

Thursday, May 28th, 2020

GENERAL NEWS AND HEADLINES

Control the flow of returning travelers: Jokowi

Media Indonesia, p. 2; Republika, p. 1; Kompas, p. 1

President Joko "Jokowi" Widodo has asked COVID-19 Task Force chief Doni Monardo and related ministries to anticipate the return of people who took part in the Idul Fitri *mudik* (exodus). Jokowi emphasized that strict efforts must be made to prevent a second wave of COVID-19 infections that might come with increased mobility from villages to big cities, especially those in Greater Jakarta.

"According to the data this morning, the R0 rate [basic reproduction number] of COVID-19 in Jakarta is now below 1; we have to work harder to reduce it further," Jokowi said.

The President has also instructed the COVID-19 Task Force to concentrate its efforts on provinces that continue to record high daily increases of COVID-19 cases, including East Java, South Sulawesi, South Kalimantan, South Sumatra, West Nusa Tenggara and Papua.

Govt concentrates COVID-19 assistance in East Java

Koran Tempo

The central government has taken a number of steps to reduce the spread of COVID-19 infections in East Java, including by sending various forms of assistance to the East Java administration.

The government sent a level 2 bio safety lab (BSL2) car to boost testing in the province, as well as 100,000 units of personal protective equipment.

"These were all sent before Idul Fitri. A team from the Coordinating Human Development and Culture Ministry also visited [East Java]," said COVID-19 Task Force spokesperson Achmad "Yuri" Yurianto.

He added that the central government had been using a Health Ministry's building in Surabaya as an emergency hospital to handle COVID-19 patients. The emergency hospital houses 500 hospital beds and is intended to treat patients with mild to moderate clinical symptoms.

"We have also sent assistance in the form of health personnel from the TNI [Indonesian Military]."

Home Minister maintains Pilkada will be held this year

Republika, p. 2; Kompas, p. 3

Home Affairs Minister Tito Karnavian has assured that the 2020 simultaneous regional heads elections (Pilkada) will be held on Dec. 9 as planned while implementing health protocols to mitigate the spread of COVID-19.

"Our options to postpone [the Pilkada] were March 2021 or September 2021. However, we considered those scenarios based on the assumption that the pandemic would end by then," Tito explained in a virtual working meeting with the House of Representatives Commission II on Wednesday.

Based on data provided by the Research and Technology Ministry in a limited meeting with the President and several ministers, Tito explained that it was likely that conditions in 2021 would not be too different from the current situation. Even if a vaccine is found next year, time is still needed for mass production and distribution to the public.

However, Tito is optimistic that the pandemic would be controlled by the end of 2021 or 2022. Thus, by maintaining standardized health protocols, the 2020 Pilkada will still be held in December as stipulated in Regulation in Lieu of Law (Perppu) No. 2/2020

Civil society organizations criticize military deployment to control COVID-19

Koran Tempo

Civil society organizations are worried about President Joko "Jokowi" Widodo's move to mobilize the Indonesian Military (TNI) to oversee the government's "new normal" policy after the loosening of large-scale social restrictions (PSBB) for COVID-19. The deployment of military personnel is considered prone to misuse and has the potential to trigger military repressive acts in the public, they argued.

Indonesian Legal Aid Institute (YLBHI) chairwoman Asfinawati conceded that the TNI could indeed assist the National Police in accordance to People's Consultative Assembly (MPR) Decree No. 7/2000 on the roles of the TNI and the National Police, which is further regulated in Law No. 34/2004 on the TNI.

"The problem, however, is that there have been many reports of violence related to the deployment of the TNI," Asfinawati said.

She condemned the government's plan to mobilize 340,000 joint military and police personnel to disseminate the "new normal" policy. TNI personnel, she argued, were trained to fight wars, not deal with civilian issues, such as COVID-19.

Anies refutes mall reopening claims

The Jakarta Post, p. 3

Jakarta Governor Anies Baswedan has refuted the Jakarta Indonesian Shopping Center Association's (APPBI) claim that shopping malls will reopen in early June, citing the potential to extend the capital's large-scale social restrictions (PSBB).

Anies said the third phase of restrictions in Jakarta, which will run until June 4, could be extended if deemed necessary.

"So, if anyone says the malls will open on June 5, that's made up, it's fiction," Anies told the press on Tuesday night.

"No regulation has been issued that says the PSBB [in Jakarta] has ended."

Anies added that the reopening of malls in Jakarta would depend on the results of the third phase of Jakarta's PSBB evaluation, which would be conducted on Friday. He expects the results to come out early next week.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Govt to revoke PSBB policy, introduce 'new normal'

Kompas, Economic and Business page

The government will revoke the large-scale social restrictions (PSBB) policy and replace it with a "new normal" policy. This policy is being introduced as the government faces a big dilemma: to stop the spread of COVID-19 or to revive the economy. And the "the new normal" policy is the answer.

Coordinating Economic Minister Airlangga Hartarto said the government would revoke the PSBB policy when all requirements were met. They are related to public health supervision, health service capacity, the readiness of the business sector and the response from the public. The health minister would be the one that would revoke the PSBB policy.

National Development Planning Minister Suharso Monoarfa said that before the PSBB policy was revoked, the government would encourage certain local governments to relax PSBB as long as they meet three requirements set by the World Health Organization. They are when the virus reproduction rate is below 1 per week, a maximum of 60 percent of hospital beds are reserved for COVID-19 patients, and there is a laboratory testing capacity of 3,500 per 1 million people.

