

**Monday, May 11<sup>th</sup>, 2020**

## GENERAL NEWS AND HEADLINES

### **COVID-19 aid Perppu puts graft fight at stake: Experts**

*The Jakarta Post, headline*

As the House of Representatives prepares to pass an executive order that will expand the government's authority to allocate emergency coronavirus funds, legal experts warn that the new regulation could be a blow to the country's fight against corruption.

The Perppu will allow the government to raise the budget deficit beyond the legal cap of 3 percent of gross domestic product (GDP) and allocate funding for COVID-19 mitigation programs, with officials granted impunity as long as they act "in good will and according to the law".

Director Zainal Arifin Mochtar of the Gadjah Mada University Center for Anticorruption Studies (Pukat UGM) said that emergencies like the COVID-19 epidemic often necessitated expanding the President's authority to override lengthy bureaucratic processes.

But he said that the Perppu's Article 27 could become a stumbling block for the country, which defined coronavirus aid programs as "economic costs to save the economy from crisis" instead of state losses. The article also shielded government officials from any legal liabilities.

Constitutional law expert Viola Reininda of judicial watchdog Kode Inisiatif said that the impunity granted to state officials protected them from any graft charges as stipulated in the 2001 Corruption Law and would also override judicial authority as set in the 1945 Constitution.

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### **Peak of COVID-19 pandemic hard to predict**

*Kompas, headline; Republika, headline; Media Indonesia, headline*

It is still difficult to make an accurate projection of when the COVID-19 outbreak in Indonesia might peak, as the daily tally of new COVID-19 cases in past weeks has

continued to fluctuate. Furthermore, the majority of Indonesian provinces have not seen any consistent pattern in COVID-19 cases.

Disease control and prevention director general Achmad Yurianto of the Health Ministry announced 387 new cases on Sunday, bringing the nationwide cumulative total to 14,032 confirmed cases. He also announced 16 additional deaths, bringing the national toll to 973.

Indonesia recorded 292, 349, 395 and 484 new cases respectively from May 2 to May 5, which was then followed by a slight decline in daily increases from May 6 to May 8, respectively 367, 338 and 336. On Saturday, May 9, the ministry reported 533 new cases, Indonesia's highest daily increase.

Indonesian Medical Association (IDI) chairman Daeng Muhammad Faqih said that it was still probable that COVID-19 cases would continue to increase the country. "It is still difficult to predict when the pandemic will peak, let alone when the curve [of transmission] might flatten," he said.

Daeng urged the government to continue impose the large-scale social restrictions (PSBB) to further slow the spread of the virus.

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## **Govt insists on easing restrictions despite rising tally**

*The Jakarta Post, p.1*

Coordinating Human Development and Culture Minister Muhadjir Effendy has claimed that Indonesia has only a "moderate" number of COVID-19 cases compared to other ASEAN countries and that the numbers continued to go down, dismissing Indonesia's patchy testing and the highest death rate in the region.

Muhadjir's statement comes amid the government's move to ease travel restrictions and its plans to gradually start lifting social restrictions in June.

On Saturday, the national COVID-19 task force recorded the country's highest daily increase of 533 new cases, bringing the nationwide tally to 13,645 cases. On Sunday, it recorded 14,032 cases and 973 deaths. Scientists and critics have said that the data was inaccurate because of Indonesia's low testing capability of less than 1,600 tests a day since March 3. By noon on Saturday, Indonesia had tested 108,669 people, or a rate of 0.39 tests per 1,000 people, one of the lowest testing rates in the world.

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Muhadjir said the nation's cumulative total of COVID-19 cases were "unexceptional", as Indonesia had a population of 273 million; whereas Singapore had a population of 6 million and recorded 22,460 cases on Saturday.

Disease surveillance biostatistician Iqbal Ridzi Fahdri Elyazar of the Eijkman-Oxford Clinical Research Unit expressed skepticism over the government's claims. "The government is not looking at the right curve, the [epidemic] curve. It is using analytical tools that are invalid, inaccurate, untrustworthy and do not meet epidemiological standards in assessing the COVID-19 situation," Iqbal told *The Jakarta Post* on Saturday.

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### **Govt to repatriate thousands of migrant workers**

*Media Indonesia, p2; Kompas, p.1*

The government is pressing ahead with its plan to repatriate 34,300 Indonesian migrant workers whose work contracts are ending soon, with the Agency for the Protection of Indonesian Migrant Workers (BP2MI) coordinating their return, as BP2MI executive Sukmo Yuwono affirmed on Sunday.

Sukmo said that the migrant workers would primarily be returning to seven provinces: North Sumatra, Lampung, West Java, Central Java, East Java, Bali and West Nusa Tenggara (NTB). He asserted that the agency had implemented health protocols and was coordinating with regional quarantine and immigration offices in repatriating the migrant workers.

Migrant workers who test positive for COVID-19 on arrival would be transported immediately to the Wisma Atlet Kemayoran COVID-19 emergency hospital in Jakarta.

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### **Opposition mounts against TNI's counterterrorism role**

*Koran Tempo, Nasional; Kompas; p.2*

A number of civil society organizations have objected to the government's plan to issue a Presidential Regulation (Perpres) that would include the Indonesian Military (TNI) in the country's counterterrorism efforts. The groups say that providing a counterterrorism role to the TNI would jeopardize human rights in the country.

