

**Friday, May 29<sup>th</sup>, 2020**

## GENERAL NEWS AND HEADLINES

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### **Government COVID-19 policies disappoint public: Poll**

*The Jakarta Post*, p. 2

The government is under scrutiny for failing to meet public expectations in its response to the COVID-19 outbreak. Politicians and members of the public have called the policies inconsistent and disappointing.

A public opinion survey conducted by Jakarta-based pollster Indo Barometer between May 12 and 18 polled 400 respondents in seven provinces in Indonesia, including Jakarta, East Java and West Java – the three provinces hit hardest by the epidemic at the time of the survey.

About 54 percent of the respondents said they were dissatisfied with the central government's COVID-19 policies, mainly because of inconsistencies in rules, sluggish distribution of social aid, inaccurate social aid recipient data and late action to mitigate the outbreak.

About 46 percent of the respondents said, in the open-ended questions, that they were satisfied with the government's response to the outbreak, believing that it had acted fast in handling the virus and had managed to contain the virus through the implementation of large-scale social restrictions (PSBB).

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### **Security apparatus issues guideline for 'new normal' implementation**

*Koran Tempo*

National Police chief Gen. Idham Aziz has issued a technical guideline for police officers tasked with safeguarding the imminent implementation of the "new normal" policy amid the COVID-19 pandemic, as affirmed by National Police spokesperson Sr. Comr. Ahmad Ramadhan.

"We [the police] would give [violators] 'humanist warnings' in safeguarding the

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implementation of the new normal policy,” said Ramadhan.

Ramadhan added that Idham issued the guideline following President Joko “Jokowi” Widodo’s instruction on the deployment of 340,000 Indonesian Military (TNI) and police officers to ensure the implementation of the new normal policy. According to Ramadhan, Idham has ordered regional police chiefs to coordinate with the TNI and other related institutions in order to discipline the public in adhering to health protocols.

Ramadhan assured that security apparatus would prioritize persuasive measures in carrying out their task. The police have also reportedly prepared a number of mechanisms in dealing with people who do not heed the TNI’s and the police’s instructions.

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### **1.8 million returnees expected to arrive in Jakarta**

*Media Indonesia*, p. 4

The Jakarta administration is expecting the return of 1.8 million people who previously left Jakarta to take part in the Idul Fitri *mudik* (exodus). To anticipate the arrival of the returnees, tight security measures involving the Jakarta Public Order Agency (Satpol PP), the National Police and the Indonesian Military (TNI) have been enforced in a number of areas across Jakarta.

“We have set up check points not only on streets, but also at terminals, including Pulogebang Terminal and Gambir Terminal. We also set up a checkpoint at Soekarno-Hatta Airport,” said Jakarta Transportation Agency head Syafrin Liputo.

Syafrin explained that as stipulated by Gubernatorial Decree No. 47/2020 on travel limitations out of and into Greater Jakarta, those who want to enter Jakarta must own an exit and entry permit (SIKM). Those who do not have the required SIKM will be asked to go back.

Meanwhile, Jakarta Capital Investment and One-Stop Integrated Services Agency (DPMPSTSP) head Benni Agusandra has reminded the public not to falsify a SIKM. Those who falsify or manipulate government official documents could receive a prison sentence of up to 12 years as regulated the Law No. 11/2008 on Electronic Information and Transactions (ITE).

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### **Cash aid distribution misses Idul Fitri target**

*The Jakarta Post*, p. 1

The government missed its self-appointed target of disbursing cash transfer assistance ahead of Idul Fitri on Sunday, as various city and regency administrations still scrambled to fine-tune their beneficiaries' data, contributing to ongoing delays.

As of Tuesday, the government had disbursed cash transfers to 7.86 million out of the 8.3 million households from outside Greater Jakarta who were registered recipients under the social assistance program, despite going all out to reach its target

However, the need to regularly update and verify the data of intended recipients had slowed the disbursement process, said Social Affairs Ministry secretary-general Hartono Laras.

