

**Friday, June 5<sup>th</sup>, 2020**

**GENERAL NEWS AND HEADLINES**

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**Floyd's death hits close to home in Indonesia**

*The Jakarta Post, Headline*

As the death of George Floyd, an African-American man who died while being arrested in the United States, sparks a global outcry, Indonesian rights advocates and young people have stepped forward to remind fellow citizens that racism has long been an issue at home as well.

The scene of Floyd being restrained by a cop employing a knee-to-neck hold is familiar for some, who compared the incident to the 2016 case of Obby Kogoya, a Papuan man whose head was reportedly stepped on by the police before he was arrested during the siege of a Papuan student dormitory in Yogyakarta.

The hashtag #BlackLivesMatter, which has accompanied a call for street rallies worldwide, has since been adapted into #PapuanLivesMatter, with many turning to social media to urge Indonesians to also speak up against the racial discrimination and violence that Papuans have long endured.

Papuan activist Rico Tude criticized the "double standards" of Indonesians in addressing the issue of racism abroad and at home, saying some might fear the risk of discussing sensitive topics related to Papua or lamented the history of Papuan political attitudes.

"Some people think that the racism experienced by Papuan people is a logical consequence that must be accepted by those who are considered separatists," said Rico, who is also the spokesman for the Indonesian People's Front for West Papua (FRI-WP).

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## Jakarta to impose transitional period

*Koran Tempo*

The Jakarta administration has announced that it will impose a transitional period as a preliminary stage in resuming social and economic activities that have been disrupted in the past months as the capital city imposed large-scale social restrictions (PSBB) amid the COVID-19 pandemic. Jakarta Governor Anies Baswedan affirmed that the transitional period would be enforced until there were no new COVID-19 cases in Jakarta.

“Don’t think that Jakarta has stopped implementing COVID-19 measures. Not yet. We are still in a transitional period,” said Anies at City Hall yesterday, on the occasion of which he also urged Jakartans to continue following health protocols.

The Jakarta administration decided to start imposing a transitional period after the administration’s COVID-19 task force and the University of Indonesia’s department of epidemiology found that Jakarta’s COVID-19 reproduction number (Rt) had decreased to 0.99 and had remained constant since June 1. In March, Jakarta’s Rt was around 4.0, which means that one COVID-19 patient could spread the virus to four other people.

Anies said during the transitional period, the capital city would gradually ease the imposition of social restrictions at public facilities. Jakarta residents will be allowed to visit places of worship starting Friday. In the first phase of the transitional period, Jakarta will also allow workplaces, industrial zones, small businesses, shopping malls, restaurants and public parks to resume operations on June 20. The transitional period will be evaluated at the end of June.

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## More regions to allow reopening of places of worship

*Republika, Headline*

The number of regions to reopen places of worship has steadily increased. The Jakarta administration, for one, announced that mosques would be allowed to hold Friday prayers starting June 5.

“Starting Friday, mosques can hold Friday prayers again. Other places of worship can carry out worship activities as well. So mosques, *musholla* (prayer rooms), churches, temples and shrines can resume their routine worship activities while following health protocols,” said Jakarta Governor Anies Baswedan on Thursday.

Anies emphasized, however, that the number of worshippers congregating in places of worship would be limited to 50 percent of maximum capacity. Worshippers are also obliged to wash their hands before and after worship activities as well as keep a distance of 1 meter between each other.

Before Jakarta, other regions had announced their decision to reopen places of worship last week. This week, more regions have followed suit. Padang Mosque Council head Maigus Nasir, for instance, has announced that as many as 600 mosques in Padang, West Sumatra, would be immediately reopened.

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### **Govt to prioritize COVID-19 response in three provinces**

*Media Indonesia, p. 1*

President Joko "Jokowi" Widodo has ordered the national COVID-19 task force, the Indonesian Military (TNI), the National Police and other related ministries/institution to prioritize COVID-19 response in three provinces, where the number of COVID-19 infections is still high. These provinces are East Java, South Sulawesi and South Kalimantan.

"Please give extra attention to these provinces so that COVID-19 transmission there can be contained," said Jokowi during a meeting yesterday. The President also urged the COVID-19 task force to increase the number of specimen tests to 20,000 a day. "My previous target of testing 10,000 specimens a day has been met. Now the targeted number must increase to 20,000 a day," added Jokowi.