Indonesian Legal Aid and Human Rights Association (PBHI) secretary-general Julius Ibrani said that involving the military in counterterrorism would contradict

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its state defense role, pointing out that soldiers are trained to fight wars, not to enforce civilian laws. He added that the TNI was not part of the country's law enforcement and thus could not directly or independently investigate terrorism cases. "This should fall under the authority of the police," Julius stressed.

Meanwhile, criminal law lecturer Agustinus Pohan of Parahyangan University in Bandung said that issuing a Perpres on the TNI's counterterrorism role would violate a number of laws, including the TNI Law, the Antiterrorism Law and the Criminal Law Procedures Code (KUHP).

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## BUSINESS AND ECONOMICS NEWS AND HEADLINES

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### **Profitable businesses seek strategies to remain profitable**

*Bisnis Indonesia, headline*

Financial reports in the first quarter show that 19 out of 73 companies booked double-digit yearly profit growth in the first quarter this year. However, the companies acknowledge that the large-scale social restrictions (PSBB) had not fully come into effect in the first quarter. Therefore, they are looking for strategies to remain profitable amid the PSBB in the second quarter.

Herbal producer PT Sido Muncul, for example, is adjusting production to focus on products with high demand. Meanwhile, state-owned pharmaceutical company PT Kalbe Farma president director Vidjongtius said the economic slowdown in the short term should be responded with product innovation that considers the COVID-19 outbreak; therefore the company is implementing diversification and efficiency strategies.

In the communications sector, Tower Bersama Infrastructure financial director Helmy Yusman Santoso said the company was facing soaring demand, so they are focusing on expansion to cope with a rise in data traffic. Meanwhile, the opposite is true for logistics company PT Jasa Armada Indonesia, which had to save costs in fuel, maintenance and employee expenditure to make its operations more efficient.

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### **Govt to maintain liquidity through anchor banks**

*Kontan, headline*

Financial Services Authority (OJK) chairman Wimboh Santoso said the government

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would support the banking industry in maintaining liquidity such as by placing government funds in anchor banks.

A source told *Kontan* that state-owned Bank Rakyat Indonesia, state-owned Bank Mandiri and private lender Bank Central Asia (BCA) would be made the anchor banks considering that the banks had fairly high liquidity.

Banks that want to borrow liquidity from anchor banks will have to place the restructured debts as collateral. If the banks are unable to pay back, the government will guarantee the debt with terms and conditions.

The government will place new funds from sales of government bonds (SBN) in the three anchor banks or BUKU IV category banks according to their specialty and in BRI for small and medium enterprises (SMEs), while BCA and Bank Mandiri are targeted for state-owned enterprises and commercial debtors.

The debt restructuring for SMEs is estimated to require Rp 160 trillion (US\$10.83 billion) to Rp 170 trillion in the next six months, while the corporate and commercial segment would require Rp 585 trillion.

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## **KSSK mulls over stimulus for MTN issuers**

*Investor Daily, headline*

The Financial System Stability Committee (KSSK) is formulating a stimulus for companies having difficulty in paying interests to their medium-term notes (MTN). The COVID-19 pandemic has hit businesses hard. Therefore, the companies affected should receive a special stimulus or restructuring scheme.

The stimulus will be given to prevent a mass MTN default payment that would disrupt financial stability system and hurt investor's confidence. However, the KSSK will remain prudent by being selective in giving the stimulus only to MTN issuers that are having difficulties because their business was impacted by the pandemic to avoid moral hazard.

Indonesian Chamber of Commerce and Industry (Kadin) vice chairman for industrial affairs Johnny Darmawan said Finance Minister Sri Mulyani will discuss the stimulus mechanism with Bank Indonesia (BI), the Financial Services Authority (OJK) and banks. The purpose of the stimulus is to help MTN issuers to restructure their interest rate and principal payment when it is due.

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## **Anticipating return of migrant workers**

*Kompas, p.1*

The government has continued to help the return of 34,300 more migrant workers whose work contracts ended during the COVID-19 pandemic. The workers will come back home without income opportunity in May-June, potentially adding to the number of unemployed in the country. They will therefore need to be covered by the social safety net or cash for work program.

According to Indonesian Migrant Workers Protection Agency (BP2MI) data, the 34,300 migrant workers who came back home from 54 countries will add to the 126,742 workers who came back from January to May 4. The workers were officially documented and only came home because their contracts ended.

Migrant Care executive director Wahyu Susilo said the government needed to update the social safety net recipient database because it had not included migrant workers who were coming back in the near future.

Bank Indonesia data show that Indonesia had 3,742 million migrant workers at the end of 2019. Around half of the workers worked in Malaysia and 961,000 in Saudi Arabia.

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## **Labor groups demand clarity after govt OKs THR delay**

*The Jakarta Post, p.2*

A recent Manpower Ministry circular on holiday bonuses (THR) may violate workers' rights as it provides grounds for businesses to defer bonus payments, critics have said.

Airlangga University labor expert Hadi Subhan said the new policy, which was designed to assist companies struggling financially as a result of the COVID-19 outbreak, might instead encourage "stowaways": businesses that were fully capable of paying the THR but chose not to.

"Employers already have strong [bargaining power in negotiations] without the circular. With the circular, workers will now be increasingly oppressed," he said on Thursday, calling on businesses to be transparent about their financial situations.

The ministerial circular issued on May 6 stipulated that companies could pay the THR in installments or delay the bonuses for an agreed period of time if they were unable to pay them.

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