

**Wednesday, May 27<sup>th</sup>, 2020**

## GENERAL NEWS AND HEADLINES

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### **Govt, firms gear up for 'new normal'**

*The Jakarta Post, headline; Koran Tempo; Media Indonesia, headline; Investor Daily, p. 12; Kompas, p. 1*

The government and businesses are gearing up to gradually reopen the economy under health protocols to establish a so-called “new normal” amid the continued rise of confirmed COVID-19 cases in Indonesia.

President Joko “Jokowi” Widodo visited Summarecon Mall in Bekasi, West Java, on Tuesday to take a look at the mall’s preparations for its upcoming reopening under the new normal health protocols.

“Starting today, the TNI [the Indonesian Military] and police personnel will be deployed to crowded places to make sure society continues to abide by the health protocols,” he said at a press conference after the visit, adding that the personnel would be deployed in four provinces and 25 regencies and cities.

Jokowi said the basic reproduction number (R0) of COVID-19 had fallen below 1.0 in several provinces, indicating a decline in transmission rate in those areas. The Health Ministry announced 415 new confirmed COVID-19 cases on Tuesday, bringing the total number of infections nationwide to 23,165, with 1,418 people dead.

On May 20, Health Minister Terawan Agus Putranto signed a set of policies on the prevention and control of COVID-19 in offices and factories.

The policies set out requirements for businesses to be allowed to reopen. These include ensuring sufficient handwashing facilities, checking employees’ temperatures, requiring employees to wear masks, keeping 1-meter distance between employees at work, minimizing physical interaction with customers and avoiding the formation of crowds.

## **Indonesia's resilience continues to improve**

*Kompas; headline*

Indonesia ranks among the top 10 countries where resilience, in the face of social, economic and political pressures, has improved the most over the last decade. Amid the COVID-19 pandemic, effective policies are needed in place to mitigate the impacts of the pandemic, those of which have reflected Indonesia's ongoing resilience.

The 2020 Fragile State Index, launched by The Fund for Peace in mid-May in the United States, ranked Indonesia 96<sup>th</sup> out of the 178 countries studied. According to the index, the higher the rank, the greater the country's achievements and success. Indonesia scored 67.8 on a scale of 0 to 120, whereby lower scores reflects the country's capability to face and deal with growing social, economic and political pressures.

The index assesses the country's resilience based on four major indicators, namely social, economic, political and cohesion. These areas are then broken up into more specific indicators. The economic sector consists of indicators of economic decline, unequal economic development and the migration of skilled workers abroad. Meanwhile, the political sector consists of indicators of state legitimacy, public services and law enforcement and human rights.

With a score of 67.8, Indonesia is still categorized as a "warning" country. It sits among countries labelled yellow-orange that have index scores of between 60 and 89.9. Countries with a score of 90 to 120 are in the red "danger" category. On the other hand, countries categorized as green and are "stable" must score 30 to 59.9, whereas countries with scores between 0-29.9 are considered "sustainable" in the blue category.

However, the 2020 Fragile State Index has not yet included the impact of the COVID-19 pandemic. Fund for Peace executive director JJ Messner de Latour predicted that the 2021 Fragile State Index would be marked by social, economic and political decline due to the pandemic.

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## **Specimens left untested in East Java laboratories**

*Koran Tempo*

The Health Ministry has recorded the highest daily increase of COVID-19 cases in East Java over the past week, which saw an increase of 502 cases on May 21. The staggering figure was half the total number of new cases nationwide on that day.

Not only has this significantly increased the COVID-19 transmission rate but it has also brought East Java's total number of confirmed cases to 3,943 as of Tuesday, recoding the second-highest total after Jakarta.

Moreover, the Health Ministry has found that there has been a build-up of untested specimens in laboratories across East Java. COVID-19 spokesperson Achmad Yurianto explained that the current results of COVID-19 cases in East Java are considered tentative as there are many more specimens yet to be tested.

East Java Deputy Governor Emil Dardak acknowledged that there has been a specimen build-up in the laboratories. Emil also explained that the sudden spike in new cases in East Java on May 21 was the result of an accumulation of test results over three days, between May 18 and 20. Moreover, most of the new cases, Emil said, were test results from 1,500 specimens that had accumulated at the Institute of Tropical Disease. "This is why it is important that we have PCR [polymerase chain reaction] swab tests," Emil said.