Meanwhile, COVID-19 task force chief Doni Monardo affirmed that his team would give its full attention to the three provinces mentioned by the President. "We will increase the three provinces' healthcare capacity, particularly in regard to facilities and medical equipment, as well as their capability to track and trace COVID-19 transmissions," said Doni.

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### **Indonesia joins neighbors in protesting Beijing's claims in South China Sea**

*The Jakarta Post, p. 2*

Indonesia has rejected China's sweeping claims in the South China Sea, following in the footsteps of its Southeast Asian neighbors, which have lodged similar concerns with the United Nations.

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In a letter sent to the UN secretary-general last week, Indonesia reiterated its long-standing position that it was not party to any territorial disputes in the South China Sea, while maintaining that China's historic claim to the sea "clearly lacks international legal basis".

"Indonesia was only reiterating the position that China already knows. There are no new elements [in Indonesia's position]," the Foreign Ministry's director general for legal affairs and international treaties, Damos Agusman, told *The Jakarta Post* on Friday.

"But [Indonesia's position] needs to be registered with the UN, because China also conveyed its position over its [territorial] claims -- which indicated [that it also has] claims to Indonesia's exclusive economic zone [EEZ]. This is purely a matter [of] procedural propriety."

In its letter to the UN, Jakarta also said China's nine-dash line map implying its historic rights claim had no international legal basis, citing the 2016 tribunal ruling.

Jakarta sparked anger from Beijing in January following the kerfuffle around the North Natuna Sea by saying it would "never recognize China's nine-dash line because it was contrary to UNCLOS in accordance with the 2016 tribunal ruling." The citation of the legal defeat evoked a strong response from Beijing, which called the ruling "illegal, null and void" and said it would neither accept nor recognize it.

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## BUSINESS AND ECONOMICS NEWS AND HEADLINES

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### Economy to reopen with easing of PSBB

*Bisnis Indonesia, headline*

Businesses and local administrations support the government's commitment to rejuvenate economic activity. Jakarta Governor Anies Baswedan has decided to extend a more relaxed version of large-scale social restrictions (PSBB) until the end of June, with some business allowed to operate.

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Socio-cultural activities will be allowed starting June 4; followed by libraries, museums, galleries and child-friendly public spaces on June 6; then non-culinary shopping centers on June 15; and some recreational sites on June 20. However, Anies stated that the easing of PSBB could be cancelled if Jakarta's COVID-19 cases increase once more.

Earlier, West Java Governor Ridwan Kamil designated 15 regencies or cities in the province as "blue zones", where the public can do outdoor activities with fewer restrictions, while 12 regencies or cities are still in the yellow zone and will implement partial PSBB. Places of worship will be reopened during phase I of PSBB easing in West Java; next the industry, office and agricultural sectors will reopen in phase II; then, as Ridwan explained, after a seven-day evaluation with no anomalies in COVID-19 transmission, blue zones will be allowed to enter phase III. A month after the first phase, the tourist industry will be reopened.

Indonesian Employers Association (Apindo) deputy chairwoman Shinta W. Kamdani said although the economy reopening would benefit businesses, they must prepare for supply and demand shocks caused by the COVID-19 pandemic. She said several sectors, such as shoes, textiles and automotive could recover by the third quarter.

Similarly, Indonesian Chamber of Commerce (Kadin) chairman Rosan P. Roeslani had reminded the government to be aware of the public's purchasing power so that it could be improved to absorb production from the slowly reopened economy.

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## **Private corporations also need PEN incentives**

*Investor Daily, headline*

The Indonesian Chamber of Commerce and Industry (Kadin) and the Indonesian Employers Association (Apindo) have called on the government to increase the budget of its national economy recovery (PEN) program so that it would also help private corporations heavily impacted by COVID-19 pandemic.

Kadin advisory council vice-chairman Gita Wirjawan said the government's PEN program totaling Rp 641 trillion focused on helping state-owned enterprises (SOE) and micro, small, and medium enterprises (MSME). Private corporations were left out, while they badly needed government assistance, especially to restructure their Rp 1.8 quadrillion debt.

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He suggested that the government help restructure private debts by increasing funds placed in anchor banks and provide credit guarantees. He also called on the Financial Services Authority (OJK) to relax its rules on bank's corporate lending limit (BMPK) so that they could extend working capital loans to companies already in the BMPK limit.

Indonesian Employers Association (Apindo) chairman Hariyadi B Sukamdani said the government could help private corporations in many ways. For example, he said, the government could tell state electricity company PT PLN to relax its rules on minimum charges for businesses. The government can do so because it will pay its debt to PLN totaling Rp 45 trillion in full.

