

Friday, Mar. 27<sup>th</sup>, 2020

## GENERAL NEWS AND HEADLINES

### Govt mulls banning holiday exodus

*(The Jakarta Post, headline; Kompas, headline; Koran Tempo, headline)*

The government is mulling over a plan to ban this year's Idul Fitri mudik (exodus) to prevent city dwellers from spreading the coronavirus to towns and villages across the archipelago, but questions remain as to how such a ban would be implemented.

The Office of the Coordinating Maritime Affairs and Investment Minister conducted a meeting with other institutions on Monday to discuss the matter. The office's spokesperson, Jodi Mahardi, said a mudik ban was an option "seriously considered" by the government.

Jodi said that a limited Cabinet meeting had been scheduled for Friday to discuss the government's final decision on the issue.

In a press release issued on Tuesday, Jodi said that three scenarios had been presented to President Joko "Jokowi" Widodo; the first was the business-as-usual scenario – meaning the mudik would proceed just like in the past; the second was to allow people to proceed with the mudik but not to actively support it, such as through companies offering free transportation as they typically do, and the last was to ban the mudik.

The statement also said that the Transportation Ministry would reduce the passenger quota of flights by up to 50 percent and would restrict vehicles from Greater Jakarta, deemed to be the epicenter of the new virus strain within the country, from traveling to Central Java and East Java.

## **House to begin next session on Monday after COVID-19 recess**

*(Media Indonesia, p. 4; The Jakarta Post, p. 4)*

After extending its recess from March 22 until March 29 following the emergence of the COVID-19 outbreak in Indonesia, the House of Representatives plans to commence its next session on Monday but will only be confirmed after House leaders hold a virtual meeting first on March 29.

According to lawmaker Willy Aditya of the NasDem Party, the virtual meeting will discuss whether the plenary meeting can still be held and whether leadership through virtual means can be agreed upon.

However, lawmaker Arsul Sani of the United Development Party (PPP) told the media on Thursday that it had been decided that the third session would commence on March 30, claiming that the House would not extend its recess.

The plenary meeting will likely discuss budget allocation for COVID-19 countermeasures and a mechanism to determine budget changes to items distributed for COVID-19 control.

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## **Regional election postponement to provide legal certainty**

*(Kompas, p. 2)*

The option of postponing the simultaneous 2020 regional elections due to the rapid spread of COVID-19 will provide legal certainty for prospective electoral candidates, voters and election organizers at all levels.

Moreover, postponing the elections could also allow the government to redirect and center their focus on stemming the COVID-19 outbreak in Indonesia.

General Elections Commission (KPU) member Hasyim Asy'ari said the KPU legal team has examined the possibility of postponing the elections, which will be thoroughly discussed at a plenary meeting to be held by the KPU next week.

According to Hasyim, four legal philosophical foundations are used in considering the possibility of postponing the elections. First, that a leader's policy toward his people must be based on their benefit. Second, that the law aims to maintain human survival. Third, that avoiding evil takes precedence over achieving benefits. Fourth, that the safety of the people is the highest law.

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Postponing the regional elections will either require a revision of Law No. 10/2016 concerning the regional elections or the issuance of a governmental regulation in lieu of law.

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## **KPK submits to Supreme Court's ruling on employee rotations, transfers**

*(Koran Tempo)*

The Supreme Court has rejected the appeal of leaders of the Corruption Eradication Commission (KPK) after the agency's employees claimed that the KPK had often violated employee-related regulations and that KPK leaders carried out job rotations based on subjective reasons.

KPK spokesman Ali Fikri said the KPK respected the court's decision, which ruled in favor of the employees, and would implement the court's decision with permanent legal force.

KPK workers union head Yudi Purnomo Harahap expressed his appreciation for the court ruling, explaining that it would make KPK employees feel more comfortable when working without fear of being transferred for no apparent reason.

With this decision, the workers union hopes that in the future, the KPK will only conduct job rotations and transfers based on the established regulations.

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## **Alleged terrorists arrested in Central Java**

*(Republika, p. 3; Koran Tempo)*

The National Police's Densus 88 counterterrorism squad raided a house in Subah subdistrict, Batang regency, Central Java, in which four alleged terrorists were arrested and one was shot dead due to retaliation and resistance against the officers.

Central Java Police spokesperson Sr. Comr. Iskandar Fitriana Sutisna said the arrest was made on Wednesday at 4 p.m. and that the suspects were undergoing investigation by Densus 88.

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National Police spokesperson Brig. Gen. Argo Yuwono claimed that the suspects were alleged members of the Semarang and Temanggung chapters of the Islamic State-linked Jamaah Ansharut Daulah (JAD) terror network in Central Java, as well as the Makassar chapter of the group in South Sulawesi.

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## BUSINESS AND ECONOMICS NEWS AND HEADLINES

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### New coronavirus-driven stimulus for businesses

*Kontan, headline; The Jakarta Post, p. 1*

The government is going all out to save businesses from the impacts of the coronavirus pandemic. Having given various tax incentives to businesses, the government is now preparing the next package of incentives by injecting more liquidity to businesses to save their cash flow.

The government will inject liquidity by issuing rupiah-denominated recovery bonds, with Bank Indonesia acting as the standby buyer. Businesses that have more liquidity, especially importers and exporters, are advised to buy the bonds. Proceeds from the bonds would be used to help businesses that face cash flow problems through a special credit scheme.

“The interest of this special credit scheme would be made very special so that they would be able to revive their businesses,” said Office of the Coordinating Economic Minister secretary Susiwijono Moegiarso.

