

**Tuesday, May 12<sup>th</sup>, 2020**

## GENERAL NEWS AND HEADLINES

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### Govt to allow young people to return to work

*Republika, headline*

The government is pressing ahead with its plan to ease the large-scale social restrictions (PSBB) policy, which has been imposed in the past months across several areas in a bid to curb the spread of COVID-19 in the country. National COVID-19 task force head Doni Monardo has affirmed that the government would allow people under the age of 45 to return to work due to the youth's reported lower vulnerability to the effects of COVID-19.

"Young people under the age of 45 are physically healthy. They have high mobility and if they contract [the virus] they are not likely to get sick," said Doni.

Doni explained that the government's decision was taken in order to reduce the economic impacts of the pandemic, especially to reduce the massive wave of layoffs.

Regardless, objections, particularly from doctors and scientists, to the government's plan to relax PSBB measures have come from many, including Indonesian Medical Association (IDI) chairman Daeng Muhammad Faqih, who urged the government to continue imposing social restrictions to further slow the spread of the virus.

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### Govt urged to remain careful in easing social restrictions

*Kompas, headline*

A number of parties have asked the government to take careful considerations before officially deciding to relax the large-scale social restrictions (PSBB), particularly considering, among other reasons, the country's limited COVID-19 testing capability, which might have led to dubious claims about a declining rate of COVID-19 cases in the country. The PSBB policy is currently in force in four provinces and 14 cities and regencies nationwide.

Among those who urged the government to remain cautious was House of Representatives speaker Puan Maharani, who advised the government to hold a simulation of PSBB relaxation before doing it officially. Through a written statement, Puan said that the government had to consider the fluctuating tally of COVID-19 cases in Indonesia. Puan also highlighted that the country's polymerase chain reaction (PCR) testing capacity had yet to reach the targeted 10,000 tests per day.

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## **Military to be involved in East Java's COVID-19 measures**

*Koran Tempo, Nasional*

The government has continuously attempted to slow the spread of COVID-19 in East Java amid the increasing number of COVID-19 cases in the province. In response to the situation, national COVID-19 task force head Doni Monardo has suggested the regional administration to join hands with soldiers posted in the Indonesian Military's (TNI) Joint Defense Area Commands II in addressing COVID-19 cases.

According to Doni, his proposal has been approved by the government. The COVID-19 task force will now immediately send an official letter to TNI commander Air Chief Marshal Hadi Tjahjanto regarding the possible involvement of the military in implementing COVID-19 measures in East Java. Doni hoped that the military forces would particularly help the government in ensuring people's compliance with the government's rules and health protocols.

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## **COVID-19 creeps into Jakarta's kampungs**

*The Jakarta Post, p.1*

Jakarta is home to some 10 million people, many of whom live in cramped, adjoined houses or in informal settlements with shared toilets. These densely populated areas of the city are known as kampungs.

As residents of these neighborhoods have almost no private space, they have a high risk of catching and spreading COVID-19, which has infected 5,195 people and killed 453 in the city so far.

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Jakarta Health Agency officials are aware that the virus has begun to infect residents of the city's sprawling kampungs. Municipal authorities, under the instruction of the provincial administration, have conducted rapid antibody tests in several kampungs over the past few weeks to intercept new clusters of infections. However, antibody tests are known to be inaccurate. The government has decided not to include such tests results in the official COVID-19 tally until they are confirmed with polymerase chain reaction (PCR) testing.

Large-scale social restrictions (PSBB) are in place in Jakarta to contain the transmission of the virus, but many blue-collar workers cannot work from home — nor can they afford to take time off. Budget and data problems have hampered social aid distribution to the city's vulnerable populations.

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### **Inmate assimilation program claimed effective in preventing COVID-19 transmissions**

*Media Indonesia, p.4; Republika, p.2; Kompas, p.3*

Law and Human Rights Ministry Correctional Affairs Director General Reynhard Silitonga reported that there had been only one inmate in Bojonegoro prison who tested positive for COVID-19. During a hearing with the House of Representatives Commission III overseeing legal affairs, Reynhard said that the small number of COVID-19 cases among inmates had resulted from the Law and Human Rights Ministry's inmate assimilation and integration program, which granted thousands of prisoners an early release to prevent further spread of COVID-19 in the country's overcrowded prisons.

Regardless, a number of lawmakers urged Reynhard and the ministry to reevaluate their program, given that a lot of released prisoners have reportedly reoffended.

Furthermore, lawmakers also scrutinized alleged bribing attempts surrounding inmates' early releases. House Commission III member Syarifuddin Sudding of the National Mandate Party (PAN) said he had received reports on inmates who offered a bribe of up to Rp 10 million in order to be granted an early release. "These reports cannot be dismissed. The Law and Human Rights Ministry must investigate them," said Syarifuddin.

