

Tuesday, June 16th, 2020

GENERAL NEWS AND HEADLINES

Govt to reopen schools in 'green zones'

Koran Tempo, headline; Kompas, p.1; Republika, p.1; Media Indonesia, headline

The government has decided to reopen schools located in "green zones" (free of COVID-19) ahead of the new school year. Culture and Education Minister Nadiem Makarim said, however, that the ministry had formulated stringent requirements that schools must fulfill to ensure a safe and healthy learning environment for students and teachers.

Nadiem added that schools in yellow, orange and red zones would remain closed. Students enrolled at schools in the three "unsafe" zones would thus continue to study remotely.

Apart from being located in green zones, schools must also have permission from their local administration. Furthermore, Nadiem said that schools could not force students to attend in person if their parents prohibited them from doing so.

The Indonesian Child Protection Commission (KPAI) has objected to Nadiem's decision, as the COVID-19 outbreak shows no sign of abating. KPAI commissioner Retno Listyarti said that according to its survey, the majority of parents objected to the government's decision to reopen schools amid the outbreak.

VP sticks to what he knows best in COVID-19 fight: Faith

The Jakarta Post, p.1

Jokowi has authorized Vice President Ma'ruf Amin – whom he selected for his strong Islamist credentials and ability to appeal directly to a majority of the Muslim population – to deal with all matters related to religion as the country battles its COVID-19 epidemic. During a Cabinet meeting last week, Ma'ruf requested that fresh funds be earmarked for *pesantren* (Islamic boarding schools) before the institutions reopened.

The Vice President has kept a low profile in government public relations, however, prompting many to question his role during the COVID -19 pandemic.

In February, a public opinion poll by Jakarta-based pollster Indo Barometer found that 50.4 percent of around 1,200 respondents were dissatisfied with Ma'ruf's performance during his first three months in office.

Public doubt over Ma'ruf's role only grew during the COVID-19 pandemic, with Twitter hashtag *#MarufAminNgapain* (What's Ma'ruf Amin doing?) trending on March 11.

Responding to the criticism, vice presidential spokesman Masduki Baidlowi said that Ma'ruf had been hard at work and, just like any other government official, continued to work from home and regularly held virtual meetings with state ministers and other officials. In recent days, Masduki said, the Vice President had resumed working at his office in the State Palace and had attended last Friday's congregational prayer at the Baiturrahman Mosque.

COVID-19 specimen testing not yet optimal

Kompas, headline

Using the polymerase chain reaction (PCR) test, the World Health Organization (WHO) standard, must be optimized to detect COVID-19, as the rapid serology tests that detect antibodies in blood samples have been deemed an inaccurate diagnostic tool. Indonesia's PCR testing capacity reportedly remains less than ideal.

West Nusa Tenggara Health Agency head Nurhandini Eka Dewi said, for instance, that the province had conducted around 24,000 COVID-19 diagnostic tests, but only 9,000 were PCR tests.

University of Indonesia epidemiologist Pandu Riono said on Monday that several regions were reportedly playing down their PCR testing capacity to avoid recording a large number of new cases. Pandu said that the national COVID-19 task force's policy, which used the number of COVID-19 cases as an indicator of a region's success in tackling the outbreak, had contributed to the situation. "If people are not being tested, there will be no new cases," said Pandu.

Jokowi reasserts military chiefs' 'new normal' onus

The Jakarta Post, p.3

President Joko "Jokowi" Widodo reiterated on Sunday the role of the Indonesian Military (TNI) to ensure the public's adherence to the COVID-19 health protocols during the easing of the large-scale social restrictions (PSBB), after he went jogging with the TNI chiefs of staff.

"Today, I invited the Army chief of staff, the Air Force chief of staff and the Navy chief of staff for a morning jog, because it is very important to keep our immune system [strong] so we remain healthy," Jokowi said afterwards at the State Palace in Jakarta, according to a press statement.

He also encourage the military to continue to enforce "discipline [among] the public".

Army chief of staff Gen. Andika Perkasa, Air Force chief of staff Air Chief Marshal Fadjar Prasetyo and Navy chief of staff Adm. Yudo Margono said that their forces were ready to carry out their duties.

The President announced last month that the TNI and the National Police would deploy their personnel to guard crowded places in preparation for the "new normal" phase of the COVID-19 policy.

Rights groups and security experts have raised concerns that involving the TNI could result in a "hard" security approach to compliance, harking back to the military's involvement in civilian life during the New Order era.

Islamic organizations object to new Pancasila guidelines bill

Republika, headline

Objections are mounting against the new bill on guidelines of the Pancasila ideology. A number of Islamic groups have been particularly vocal in their objections to the bill.

Indonesian Ulema Council (MUI) executive Muhammad Cholil Nafis said that all Islamic mass organizations had agreed that the bill was legally flawed and prone to misinterpretation, given that the bill's substance contradicted the state ideology.

Nafis pointed out that one of the bill's major legal flaws was its exclusion of Temporary People's Consultative Assembly Decree (TAP MPRS) No. 25/1966 on banning communism in Indonesia.

He also said that the alleged aim of the bill to reduce the number of the five key principles of Pancasila essentially contradicted the general spirit of the state ideology.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Trade data point to severe contraction in Q2

The Jakarta Post, headline

Indonesia's economy is expected to contract sharply in the second quarter this year as trade data show that both exports and imports nosedived in May amid a coronavirus-induced global economic slowdown.

