

**Wednesday, June 3<sup>rd</sup>, 2020**

**GENERAL NEWS AND HEADLINES**

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## **RI gets first shipment of ventilators from UN organizations**

*The Jakarta Post, p. 4*

The first shipment of five ventilators from a total of 33 units jointly procured by the United Nations Development Program (UNDP), the World Health Organization (WHO) and the International Organization for Migration (IOM) for Indonesia arrived in Jakarta on Monday.

"The ventilators will be symbolically given to the BNPB [National Disaster Mitigation Agency]," communications head of UNDP Indonesia Tomi Soetjipto said in a press statement on Tuesday.

The joint effort of UN organizations to assist Indonesia will provide a total of 33 ventilators over the course of four weeks at an estimated cost of US\$762,460. The WHO will provide a total of 27 ventilators supported through a partnership with the Japanese government. The IOM and the UNDP will provide three ventilators each.

"In complement, the UNDP together with the rest of the United Nations development system will intensify its support to cushion the socioeconomic impact of the pandemic on the Indonesian people and prepare for a green sustainable recovery in close partnership with the government," UNDP resident representative Christophe Bahuét said.

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## **Ex-supreme court secretary, son-in-law nabbed for alleged graft**

*Kompas, p. 3; The Jakarta Post, p. 3; Koran Tempo; Media Indonesia, p. 2*

The Corruption Eradication Commission (KPK) has arrested former Supreme Court secretary Nurhadi and his son-in-law Rezky Herbiyono for alleged graft related to a private property in South Jakarta.

Nurhadi was named a graft suspect for allegedly accepting bribes in the form of nine checks and Rp 46 billion (US\$3.2 million) in cash in connection with three cases handled at the Supreme Court between 2011 and 2016. The KPK put Nurhadi on its most wanted list on Feb. 13 after he failed to answer the antigraft body's summons for questioning twice.

The commission also named Nurhadi's son-in-law Rezky and PT Multicon Indrajaya Terminal director Hiendra Soenyoto, who was suspected of promising Nurhadi nine checks from the company, suspects in the case. They were also put on the most wanted list.

Antigraft watchdog Indonesia Corruption Watch (ICW) commended the KPK for the arrest, while also calling on the commission to charge Nurhadi with money laundering considering the suspect's "unusual" wealth, as well as charge other parties thought to have abetted the two fugitives with alleged obstruction of justice.

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## **Jakarta to end PSBB, transition to PSBL**

*Koran Tempo; Media Indonesia, p. 5*

The enforcement of large-scale social restrictions (PSBB) in Jakarta, the country's COVID-19 epicenter, will come to an end on June 4, with no plans to extend the policy further. A source from *Tempo* claimed that Jakarta had been relatively successful in controlling 12 out of the 16 indicators needed to ease PSBB. Among these indicators are the number of positive cases, weekly death rates and the availability of health facilities.

However, social restrictions and limitations will still be carried out on a narrower scope. The Jakarta administration is calling them local-scale social limitations (PSBL).

Jakarta Deputy Governor Ahmad Riza Patria said that although there were still 62 community units (RW) considered red zones, the evaluation of the city's COVID-19 measures had yielded positive interim results. The reproduction rate of the virus had reached 1. This means that one infected patient, on average, directly transmitted the virus to one other person. The figure is far better than in March, when one infected patient infected, on average, four people.

"We hope that tomorrow [the reproduction rate] can reach 0.9, 0.8 or even 0.7," said Riza.

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## **Additional budget allocation for 2020 Pilkada to be discussed**

*Republika, p. 3*

The House of Representatives and the government are scheduled to discuss the allocation of additional funds for the 2020 simultaneous regional elections (Pilkada), which will be held on Dec. 9, because of the COVID-19 pandemic.

"We will have another meeting [on Wednesday] with the Home Affairs Ministry, the KPU [General Elections Commission], the Bawaslu [Elections Supervisory Agency] and the DKPP [Election Organization Ethics Council]," House Commission II chairman Ahmad Doli said. The virtual discussion is titled "Considering the Risks of the Simultaneous Regional Elections on December 9, 2020".