Yuri said the central government had asked the East Java provincial administration to conduct massive laboratory examinations, to carefully trace the contacts of positive COVID-19 cases and to tighten the isolation of COVID-19 patients. "Comply with our previous directives, conduct massive lab tests, active tracing and strict isolation," Yuri said on Tuesday.

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## **KPU urged to conduct IT system security audit**

*Media Indonesia, p. 5*

After a Twitter account specializing in monitoring and data protection revealed that the data of 2.3 million Indonesians had been allegedly leaked online, the General Elections Commission (KPU) has been urged to conduct a security audit on its IT systems.

The Twitter account, *@underthebreach*, claimed that sensitive information, including names, addresses, citizenship identification numbers (NIK) and family card numbers, had publicly circulated. The account claimed that the leaked information dates back to the 2014 final voter list (DPT).

According to Communication and Information System Security Research Center (CISSReC) cyber security expert Pratama Persadha, based on DPT documents found distributed on social media in Yogyakarta, there is a possibility that hackers managed to access the KPU system or systems of KPU stakeholders and have

obtained a copy of the DPT data. This also does not rule out the possibility of hackers having an access to voting results.

“It will be very dangerous if election results are altered in any way,” Pratama asserted, reminding the KPU that this security audit must be done in time for the simultaneous regional heads elections (Pilkada).

“This audit can also identify the causes and loopholes in system leakages, if they do exist,” said Pratama.

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## **Alternatives to detention needed: Bappenas official**

*The Jakarta Post, p. 3*

The National Development Planning Agency’s (Bappenas) director for legal affairs, Prahesti Pandanwangi, said all sectors of the country needed to adapt to the “new normal” brought on by COVID-19, with President Joko “Jokowi” Widodo recently calling on the public to make peace with the pandemic.

The government is preparing measures to increase productivity while keeping workers safe. The prison system, Prahesti said, should be no exception, arguing that the implementation of health protocols would be ineffective if the prison and detention population continued to increase.

She said authorities should not hesitate to enforce different measures, such as house arrest or travel restrictions, which were regulated in the Criminal Law Procedures Code (KUHP).

Such alternative measures, Prahesti said, would support the government’s decision to grant early release and parole to thousands of inmates to help prevent the spread of COVID-19 in detention and correctional facilities.

As of mid-May, the government has released more than 39,000 inmates, resulting in a drop in the prison population to around 75 percent above the intended capacity from 106 percent above capacity. According to official records, 135 of the inmates granted early release have been reimprisoned for reoffending.

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## BUSINESS AND ECONOMICS NEWS AND HEADLINES

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### **Jokowi assesses businesses' readiness to implement 'new normal'**

*Bisnis Indonesia, headline*

President Joko "Jokowi" Widodo visited shopping centers in Bekasi and Bundaran HI MRT station on Tuesday to assess businesses' readiness to implement the "new normal" health protocols, indicating that the government will relax large-scale social restrictions (PSBB) to reopen the economy soon.

The Health Ministry has issued Ministerial Decree No. 328/2020 that stipulates a guideline to contain the spread of COVID-19 at workplaces, such as by wearing mask at all times, keeping a 1-meter distance from each other and preparing a quarantine space for self-isolation.

According to Indonesian Employers Association (Apindo) vice chairwoman Shinta W. Kamdani, businesses will need time to study, prepare and educate workers regarding the protocols. She said her side had yet to estimate how much the economy would recover when the new normal protocols were in place. Furthermore, she added that small and medium enterprises (SMEs) will need assistance in implementing the protocols properly due to limited resources.

Meanwhile, Industry Ministry Agus Sumiawang Kartasasmita is optimistic that the manufacturing industry will pick up quickly when back in operation in the new normal. In addition, State-Owned Enterprises (SOE) Ministry Erick Thohir said 86 percent of SOEs were ready to implement the new normal rules.

However, Institute for the Development of Economics and Finance (Indef) senior researcher Enny Sri Hartati said economic recovery following the PSBB relaxation would be miniscule compared to costs incurred if the virus transmission did not slow down since the government had only addressed the health protocol at workplaces and not public spaces.

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### **Businesses to enjoy fuel and electricity rate cuts**

*Kontan, headline*

Around 14 percent of the National Economic Recovery (PEN) program worth Rp 641.17 trillion, or equal to Rp 90.42 trillion, will be used to lower fuel and

electricity prices for businesses affected by the COVID-19 pandemic.