Economists have warned that falling imports in all goods categories point to lower demand, manufacturing activity and investment, which will have a severe impact on the economy. Household spending and investment account for more than 70 percent of Indonesia's gross domestic product (GDP).

"On that basis, we expect household spending and investment growth to contract, so second-quarter economic growth is projected to shrink by 2 to 3 percent," Bank Permata economist Josua Pardede said via text message on Monday.

Indonesian imports plummeted to US\$8.44 billion in May, down 42.2 percent from the same period last year, Statistics Indonesia (BPS) announced on Monday. Imports of raw and intermediary materials, which account for more than 70 percent of total imports, plunged by 43.03 percent year-on-year (yoy) to \$6.11 billion.

At the same time, imports of consumer goods and capital goods tumbled by 39.83 percent and 40 percent yoy, respectively.

Exports, meanwhile, fell 28.95 percent yoy in May to \$10.53 billion, their lowest level since July 2016, a result of reduced shipments of coal, coffee, palm oil, petroleum oil and gas.

With imports falling further than exports, the country recorded a trade surplus of \$2.09 billion for the month.

Stimulus not effective in spurring trade

Bisnis Indonesia, headline

The stimulus provided to the manufacturing industry has proven to be ineffective in spurring trade, as shown by export and import data falling sharply in May. Statistics Indonesia (BPS) shows that exports declined 28.95 percent year-on-year (yoy) to US\$10.53 billion, while imports fell 42.2 percent yoy to US\$8.44 billion. The trade volume shrank drastically with a US\$2.09 billion surplus.

Indonesian Chamber of Commerce and Industry (Kadin) deputy chairwoman Shinta Kamdani said the fall in imports, mostly consisting of raw or supporting materials and capital goods used for manufacturing production, was the result of the systemic impact of deteriorating global and national demand induced by the COVID-19 pandemic. Therefore, manufacturing companies were reluctant to invest and produce at pre-COVID-19 levels.

However, Industry Minister Agus Gumiwang Kartasasmita remained optimistic that manufacturing exports could boost national economic growth this year, pointing out that exports of manufactured products fell by only 0.08 percent.

The ministry's small and medium enterprises (SMEs) director general Gati Wibawaningsih said her side was preparing a regulation to offer more incentives to SMEs affected by the pandemic. She said the regulation would be effective by the end of June.

Furthermore, Trade Minister Agus Suparmanto said the ministry was preparing a regulation to support imports of raw materials needed in manufacturing in addition to the existing stimulus.

Issuer performance remains weak in second quarter

Kontan, headline

Most issuers have reported their financial performance for the first quarter of this year. The banking and financial sectors have shown solid performance. However, analysts note that the second quarter is looking bleak.

Henan Putihrai analyst Liza Camelia said the banking sector's performance had a strong correlation with a country's economic growth. The latter was a leading indicator for loan growth. She explained that if the economic growth projection was pessimistic, the projection for the banking sector would be too.

Furthermore, Infovesta Utama investment research head Wawan Hendrayana said that large-scale social restrictions (PSBB) had hampered production and marketing activity, pressuring issuers' financial performance. Wawan said the effect of PSBB would be seen in the second quarter.

However, Liza said the long-term outlook was good. She said the market was looking positive as the government reopened economic activity in nine sectors: agriculture, husbandry, plantation agriculture, fishing, manufacturing, construction, logistics, mining and oil.

Banking industry still safe and sound

Investor Daily, headlines

Private bankers and the Financial Services Authority (OJK) have said the national banking industry is generally strong and healthy, with an average capital adequacy ratio of 22.13 percent.

Indonesian Banks Association (Perbanas) head of research and development Aviliani said that in addition to stronger CAR, other indicators showed that the banking industry was still sound, such as gross non-performing loans (NPL) at 2.89 percent in April and net NPL at 1.06 percent.

Early-warning indicators such as the liquidity to non-core deposit ratio (AL/NCD) and liquidity to third-party fund ratio (AL/DPK) were quite high at 117.8 percent and 25.14 percent respectively, above the established threshold of 50 percent and 10 percent respectively. She concluded that the April data was relatively stable.

OJK spokesperson Sekar Putih Djarot agreed that national banking was still stable. However, OJK will keep an eye on the development of the COVID-19 economic situation to observe the effect of the government stimulus in May.

PT Bank Central Asia Tbk (BCA) president director Jahja Setiaatmadja and PT Bank Muamalat Indonesia Tbk CEO Achmad K Permana said that, overall, the Indonesian banking industry was quite healthy and under control.

BPJS Kesehatan to improve governance

Koran Tempo, economic headline

The Healthcare and Social Security Agency (BPJS Kesehatan), which manages the National Health Insurance (JKN) program, said it would improve the institution's governance following a recommendation by the Corruption Eradication Commission (KPK).

KPK deputy head of prevention Pahala Nainggolan said the KPK had given alternative solutions to BPJS Kesehatan so the agency would be able to lower costs without having to raise premiums. The KPK said the solutions they recommended would help BPJS save Rp 12.2 trillion (US\$870.5 million).

The KPK suggested six recommendations: to accelerate the drafting of the National Guide for Medical Practice, readjust hospital classes, implement cost sharing policies, limit claims for noncommunicable diseases, accelerate the coordination of benefits with private hospitals and settle outstanding premium payments from independent participants.

According to Pahala, the elimination of JKN program classes into one service class for all policyholders was not a part of the recommendations. Furthermore, he said a letter containing all of the recommendations had been sent to President Joko "Jokowi" Widodo on Mar. 30.

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