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Ahmad explained that the decision to postpone the voting day to Dec. 9 came with a number of consequences, one of which was the preparations needed to carry out the elections in accordance with COVID-19 health protocols. It is these health protocols that may necessitate additional funds for the KPU.

According to Doli, the KPU had previously proposed a substantial standard budget of around Rp 535 billion for the procurement of personal protective equipment.

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## **Intimidation of critics raises concerns over freedom of speech**

*The Jakarta Post, p. 4; Kompas, p. 2*

Scholars and activists have raised concern about the freedom of speech in Indonesia following alleged acts of intimidation against critics of the government's policy to restrict mobility to stem the COVID-19 pandemic.

Bivitri Susanti, a constitutional law expert from the Jakarta-based Jentera School of Law, said people opposed to any criticism of President Joko "Jokowi" Widodo's administration had been "wild" lately. The alleged intimidation took various forms, ranging from social media account hacks to death threats.

Some of the recent threats followed online discussions about the constitutional mechanism for removing a president from office. Students and a professor of Yogyakarta's Gadjah Mada University (UGM) on Friday received threats in various forms including text messages, phone calls and the hacking of their accounts after a poster of the planned discussion and an opinion article denouncing it as an act of treason went viral.

On Sunday, *Tempo* newspaper editor in chief Budi Setyarso reported that his Instagram and Facebook accounts had been "hacked" while he was moderating an online discussion with the UGM discussion's committee head, UGM's Faculty of Law dean.

Former Judicial Commission chairman Aidul Fitriciada Azhari said a pandemic should not be an excuse for the government to restrict free speech. He added that, no matter how bad the government was, a president could not be impeached just because of his policies.

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## BUSINESS AND ECONOMICS NEWS AND HEADLINES

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### Manufacturing index declines in line with falling demand

*Bisnis Indonesia*

The Indonesian manufacturing Purchasing Managers Index (PMI) released by IHS Makrit is still at the low level of 30 points while many ASEAN nations have recovered to above 40, reflecting the difficulties of the domestic manufacturing sector to recover as demand declines.

Among ASEAN nations, Malaysia has recorded the highest PMI index with 45.6, followed by Vietnam (42.7), Thailand (41.6), and the Philippines (40.6) while Myanmar is at 38.9.

IHS Markit chief economist Bernard Aw stated that Indonesia's manufacturing PMI score is influenced by economic activity restrictions, which caused output to continually decline in May along with substantial decline in demand. Bernard said the economy reopening in June will help increase the PMI score, but there needs to be great effort to compensate the previous months' losses.

The decline in demand can be seen from the low inflation rate in May of 0.07 percent month-to-month (mtm) or 2.19 percent year-on-year (yoy). Statistics Indonesia (BPS) head Suhariyanto said the inflation rate was much lower despite Idul Fitri, compared to last year's Idul Fitri in June, which was at 0.55 percent.

Indonesian Olefin, Aromatic, and Plastics Association (Inaplas) secretary-general Fajar Budiyo said domestic demand recovery, especially from lower and middle-income consumers, was essential to improve the manufacturing sector, followed by efforts to protect the domestic market from imported products.

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### Business not yet normal in new normal era

*Kontan, headline*

Indonesia is entering the era of the new normal amid the COVID-19 pandemic but businesses are not expected to run as usual, with demand expected to be slow in pick up.

A number of big listed companies have revised their targets this year, with some of them cutting their capital expenditure. Cement producer Indocement Tunggal (INTP) Prakarsa, for example, has revised its sales target from a growth of 4 percent to 5 percent to minus 5 percent to 7 percent this year. Last year, it sold 18.1 tons of cement. In addition, the company also revised down its capex spending from Rp 1.4 trillion to Rp 1.1 trillion.

Indocement corporate secretary Antonius Marcos said Indonesia had suffered the most in the first quarter of this year, not only from COVID-19 but also from flooding in several parts of the country, which had reduced demand for cement. He expected demand for cement to pick up in the second half.

Astra International (ASII) Indonesia corporate communications head Boy Kelana Soebroto said the company had also cut its capital spending by half this year from Rp 20 trillion to between Rp 10 trillion and Rp 11 trillion.

Pilarmas Investindo Sekuritas analyst Okie Ardiastama said target and capex spending revisions by large listed companies were reasonable, considering that demand in the first half had slumped.