Of the total, state-owned energy holding Pertamina will receive Rp 45.42 trillion for the fuel price compensation, while state-owned electricity company PLN will receive Rp 45 trillion for the electricity price compensation.

According to the Finance Ministry's budget director general, Askolani, lower fuel and electricity prices for businesses would help them maintain cash flow so they would not have to lay off workers. The government is waiting for President Joko Widodo's approval to implement the policy this year.

However, Indonesian Textile Association (API) chairman Ade Sudrajat said the compensation fund should have been given as cash aid to the people instead to increase purchasing power and therefore increase demand for textiles.

Furthermore, Gadjah Mada University energy expert Fahmy Radhy said the downward trend in global oil prices and Indonesia Crude Price (ICP) should have been followed by falling fuel and electricity prices not only for industry but also for people to increase purchasing power.

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## **Mortgage demand to increase when COVID-19 pandemic ends**

*Investor Daily, p.1*

Mortgages are predicted to soar when the COVID-19 pandemic ends, creating a considerable multiplier effect on the national economy while decreasing backlog that currently stands at 12.5 million houses.

During a teleconference titled "Mortgage relaxation and Anticipating NPL Risks" last week, state-owned Bank Negara Indonesia (BNI) chief economist Ryan Kiryanto said those who could afford mortgages were currently holding their money to anticipate uncertainties during the pandemic. However, when the pandemic is over, he believes the demand will increase.

Furthermore, Ryan explained that the housing backlog that reaches 12.5 million units have a big potential to be managed by banks, developers and 92 to 175 other business units that are involved in housing development, contributing positive externalities to other sectors and the economy as a whole.

Demand for mortgages slowed at the beginning of this year compared to the end of last year. However, according to Bank Indonesia data, mortgages grew by 6.61 percent year-on-year to Rp 507.08 trillion (US\$34.12 billion) in March.

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Furthermore, Financial Services Authority (OJK) data shows that the mortgage non-performing loan (NPL) rate only increased slightly to 2.82 percent in February from 2.67 percent last year.

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## **Operational permits prioritized for manufacturers**

*Koran Tempo, p.3*

The Industry Ministry has issued 17,109 operational and mobility permits (IOMKI) for manufacturers to maintain operations during the COVID-19 pandemic. The permits allow industries in the primary sector, such as food and beverage sector, to run during the large-scale social restrictions (PSBB) implementation while adhering to health protocols.

Industry Minister Agus Gumiwang Kartasasmita said the two main issues faced by industries amid the pandemic were cashflow and working capital. To help them with cashflow, the government has tried to facilitate debt restructuring to companies of all sizes. Whereas for working capital, the government is preparing several incentives, including in taxation.

According to Statistics Indonesia (BPS) data, the manufacturing industry's growth slowed by 3.85 percent year-on-year to 2.06 percent in the first quarter. Indonesian Textile Association (API) secretary general Rizal Tanzil, said the pandemic has caused the textile industry's sales to fall by 50 percent.

Furthermore, Indonesian Filament and Fiber Producers Association (APSyFI) data shows that spending on clothes and footwear fell by 3.29 percent in the first quarter. Approximately 1,200 mid-size textile producers have shut down operations and only 10 out of 22 established upstream textile producers are still operating with production capacity of less than 50 percent.

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## **Food shortage looms as experts slam reforms**

*The Jakarta Post, p.2*

Agriculture experts have criticized the government's agrarian reform program and its lack of progress, which has led to low production yields and mounting food imports, pointing to possible food shortages if the COVID-19 pandemic continues.

University of Indonesia (UI) senior economist Faisal Basri has voiced his concerns over the increasing number of food imports over the years, saying that the government had been overly reliant on imports to cover the shortcomings of

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Indonesia's agriculture industry.

The government data presented by President Joko "Jokowi" Widodo on April 28 showed that over 20 provinces faced shortages of staple food, such as garlic, sugar, chili and eggs.

Agrarian Reform Consortium (KPA) secretary-general Dewi Kartika said the government's botched agrarian reform program was to blame for the shortages as vast plots of farmland were constantly being encroached by mining concessions and corporate plantations.

Dewi also slammed the government's plan to clear 600,000 ha of peatland in Central Kalimantan to produce buffer stocks amid the shortage, as a similar measure under former president Soeharto on 1 million ha of peatland resulted in crop failure and subsequent starvation.

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