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GENERAL NEWS AND HEADLINES

Govt urged to consider key factors before easing social restrictions

Koran Tempo, Berita Utama; Kompas, Headline; Media Indonesia, Headline

President Joko "Jokowi" Widodo affirmed during a virtual meeting on Monday that the government had yet to start easing large-scale social restrictions (PSBB).

"We are currently preparing a scenario for the PSBB relaxation. The decision will be made at the right time, after studying the data," Jokowi added.

Likewise, Coordinating Economic Minister Airlangga Hartarto said on Monday that the government was preparing the country to face and adapt to a "new normal".

Epidemiologists have said that the government had to meet a number of requirements before easing social restrictions and adapting to a new normal without increasing COVID-19 transmissions within the country.

Epidemiologist Dicky Budiman of Griffith University, for one, has urged the government to use valid data before relaxing PSBB measures. To date, according to Dicky, the government has yet to present COVID-19-related data transparently.

Meanwhile, epidemiologist Panji Hadisoemarto of Padjadjaran University highlighted the importance of strengthening the country's healthcare system before embracing a new normal in order to anticipate a possible surge of COVID-19 cases.

Tanah Abang Market packed with traders ahead of Idul Fitri despite virus fears

The Jakarta Post, p.1

Reports have emerged that numerous vendors have reopened at Tanah Abang Market in Central Jakarta ahead of Idul Fitri, despite large-scale social restrictions

(PSBB) currently in place.

Vendors were seen assembling their tents and arranging items on pedestrian lanes in the area on Monday. Nearly all the blocks of the textile market, Southeast Asia's largest, remain officially closed.

Jakarta Public Order Agency (Satpol PP) head Arifin said the traders began setting up on Sunday despite the agency's strict supervision.

Tanah Abang district head Yassin Pasaribu said the seller who had taken up pedestrian lanes were clothing vendors and were not exempt from the PSBB. He said the clothing vendors could no longer wait for the reopening of the shopping blocks because the days leading up to Idul Fitri were normally among their most profitable periods.

Tanah Abang Market was the first city-owned market to close in the capital city because of the COVID-19 outbreak. In March, PD Pasar Jaya shut down all activities at Tanah Abang Market for 10 days, from March 27 to April 5. The market is typically at its busiest ahead of Ramadan and Idul Fitri, when people arrive from all over the country to purchase goods in bulk to sell in their home regions.

Reschedule of regional elections awaits approval from govt, House, poll body

Kompas, p.4; Media Indonesia, p.3

Uncertainty still looms over the rescheduled 2020 simultaneous regional elections, which were postponed due to the COVID-19 pandemic.

While it was previously decided that voting day for regional elections would be postponed for three months and be held in December, the possibility of a longer delay reportedly remains as the government has yet to successfully flatten the COVID-19 curve in the country.

Meanwhile, General Elections Commission (KPU) chairman Arief Budiman said on Monday that according to regulation in lieu of law (Perppu) No. 2/2020, the rescheduled date for the 2020 regional elections had to be decided and approved by three parties, namely the government, the House of Representatives and the KPU itself.

On a different occasion, House Commission II member Zulfikar Arse Sadikin of the

Golkar Party said the postponement would be discussed during a meeting on Wednesday.

Govt to discuss new regulation on TNI's counterterrorism role

Republika, p.2; Media Indonesia, p.3

The government will discuss this week a new presidential regulation (Perpres) that will give the Indonesian Military (TNI) a greater role in the country's fight against terrorism. The Perpres draft is currently in the hands of the Law and Human Rights Ministry.

"The plan is to discuss the draft with the State Secretary this week," said presidential spokesperson for legal affairs Dini Purwono on Monday.

Dini added that the contents of the Perpres could still be modified until the deliberation process was concluded.

Regardless, widespread objections against the Perpres have mounted as many claim that involving the military in counterterrorism efforts will potentially jeopardize human rights in the country.

Jokowi's approval of Jakarta islet development stokes criticism

The Jakarta Post, p.3

President Joko "Jokowi" Widodo has chosen to allow development on reclaimed islets in Jakarta Bay in a new regulation, much to the dismay of activists who view it as a green light for unfettered development.

The new presidential regulation (Perpres) formally recognized reclaimed islets C, D and G — which are being developed by private companies — and N, developed as an expansion to Tanjung Priok Port by state-owned operator PT Pelindo II, as zones with a low environmental carrying capacity.

The Perpres, known as Perpres Jabodetabekpunjur (Jakarta, Bogor, Depok, Tangerang, Bekasi, Puncak and Cianjur), allows residential, industrial and warehouse construction, as well as commerce and tourism on the four reclaimed islands, provided the built-up area of each islet is less than 40 percent.

The regulation bans waste disposal on the islets, any activities that could harm local ecosystems or fisheries, as well as activities that could disrupt sea lanes. However, activists continue to warn about adverse environmental impacts.

Ohiongyi Marino from the Indonesian Center for Environmental Law (ICEL) said the Perpres should not regulate artificial islets because it was “not a byproduct of the 2007 law on the management of coastal areas and small islands”.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Govt rolls out \$43 billion aid to rescue economy

The Jakarta Post, headline

The government is rolling out a Rp 641.17 trillion (US\$43 billion) economic recovery stimulus, bigger than previous allocations, to soften the impact of COVID-19 on micro, small and medium enterprises (MSMEs), as well as state-owned enterprises (SOEs).