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### **Modern retailers ready to adopt strict health protocols**

*Investor Daily*

The modern retail industry has expressed its readiness to implement healthcare protocols for the forthcoming new normal. The fact that some modern retailers, mostly supermarkets, are still operating with strict health protocols during the imposition of large-scale social restriction (PSBB) shows they can embrace the new normal.

Indonesian Retailers Association (Aprindo) chairman Roy Mandey said modern retailers had experienced a significant downturn amid the Covid-19 pandemic. Department stores in malls suffered the highest drop in sales, on average by 90 percent. The remaining sales came from their online operations. Roy hopes the government opens this sector to immediately compensate for the economic loss.

Indonesian Shopping Center Association (APPBI) chairman Stefanus Ridwan argued that shopping mall reopenings were crucial because they absorbed a significant number of workers. Thus, reopenings will grease the economic wheel. In Jakarta alone, for example shopping malls employ 160,000 people.

Stefanus said shopping mall managements understood and were ready to implement health protocols, as stipulated by the Trade Ministry, such as by limiting the number of visitors to only 35 percent of normal conditions, while also facilitating hand-washing facilities at entry points. Roy said shopping malls had even implemented three road maps for the new normal, including requiring visitors to wear face masks.

However, Roy and Stefanus objected to the possible obligation to administer swab tests on employees due to high costs. They instead suggested administering rapid tests funded by the Healthcare and Social Security Agency (BPJS Kesehatan).

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### **WB: Indonesian economy to grow 0 to -3 percent**

*Kompas, Business and economy page*

The World Bank has again cut its projection for Indonesian economic growth to between 0 percent and minus 3 percent in the worst scenario, from its earlier projection of 2.5 percent. In addition to COVID-19, the other factors that would lower Indonesian economic growth are falling commodity and international crude oil prices.

World Bank economist for Indonesia Ralph van Doom explained that the depth of Indonesian economic contraction would be determined by external factors, especially economic performance in China and the European Union.

The risks of economic contraction for Indonesia would be increasing poverty and unemployment. The World Bank projected that poverty in Indonesia would increase by 2.1 percent to 3.6 percent this year, or equivalent to 5.6 to 9.6 million people.

Doom noted that the government's efforts to contain the economic slowdown by opening up the economy could not be pursued without strengthening healthcare measures. He suggested that the government continue to conduct mass testing, increase the capacity of healthcare facilities and strengthen mobility restrictions. When these healthcare measures bear positive results, only then should the government start reopening the economy.

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### **Govt wants Japan to join China-backed high-speed rail project**

*The Jakarta Post, Business page*

The government is considering including Japan in Kereta Cepat Indonesia China (KCIC), an Indonesia-China consortium to develop the Jakarta-Bandung high-speed railway, as Indonesia seeks to expedite and expand the national strategic project, a senior minister has said.

Japan, which was outbid by China for the Jakarta-Bandung high-speed railway project, is currently working with the Indonesian government to develop a medium-speed line to connect Jakarta and Surabaya, East Java.

Coordinating Economic Affairs Minister Airlangga Hartarto said that the consideration came from a request by President Joko "Jokowi" Widodo as the government reviewed the prolonged delays and budget overruns in the development of the Jakarta-Bandung railway.

"Because of that – to be more economical – President Jokowi has instructed that the project not stop at Bandung but be extended to Surabaya. Also, [he asked to] add Japan to the consortium," said Airlangga on Friday in an online press briefing after a limited Cabinet meeting.

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Policymakers believe the inclusion of Japan would accelerate the Jakarta-Bandung high-speed railway project, while also helping the consortium extend the project to reach Surabaya via the Southern Java line.

Airlangga said that the idea to include Japan in the consortium would first be reviewed by the State-Owned Enterprises (SOEs) Ministry.

The construction of the high-speed railway has faltered because of various technical and financial challenges, exacerbated by the COVID-19 pandemic.

KCIC initially aimed to finish the project and begin operation by June 2021, a two-year delay from its original target. With the current health crisis, the project's completion is expected to be further delayed to the second half of 2021.

The Jakarta-Bandung high-speed railway project is one of the government's national strategic projects (PSN) in the transportation sector and is expected to require a total investment of US\$6.07 billion.

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