"There are some regions that asked to have the disbursement delayed because they want to update their data. There are also regions whose [proposed list of aid recipients] did not comply with the budget ceiling," Hartono told *The Jakarta Post* on Wednesday.

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### **Worshippers urged to be disciplined**

*Republika*, Headline

The government is set to issue a protocol on the reopening of places of worship amid the COVID-19 pandemic following President Joko "Jokowi" Widodo's call on the public to adapt to "the new normal". Responding to the government's plan, religious figures have urged worshippers to remain disciplined following the reopening of places of worship.

"Should the new normal policy be implemented, as a religious figure, I hope worshippers would be disciplined. Disinfection booths, hand sanitizer and places for people to wash their hands must also be provided [in places of worship]," said Muslim preacher Abdul Somad.

Abdul also urged the government to take careful and scientific considerations into account in formulating its plan to reopen places of worship. "If transmission of COVID-19 occurs, don't blame mosques. We're facing a deadly virus. It is the doctors who can decide whether or not we are ready [to reopen places of

worship] based on data and facts, not the economists, the politicians or observers,” said Abdul.

Previously, Religious Affairs Minister Fachrul Razi announced his plan to issue a health protocol today. The protocol would precede the government’s plan to reopen places of worship. According to Fachrul, the Religious Affairs Ministry would authorize regional leaders at the subdistrict level to decide which places of worship would be eligible for reopening.

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## BUSINESS AND ECONOMICS NEWS AND HEADLINES

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### **OJK adds more stimulus for banks**

*Kontan, p. 1*

The Financial Services Authority (OJK) has further relaxed rules for banks to enable them to have more liquidity to face any possible credit fallout resulting from the COVID-19 pandemic. This way, the banking sector is expected to be more resilient in facing the crisis.

In a new stimulus package announced on Thursday, the OJK gives a number of relaxations to banks. One of them is that banks in the Buku III and Buku IV category – banks with core capital of more than Rp 5 trillion – are no longer required to allocate the capital conservation buffer (CCB) until March next year.

Under the prevailing regulation, banks have to allocate 2.5 percent of their risk weighted assets as CCB, and the CCB is used in the calculation of the bank’s capital adequacy ratio (CAR). With the new OJK policy, banks can use the liquidity normally reserved for CCB for other uses, including to absorb losses from rising non-performing loans.

Under the new package, OJK also cuts the percentage of banks’ liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) for Buku III, Buku IV and foreign banks from 100 percent to 85 percent. Again, this will add more liquidity to banks.

Bank Central Asia (BCA) president director Jahja Setiaatmadja welcomed the new policy, saying that it would be beneficial especially for banks that are currently facing liquidity problems and having difficulty meeting the capital requirement.

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## **BI: Foreign portfolio investment will increase**

*Investor Daily, headline*

Bank Indonesia Governor Perry Warjiyo predicted that foreign capital inflows into the country's capital market would increase, especially to invest in stocks and government debt papers. This will happen, Perry said, because global panic among investors has subsided and their confidence in the Indonesian government's COVID-19 handling has increased.

Perry said the central bank had recorded an increase of foreign capital inflows in the past two weeks. "The receding panic at the global level has encouraged investors to enter our debt market. They also entered the domestic stock market. And the implication is the strengthening rupiah."

According to Finance Ministry data, foreign investors' holding of government debt papers in the past two weeks had increased from Rp 921.9 trillion to Rp 926.7 trillion.

Meanwhile, in the stock market, foreign investors had a net buy of Rp 436 billion on Thursday. So far this year, foreign investors still booked a net sell, but at a much lower level of Rp 11.2 trillion. Last year, foreign investors booked a net buy of Rp 49.2 trillion, the highest in history.

As foreign investors started to come back, Indonesian stock prices are expected to increase further. On Thursday, the Indonesian Stock Exchange's Jakarta Composite Index closed higher at 4,716.18 points. But it is still 25 percent lower than the level at the beginning of this year.