Airlangga said currently eight provinces were ready to relax the PSBB policy because their virus reproduction rate was below 1. They are Jakarta, Bali, Aceh, Riau, Riau Islands, Jambi, North Kalimantan and North Maluku. In addition, a number of cities in West Java and Central Java are ready to relax their PSBB rules.

Businesses welcome 'new normal'

Investor Daily, headlines

The business community welcomes the government's new normal policy as an effort to revive the economy battered by the COVID-19 pandemic. A number of industries are ready to increase their production capacity to meet demands.

Coordinating Economic Minister Airlangga Hartarto said after a Cabinet meeting on Wednesday that the government was preparing two programs to accompany the new normal policy. They are an exit strategy from the COVID-19 pandemic and the national economic recovery (PEN) program.

Airlangga said eight provinces were ready to relax their large-scale social restrictions (PSBB) policy and adopt a new normal policy. They are Jakarta, Bali, Aceh, Riau, Riau Islands, Jambi, North Kalimantan and North Maluku. In addition, a number of cities in West Java and Central Java are ready to relax their PSBB rules

Indonesian Chamber of Commerce and Industry chairman Rosan Perkasa Roeslaini said businesses were enthusiastic to adopt the new normal policy, with strict COVID-19 protocols. "The business community in all sectors is ready [to adopt the new normal]. The President's [new normal] policy is to revive economic activities. This is a good policy."

Indonesian Employers Association (Appindo) deputy chairman Shinta Kamdani said businesses would take time to adjust to the new normal, and therefore, she called on the government not to impose punitive penalties on businesses in implementing the new normal.

Unemployment time bomb

Bisnis Indonesia, headline

The government's reopening of the economy following the COVID-19 pandemic will force businesses to adjust to the "new normal" in business processes as well as people's spending patterns. This will lead to increasing unemployment and a reduction in employment opportunities.

According to Manpower Ministry data, a total of 1.72 million people – both in the formal and informal sectors – have lost their jobs. At the same time, COVID-19 has created a new normal that will reduce traditional employment opportunities. This presents a challenge for the government to bring down the open unemployment to between 4.8 and 5 percent this year. As of last February, the open unemployment rate stood at 4.9 percent.

Indonesian Chamber of Commerce and Industry deputy chairman of manpower and industrial relations Anton J. Supit said that even before the COVID-19 pandemic, the digital economy had already disrupted the traditional job market. And now, COVID-19 will make unemployment worse.

"Manpower will still be needed because not everyone will adopt digitalization. However, employment creation will still be difficult because we still don't know what kind of jobs will be available in the new normal," Anton said.

Indonesian Textiles Association (API) chairman Jemmy Kartiwa Sastraatmaja said the rate of unemployment in the textile industry alone could reach 2 million people in five provinces in Java – Jakarta, Banten, West Java, Central Java and East Java.

Real test for banking industry comes in Q2

Kontan, headline

Most listed banks, both private and state-owned banks, booked growth in the first quarter of this year, but the real test will be in the second quarter when the COVID-19 pandemic wreaks havoc in Indonesia.

The biggest private bank, Bank Central Asia, booked an 8.6 percent increase in net profit year on year to Rp 6.8 trillion in the first quarter of this year. Operating profits grew 17.3 percent to Rp 19.6 trillion. The increasing profits came from a 12.3 percent increase in the bank's loan disbursement to Rp 612 trillion.

Another big private bank Bank CIMB Niaga booked an 11.8 percent increase in net profit year on year to Rp 1.05 trillion. Meanwhile, Bank Danamon's profit jumped 33 percent to Rp 1.24 trillion, driven mainly by the rising cheap third-party funds in the bank.

State-owned banks also booked profits in the first quarter, although their growth was lower than their private peers or even negative. Bank BNI recorded a 4.3 percent jump in net profit year on year to Rp 4.25 trillion; Bank Rakyat Indonesia booked 0.3 percent increase in profits to Rp 8.17 trillion; Bank BTN's profits dropped 32.7 percent to Rp 723 billion. Bank Mandiri, meanwhile, has not issued its first quarter financial reports.

Anugerah Mega Investama director Hans Kwee said most listed banks booked growth in profits in the first quarter because the large-scale social restrictions (PSBB) policies started to be implemented only in March, and therefore, only certain sectors were directly affected by the policy. "The impacts of the PSBB will be felt in the second quarter. Banks' profits may drop."

Safety protocols in place in most SOEs

The Jakarta Post, headline

Most state-owned enterprises (SOEs) have compiled their post-restriction or "new normal" business recovery protocols in preparation for the easing of the large-

scale social restrictions (PSBB).

SOEs Minister Erick Thohir said that 86 percent of the country's more than 100 SOEs had finished compiling their protocols by Monday, which was the last day of the Idul Fitri holiday and the deadline stipulated in a previous circular letter.

"For those that are not ready, we will guide them to avoid making mistakes in the field," the minister said during a live-broadcast Idul Fitri meet-and-greet.

Customers and SOEs will require between four and five months to adjust to and fine-tune "new normal" recovery protocols, he estimated. The exact protocols differ between industries but generally involve continued physical distancing and increased digitalization.

The ministry has ordered SOEs to prepare the protocols before regional administrations lift their partial lockdowns, which are slated for different dates. Jakarta currently plans to end its partial lockdown on June 4, Surabaya in East Java on June 8 and Bandung city in West Java on May 29.

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