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## BUSINESS AND ECONOMICS NEWS AND HEADLINES

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### **KSSK issues a new stimulus to help banks maintain liquidity**

*Bisnis Indonesia, headline*

The Financial System Stability Committee (KSSK) has given banks a stimulus to maintain liquidity amid the COVID-19 pandemic. The stimulus is expected to help banks in supporting the real sector that has been hit hard by the pandemic.

The most recent stimulus issued comes from the Deposit Insurance Corporation (LPS), which will remove fines for late guarantee premium payments for six months, starting from July.

LPS chairman Halim Alamsyah said the fine was removed to give the banking industry more leeway. "LPS will continue to monitor third-party funds [DPK], trends in interest rate cuts and banking liquidity," he said on Monday.

Furthermore, the KSSK is in discussions to decide which anchor banks will channel the government's funds from the Finance Ministry's sale of government bonds (SBN) to Bank Indonesia. Financial Services Authority (OJK) chairman Wimboh Santoso said the banks chosen would be banks that had been suppliers in the interbank money market (PUAB).

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### **Govt allocates Rp 318 trillion for economic recovery**

*Kontan, headline*

President Joko Widodo has signed Government Regulation (PP) No. 23/2020 to implement the national economic recovery (PEN) program, effective on Monday. The program, worth Rp 318.09 trillion (US\$21.35 billion), will utilize nine instruments.

First, the government will give subsidies to ultra-micro as well as small and medium enterprises (SMEs). Second, SMEs, businesses and the people will receive tax incentives as mentioned in the third stimulus package.

Third, the government will subsidize bio-diesel fuels used for industries in order to support B30 policy. Fourth, the compensation payment for state-owned enterprises (SOE) assignments will be accelerated.

Fifth, the government will give incentives to push up demand in the tourism industry. Sixth, the government will guarantee SMEs loans for new working capital.

Seventh, the government will provide state capital injections (PMN) to five SOEs. Eighth, SOEs will also receive loans for working capital. Lastly, the government will place funds in the banking industry to help with debt restructuring.

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## **Financial sector remains stable**

*Investor Daily, headline*

Although the implementation of large-scale social restrictions (PSBB) to curb the spread of COVID-19 has affected the real economy as well as the financial sector, the Financial System Stability Committee (KSSK) policy mix has helped the financial sector to remain stable.

Assets in the banking sector, net interest margin, as well as third-party funds (DPK) keep growing despite experiencing a slight decline in growth rate. The DPK in April, during the time of PSBB implementation, grew 7.98 percent, only falling slightly from 9.66 percent growth in March.

Among the stimulus that has been given by the KSSK, bank customers affected by the COVID-19 pandemic have received debt restructuring worth Rp 336.97 trillion (US\$22.55 billion). In addition, the government and Bank Indonesia will support the liquidity of banks that provide debt restructuring.

Recently, the government issued Government Regulation (PP) No. 23/2020 to implement the national economic recovery (PEN) program. The program allows the government to place funds in banks that did the debt restructuring to maintain their liquidity.

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## **Business activities to resume to save the economy**

*Koran Tempo, headline*

The government will relax the implementation of large-scale social restrictions (PSBB) for economic reasons. The policy includes allowing workers below 45 years old to resume their activities as well as for land, water and air transportation to start taking passengers again.

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COVID-19 national task force chief Doni Monardo said the relaxation was intended to reduce the number of layoffs. Doni said people in the age group had relatively higher immunity to fight against the coronavirus. However, health protocols will still be applied.

According to the Health Ministry data, 29.5 percent of the 14,265 COVID-19 patients are 46 – 59 years old. The 31 – 45 years old age group comes next with 29 percent. Although patients who are older than 60 years old are fewer in number, the fatality rate in this age group is higher at 45.3 percent.

Hermawan Saputra of the Indonesian Public Health Expert Association (IAKMI) said the relaxation was a setback from a public health point of view as workers in the age group of below 45 years old would potentially transmit the virus to their family members.

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## **Businesses fear easing restrictions may backfire**

*The Jakarta Post, headline*

Businesspeople and economists have expressed concerns about the government's decision to ease travel restrictions, saying the policy could backfire and delay the economic recovery from the coronavirus downturn.

Indonesian Chamber of Commerce and Industry (Kadin) deputy chairwoman Shinta Kamdani told *The Jakarta Post* that easing restrictions might not have the desired effect on the country's economy because the virus could continue to spread.

Transportation operators told the *Post* they did not expect any immediate uptick in economic activities from the government's new travel policy as people still considered it too risky to travel during a pandemic.

"Allowing people to move freely could heighten the risk of further contagion and even increase fatality rates. This will prevent market confidence in Indonesia from recovering as easily and will make it more difficult to allow the economy to run as usual," Shinta said.

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