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## **Businesspeople's messages to President Jokowi**

*Koran Tempo, Headlines page*

Businesspeople, led by Indonesian Chamber of Commerce and Industry (Kadin) chairman Rosan Roeslaini, met with President Joko "Jokowi" Widodo a few days before the Idul Fitri holiday and asked the President to relax the large-scale social restrictions (PSBB) policy. Otherwise, businesses would not be able to survive the crisis and it would create a massive unemployment problem.

A source told *Koran Tempo* that the businesspeople who attended the meeting included big tycoons who employed thousands of people. They told the President that with the current situation, they could stand to employ their workers for a maximum of two months. And therefore, they asked the President to consider

relaxing the PSBB or even removing them altogether.

During the meeting, Rosan explained that all sectors – except a few such as telecommunications and cigarette industries – were suffering from the COVID-19 pandemic. And the PSBB has made things worse, especially for the retail and manufacturing sectors. The retail sector is now operating at only 5 percent of its capacity, while the utilization in the manufacturing sector is now below 50 percent.

Rosan also asked the President to provide incentives to private corporate businesses. So far, the government's incentives have been directed mainly at the financial sector, state-owned enterprises and small and medium enterprises. Private corporate businesses also need help.

President Jokowi, according to the source, listened more to the complaints and suggestions from the businesses. Jokowi also used the occasion to introduce the government's "new normal" policy and asked for their feedback.

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## **Banking industry prepares for fluctuating profits**

*Bisnis Indonesia, headlines*

Although banks recorded good performance in the first quarter, fluctuations are looming in the second quarter. Based on *Bisnis Indonesia* data on 17 publicly listed banks, a majority of them posted an average of 3.24 percent growth in net profit year on year.

Publicly listed state-owned banks recorded worse performance, with PT Bank Rakyat Indonesia (BBRI) and PT Bank Tabungan Negara (BBTN) even posting a decline in profits. Meanwhile, PT Bank Negara Indonesia (BBNI) only grew 4.34 percent yoy.

BBNI chief economist Ryan Kiryanto said banking performance in the first quarter showed stability since many banks had not been affected by the COVID-19 pandemic. But with decline projected for the second quarter, at best annual profits will be at single digits while some banks struggle with an increasing amount of non-performing loans (NPL).

Meanwhile, BBRI president director Sunarso is optimistic about the bank's performance this year, with non-performing loans at 3 percent as of March, which is below the regulated limit of 5 percent. BBTN finance, planning and treasury director Nixon L.P. Napitulu is also optimistic based on positive growth in annual

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profit, adding that the company was targeting growth of 6 to 8 percent in subsidized housing mortgages.

Bank Central Asia (BBCA) president director Jahja Setiaatmadja said the bank's growth for 2020 would decline compared to last year, although the company had so far recorded good profitability.

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## **Food industry can weather global economic shock: BKPM**

*The Jakarta Post, Business page*

The food industry is considered stable enough to weather the global economic shock, backed by strong domestic investment, the Investment Coordinating Board (BKPM) says.

The industry recorded the highest investment realization figure in the secondary sector compared to other industries in the past five years, until as recent as the first quarter of 2020, totaling Rp 293.2 trillion, BKPM data show. The figure is higher than the base metals industry and the chemical and pharmaceutical industry.

Domestic investment dominates the industry, with Rp 7.3 trillion (US\$494.6 million) from January to March this year, compared to \$298 million in foreign direct investment (FDI) in the same period.

"Compared to the two other sectors, only the food industry records higher domestic investment than foreign investment. We are sure that this industry will be quite stable from the shocks of the world economy," the agency's deputy director for investment climate development Farah Indriani said in a statement on Tuesday.

Domestic direct investment in the food industry for the first quarter this year still shows an 18 percent decline from the same period last year at Rp 8.9 trillion, while FDI also fell 20.6 percent as the global economy began to be impacted by the COVID-19 pandemic.

"These figures show that the Indonesian domestic market is an investment magnet, especially the food and beverage industry," Sarah said.

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