Finance Minister Sri Mulyani Indrawati said the “national economic recovery” program would include a strengthened social safety net, tax incentives, capital injections into SOEs and interest rate subsidies for MSMEs, among other measures.

The government will again revise the 2020 state budget to accommodate the stimulus as it expects the budget deficit to further increase to 6.27 percent of gross domestic product (GDP), larger than the initial plan of a deficit amounting to 5.07 percent of GDP as stipulated in Presidential Regulation No. 54/2020.

Sri Mulyani said the widening budget deficit was warranted as government revenues may drop by Rp 69.3 trillion to Rp 1.69 quadrillion as the government boosts state spending by Rp 106 trillion to Rp 2.72 quadrillion.

The government is planning a Rp 149.29 trillion bailout for 12 SOEs, mostly as cash compensation and working capital investments, to reduce the impact of the pandemic. The funding includes Rp 48 trillion in compensation for electricity firm PLN, Rp 45 trillion in compensation for oil company Pertamina and Rp 8.5 trillion in working capital for flag carrier Garuda Indonesia.

Companies lower dividend payout ratio to anticipate uncertainties

Bisnis Indonesia, headline

Companies are recalculating their dividend payout ratio (DPR) this year to anticipate uncertainties amid the COVID-19 pandemic. Because no one knows when the pandemic will end, the companies need to increase their cash reserves to maintain liquidity as a risk mitigation effort.

Among the companies lowering their DPR are Djarum Group's telecommunication tower provider PT Sarana Menara Nusantara to 51.28 percent from 54.28 percent last year, as well as state-owned construction firm PT Waskita Karya subsidiary PT Waskita Beton Precast to 25 percent from 53.57 percent last year.

Meanwhile, some other companies are also lowering their DPR to below 50 percent, such as property developer PT Surya Semesta Internusa to 25.18 percent from 86.38 percent last year and pharmaceutical company PT Kalbe Farma to 37.4 percent from 49.6 percent.

Some companies severely hit by the pandemic are even planning to defer their dividend payments. Retailer PT Matahari Department Store is postponing its dividend payment to the next general shareholders meeting (RUPS) next year.

Private sector needs to reopen business in June: Businesses

Kontan, headline

The relaxation of large-scale social restrictions (PSBB) for state-owned enterprises (SOE) starting on May 25 has triggered complaints about unfair treatment from the private sector.

The PSBB policy, which has been in place since early April, has hit businesses hard. Many have requested a relaxation of the rules as they project they can last for only three months under the current situation — which means that they would need to reopen in June.

Companies have also asked the government for a step-by-step relaxation of the PSBB, starting with allowing the commercial sector, especially those outside the 11 essential services such as restaurant, malls and offices, to start operating again.

The PSBB policy has dried up companies' cash flow. Indonesian Employers Association Indonesian Chamber of Commerce and Industry (Kadin) vice chairman for industrial affairs Johnny Darmawan said the businesses needed to start operating again or they would have no option but to lay off workers.

Govt to start taxing digital companies on July 1

Investor Daily, p.6

The government will officially charge a 10 percent value-added tax on taxable intangible goods and/or services sold through electronic platforms (PMSE) starting on July 1.

According to Finance Ministry tax chief Suryo Utomo, the government is drafting a new finance ministerial regulation (PMK) that will require digital sales to be taxed and stipulate sanctions for noncompliance.

Prevailing regulation in lieu of law (Perppu) No. 1/2020 signed in March stipulates that companies with a significant economic presence, determined through the companies' gross circulated product, sales and/or active users in Indonesia, will be considered permanent establishments.

Article 7 of the regulation stipulates that digital companies that fail to comply with the rules would face administrative sanctions and even have their internet access cut by the Telecommunications and Information Ministry.

Start-up resilience during pandemic important for investors: Expert

Koran Tempo, economic headline

Coffee shop Kopi Kenangan secured Series B funding worth US\$109 million at the end of April. The start-up's ability to thrive during the COVID-19 pandemic has attracted investors.

Kopi Kenangan booked an 80 percent same-store sales growth (SSSG) last year, prompting an investment syndicate that consists of Sequoia Capital, B Capital, Horizons Ventures, Verinvest, Kunlun, Sofina and Alpha JSC Ventures to invest in the company. Massive growth in the number of coffee shops last year allowed the company to stay profitable in the current situation.

The failure of coworking space start-up WeWork in the United States has served as a warning for investors against investing in companies that are still burning money, prompting them to start looking for companies that are profitable.

According to consulting firm Kinesys managing partner Kevin Statawidinata, investors now require start-up to show resilience amid the pandemic to show that

the company has a healthy cashflow.

However, GK Plug and Play managing director Wesley Harjono conceded that the pandemic has hampered funding for start-ups. Furthermore, according to research institution CB Insight, initial-phase start-up funding such as seed funding and Series A funding is expected to fall, though overall funding for start-ups will remain stable this year.

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