seeking to overturn a guilty verdict for embezzling billions of rupiah from the state bailout fund during the 1998 Asian financial crisis.

The Attorney General's Office (AGO) and the Law and Human Rights Ministry have played the blame game regarding responsibility for detaining the fugitive.

Attorney General ST Burhanuddin announced last week that Djoko had been in the country for the past three months after escaping to PNG in 2009. Burhanuddin lambasted the immigration office, which is under the law ministry, for not notifying his office about Djoko's arrival.

Law and Human Rights Minister Yasonna Laoly has denied that Djoko's mysterious return was due to failures in his ministry, saying there was no indication that Djoko had returned to the country.

96 state institutions may be disbanded

Republika, p.2

In response to President Joko “Jokowi” Widodo’s fiery address during a meeting with members of his Cabinet, Administrative and Bureaucratic Reform Minister Tjahjo Kumolo said 96 government agencies were likely to be dissolved.

Tjahjo said the agencies were only those established through government regulations. “Meanwhile, a law revision is required to dissolve government agencies established through a law,” Tjahjo explained.

Dissolving government agencies is not unprecedented. During Jokowi’s first term in office, he issued a presidential regulation to shut down 10 government agencies, including the National Council of Aeronautics and Space, the National Council of Book and the National Council of Sugar.

Ombudsman probes potential maladministration in lobster seed export regulation

Koran Tempo, Berita Utama

The Indonesian Ombudsman is overseeing Maritime Affairs and Fisheries Minister Edhy Prabowo’s decision to roll back the lobster seed export ban. Ombudsman commissioner Alamsyah Saragih said there might have been maladministration in the issuance of the regulation.

Alamsyah further said that one of the major flaws in the export ban was that it was not supported by an academic study by the National Commission on Fish Stock Assessment (Komnas Kajiskan), which should serve as the government’s basis in determining export quota.

House of Representatives Commission IV lawmaker Slamet of the Prosperous Justice Party (PKS) said there were a number of irregularities surrounding the export, such as the ministry’s lack of transparency in issuing permits for companies to do so.

Jakarta struggles despite improved facilities

The Jakarta Post, headline

The emergence of new COVID -19 cases in Jakarta, the first national epicenter of the outbreak, is showing no signs of slowing down despite claims that the capital is far more prepared for the disease thanks to improvements in its healthcare system.

Jakarta now has 67 referral hospitals to treat COVID-19 patients, with a total capacity of 4,555 beds and 659 intensive care (ICU) rooms, according to the city's health agency.

It has come a long way from having only eight referral hospitals with 904 beds and 80 ICUs in March when the first two cases were officially announced in Indonesia.

The Indonesian Hospital Association's (PERSI) Jakarta chapter chairman, Koesmedi Priharto, warned against complacency now that the city was forging "new norms" rather than ushering in a "new normal".

He said COVID-19 still left so much to be learned, while standard operating procedures for the treatment of the disease continued to evolve.

As one solution, Koesmedi urged the Jakarta administration to start mapping hospitals for COVID-19 patients and those for patients seeking other forms of treatment, so that the latter would not be worried about seeking medical attention.

New strategy needed to tackle outbreak

Media Indonesia, headline

Despite predictions that the health crisis would peak in June, the COVID-19 outbreak in Indonesia shows no signs of abating four months since officials announced the first two confirmed cases. The government is thus urged to evaluate its ongoing measures to mitigate the outbreak.

"What we need are systematic measures to curb the spread of COVID-19. The missed prediction on the peak of the outbreak shows that we need a new strategy to handle the extraordinary situation," People's Consultative Assembly (MPR) Deputy Speaker Lestari Moerdijat said.

The Health Ministry announced 1,209 new confirmed COVID-19 cases on Monday, bringing the total number of infections nationwide to 64,958.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Burden-sharing to accelerate economic recovery

Bisnis Indonesia, headline

The government and Bank Indonesia have agreed on a burden-sharing mechanism to fund COVID-19 mitigation plans worth Rp 903.46 trillion (US\$63.33 billion). The Finance Ministry and the central bank have signed a joint ministerial decree (SKB) stipulating the burden-sharing scheme. In addition, a partnership agreement has also been signed by the Finance Ministry's Financing and Risk Management Directorate General and the BI deputy governor.

Assuming a 7.36 percent interest rate for the 10-year period government debt papers (SUN) from January to June this year, the interest rate incurred for the COVID-19 mitigation fund is Rp 66.5 trillion per annum. According to the burden sharing scheme, Bank Indonesia (BI) is required to pay 53.96 percent of the interest worth Rp 35.9 trillion. Taking into account remuneration worth Rp 1.1 trillion, BI will have to bear Rp 37 trillion in total.