"We have already the requested removal of the minimum charge. Many companies' electricity use has gone down, even to below the minimum charge but they are still required to pay the minimum charge. Also, the global oil price is dropping but the electricity rate is not" said Hariyadi.

Hariyadi made three requests to PLN: remove the minimum charge; decrease electricity cost as a response to the global oil price drop; impose payment relaxations because many companies have no cash flow.

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## **Govt increases budget for economic recovery program**

*Kontan, headline*

The government has increased the budget for its national economic recovery (PEN) program to revive the economy impacted by the COVID-19 pandemic. The PEN budget is now Rp 589.65 trillion, excluding the healthcare budget of Rp 87.55 trillion. Together, the total budget would be Rp 677 trillion.

The Finance Ministry's Fiscal Policy Agency (BKF) head, Febrio Nathan Kacaribu, said the PEN program would be directed to revive the economy, from the demand side and supply side. On the demand side, the program aims to boost people's spending, by extending cash assistance to people in the lower income bracket. From the supply side, the program aims to prevent or reduce unemployment by giving incentives and assistance to small and medium enterprises and well as state-owned enterprises.

Centre on Reform of Economics (Core) economist Yusuf Rendy said the program should be implemented quickly. If the implementation goes smoothly, Yusuf projected that the economy would growth 1 to 2 percent this year.

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Institute for Development of Economics and Finance (Indef) economist Riza Pujarama projected that with PEN and the new normal policies, Indonesian economic growth should range from minus 0.26 percent to positive 1.42 percent.

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## **Govt to issue Rp 1.6 quadrillion debt papers**

*Kompas, Economic and Business page*

The government plans to issue debt papers totaling Rp 1.6 quadrillion this year to plug deficits, finance economic recovery and pay maturing debts. The government also plans to look for new sources of debt, including from Indonesian diaspora.

The Finance Ministry said that of the total debt requirement, the government would raise Rp 1.5 quadrillion from issuing state debt papers (SBN), while the remaining would be sourced from other sources, including multilateral loans. So far this year, the government has issued SBN totaling Rp 420.8 trillion. Therefore, it needs to issue another Rp 990 trillion of SBN until the end of this year.

Bank Indonesia has said that it will meet the government's liquidity requirement by buying SBN in the primary market. The central bank also said that it would continue buying SBN in the secondary market as well.

The Finance Ministry's financing and risk director general, Dedi Ridwan, said the government would issue a "diaspora bond" later this year to raise funds from Indonesians living abroad. The bond would have three years maturity and carry fixed coupon rates of 6 to 7 percent per annum. The bond would be retailed at Rp 1 million at the minimum and Rp 5 billion maximum.

"The proceeds would be used to finance budget deficits," Dedi said.

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## **Cash-strapped SOEs struggle despite govt guarantees**

*The Jakarta Post, p. 1*

Several ailing state-owned enterprises (SOEs) are still in the dark over how to raise funds to finance their operations and pay debts despite trillions of rupiah worth of government guarantees.

State-owned flag carrier Garuda Indonesia president director Irfan Setiাপutra said the company was in talks with the Finance Ministry on how it would raise the funds needed to keep its business afloat. Similarly, state-owned steelmaker PT Krakatau Steel said in a statement that the mechanism of the government

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investment stipulated in Government Regulation (PP) No. 23/2020 on the national economic recovery was still being discussed by the authorities.

Following the issuance of the regulation, the government plans to channel more than Rp 150 trillion (US\$10.57 billion) into SOEs through several means, such as state capital injections (PMN), accelerated compensation payment and government investment guarantees.

The investment guarantee will be channeled especially to five companies, namely Garuda, train operator PT Kerata Api Indonesia (KAI), housing firm PT Perumnas, Krakatau Steel and agriculture holding PT Perkebunan Nusantara (PTPN), as some of them had been struggling to handle the impact of the COVID-19 pandemic on their businesses.

Garuda will receive the biggest amount at Rp 8.5 trillion, while the other four SOEs will receive guarantees of amounts ranging from Rp 650 billion to Rp 4 trillion.

On Wednesday, however, Finance Minister Sri Mulyani Indrawati stopped short of specifying the guarantees for Garuda and Krakatau Steel when she announced the new figure of the country's COVID-19 stimulus budget, which has reached Rp 677.2 trillion from the initial Rp 641.17 trillion.

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