Businesses that want to take this special credit facility must meet one of two criteria: They must not lay off their employees, and if they have to lay off their employees, they maintain 90 percent of them without cutting their salaries.

Before the government launches the program, President Joko Widodo is expected to issue a government regulation in lieu of law to amend one article in Bank Indonesia Law No. 23/2009 that bars the central bank from buying government bonds unless they are from the secondary market.

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## **Fiscal stimulus drives up stock prices**

*Investor Daily, headline*

The Indonesian government's fiscal incentives totaling Rp 158.2 trillion (US\$10.5 billion), and the US government's fiscal incentives of US\$2 trillion to contain the impacts of the coronavirus pandemic have helped boost stock markets.

The Jakarta Composite Index (JCI), the main gauge of stock prices on the Indonesia Stock Exchange (IDX), rose 10.19 percent to close Thursday's trading at 4,338.90 points from 3,937.63 on Wednesday. Foreign investors were net buyers at Rp 662.26 billion on Thursday.

Office of the Coordinating Economic Minister secretary Susiwijono Moegiarso explained that the government's incentives to contain the impacts of the coronavirus now totaled Rp 158.2 trillion, comprising the first economic stimulus worth Rp 10.3 trillion, the second economic stimulus worth Rp 22.9 trillion and an expansion of the budget deficit by 0.8 percent, worth Rp 125 trillion.

"We are no longer constrained by a budget deficit ceiling of 3 percent of gross domestic product (GDP), as mandated by the law. Our concerns are more about securing public health and preventing the businesses from bankruptcy," said Susiwijono.

President Joko Widodo said earlier that he would issue a government regulation in lieu of law to amend State Finance Law No. 17/2003 and to lift up the budget deficit ceiling of 3 percent of GDP.

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## **Limiting people's movement in the face of COVID-19**

*Bisnis Indonesia, headline*

An increase in regional cases of COVID-19 happened after the social distancing instruction was given by the central government, as the opportunity to work and study from home was used by some as a chance to return to their hometown ahead of Ramadan.

The call from the government and the police for the public not to go back to their hometown unless it's for emergencies has been ineffective, especially since the option of quarantine as stipulated in Law No. 6/2018 has not been pursued.

Organization of Land Transportation Owners (Organda) deputy chairman Kurnia Lesani Adnan revealed that inter-city and inter-province bus passengers

increased 100 percent compared to the normal rate of 40 to 60 percent after the government announced a call for social distancing. Meanwhile, the spike of transportation users from Jakarta to other regions did not occur in trains because of a temperature measurement procedure.

Organda Jakarta chairman Shafruhan Sinungan called on the government to either stop bus operations or tighten supervision through a medical team. The vice chairman of the Indonesian Transportation Society (MTI) advised the government to test people from Greater Jakarta who went to their hometown.

West Java Governor Ridwan Kamil said there was an increase in people being monitored, with the West Java Regional Legislative Council even recommending a lockdown for a few cities and regencies.

Meanwhile, Central Java Governor Ganjar Pranowo ordered his subordinates to implement a health protocol for those who travel to community units.

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## **BI injects \$18.19 billion into markets, banks**

*The Jakarta Post, p. 9 (Business Page)*

Bank Indonesia (BI) has continued to inject up to Rp 300 trillion (US\$18.19 billion) into financial markets and banks to help support the country's crashing currency as foreign investors sell off Indonesian assets over COVID-19 fears.

BI Governor Perry Warjiyo said the central bank had bought back government bonds worth Rp 168.2 trillion this year, with bank repurchase agreements (repos) to provide another Rp 55 trillion. The central bank's policy of lowering the reserve requirement ratio will also free up another Rp 75 trillion for banks to finance businesses, he added.

"We are injecting liquidity to make sure the rupiah is able to meet banks' needs and foreign exchange is adequate in the money market," Perry told reporters on Tuesday. "The central bank will continue to intervene through the spot market, domestic non-deliverable forwards and bonds if needed."

The central bank has recorded RP 125.2 trillion in capital outflow from government bonds, the stock market and BI certificates so far this year. Foreign investors sold Rp 112 trillion in government bonds and Rp 9.2 trillion in Indonesian shares, with most of the sell-offs recorded this month.

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The rupiah weakened almost 20 percent against the greenback this year to Rp 16,500 per US dollar on Tuesday. The Jakarta Composite Index (JCI), meanwhile, has lost more than a third of its value.

"We are currently reassessing macroeconomic assumptions and we will communicate the results in time," said Perry.

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## **KPK questions ministerial decree on coal and mineral mining**

*Koran Tempo, Business Page*

A number of parties, including the Corruption Eradication Commission (KPK), have questioned the issuance of Energy and Mineral Resources Ministerial Decree No. 7/2020, which will make concession renewals easier for first-generation coal miners. They said the decree was against the Mineral and Coal Mining (Minerba) Law.

KPK prevention deputy chairman Pahala Naingolan said he had read the ministerial decree and concluded that the content of the decree was similar to the sixth draft revision of Government Regulation No. 23/2010, which the KPK rejected as it goes against the Minerba Law.

Pahala said that he would meet with Energy and Mineral Resources Minister Arifin Tasrif to discuss the ministerial decree.

Tarumanegara University legal expert Ahmad Redi said the minister should abide by the law, which governs in detail the renewal of first-generation coal mining concessions under contracts of work (PKP2B). He added that the rules on the renewal of PKP2B concessions could not be changed using a ministerial decree.

Ministerial Decree No. 7/2020, issued earlier this month, contains 115 articles. Article 111 is the most controversial as it regulates the transfer of PKP2B into special mining licenses, which are regulated differently.

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