For public goods allocation worth Rp 397.6 trillion, the government will issue sovereign debt papers (SBN) to BI with an interest rate following the central bank's benchmark interest rate. The SBN are tradable and marketable. When the SBN is due, the government will pay the interest rate to BI. On the same date, BI will return the interest rate to the government following the burden-sharing scheme.

Premature licensing violates procedure

Koran Tempo, headline

Lobster seed exporters have been able to obtain export licenses without having to go through the complete procedures. Since Maritime Affairs and Fisheries Minister Edhy Prabowo signed Ministerial Regulation No. 12/2020 on May 4 to lift the ban on lobster seed export, 30 exporters have received the license.

According to a source at the Finance Ministry's Customs and Excise Office, two exporting companies PT Tania Asia Marina and PT Aquatic SSLautan Rejeki started to export lobster seeds on June 12. Five days later on June 17, the two companies along with PT Royal Samudera Nusantara planned to export 134,119

lobster seeds to Vietnam, but failed because the Customs and Excise Office had not finished examining the required export documents by the time the airplane had to take off.

A source mentioned that the companies did not have the documents for non-tax state revenue collection (PNBP). Furthermore, the lobster seed export licensing also did not involve the Maritime Affairs and Fisheries Ministry's Capture Fisheries Directorate General.

However, the ministry's fish cultivation director general Slamet Soebjakto said they had verified the companies before issuing the exporting license. Companies are required to cultivate fish in order to obtain the license. Slamet confirmed that the companies with the license had a fish cultivation system.

BI banking supervision may lead to greater uncertainty

The Jakarta Post, p.1

Transferring the Financial Services Authority's (OJK) supervision over banking back to Bank Indonesia (BI) could cause investors to lose confidence in the country, experts have warned.

Institute for Development of Economics and Finance (Indef) economist Eko Listiyanto said on Friday that the move could create more uncertainties in the country's financial sector amid an already risk-filled COVID-19 situation.

Such a move, he added, could signal that institutions that were supposed to be independent of the government were easily influenced by political interests.

According to a Reuters report, Jokowi is considering issuing an emergency decree to return banking regulation to the central bank because of his dissatisfaction with the OJK's performance during the pandemic.

The OJK was established in 2011 to oversee financial institutions. It was modeled on the financial services regulatory structure that prevailed in the United Kingdom at the time. The OJK assumed the role of regulator and supervisor of banks in 2013, taking the responsibility from the central bank.

Erick to pay Rp 1 trillion in Jiwasraya policyholders' claims

Investor Daily, headline

State-Owned Enterprises (SOE) Minister Erick Thohir aims to settle the payment of state-run insurer PT Asuransi Jiwasraya policyholders' claims totaling Rp 1 trillion (US\$70 million) this year. The first phase of the payment has been completed, with the claims of 1,500 insurance holders amounting to Rp 470 billion having been paid.

To do so, the SOEs Ministry is currently developing a strategy to recover Jiwasraya's assets. Erick explained that the recovered assets would be deposited into the government's account before being returned to Jiwasraya as state capital injection. "It is because Jiwasraya is 100 percent owned by the government," Erick added.

On another occasion, Jiwasraya president director Hexana Tri Sasongko said the company had reached a deal to sell a 70 percent stake in its subsidiary PT Jiwasraya Putra to state-owned PT Asuransi Jiwa Taspen (Taspen Life) for Rp 2.6 trillion. The remaining 30 percent stake will be held by state-owned lender PT Bank Tabungan Negara (BTN).

Energy investors need regulatory certainty

Kontan, headline

Dutch oil giant Royal Dutch Shell Plc and Japanese-based Mitsui Corporation have decided to exit their investment in Indonesia, amid the COVID-19 pandemic. The Upstream Oil and Gas Regulatory Special Task Force (SKK Migas) has confirmed the reports. Shell plans to divest its 35 percent participation interest in the offshore Masela Block at Maluku. Meanwhile, Mitsui plans to sell its 45.5 percent stake in the 2,045 megawatt (MW) coal-fired power plant Paiton in Central Java.

Institute for Development of Economics and Finance (Indef) economist Bhima Yudhistira said the exits were due to inconsistent and investor-unfriendly regulations. Meanwhile, Indonesia Petroleum Association (IPA) executive director Marjolijn Wajong said downward pressure on oil price was the reason behind plummeting oil and gas investment. She advised the government to stick with the existing contracts. If the government wants to change the contracts, then it should be discussed with investors. Energy expert and industry player Tumbur Parlindungan urged the government to improve oil and gas investment conditions, specifically by honoring contract sanctity and amending inconsistent regulations.

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