

Monday, May 4th, 2020

GENERAL NEWS AND HEADLINES

Aid stalled, used for political stunt

The Jakarta Post, headline

While millions of people out of work are depending on the arrival of social assistance to weather the COVID-19 crisis, bureaucrats have dragged their feet in the distribution process and have even taken the opportunity to boost their popularity among voters.

The distribution of food packages and cash assistance is lagging outside of Jakarta as many regencies and cities continue to gather data about their poor populations, a problem that economists warned about.

In Central Java, Klaten Regent Sri Mulyani faced criticism for putting her image on bottles of hand sanitizer in aid packages sponsored by the Social Affairs Ministry. She is seeking a second term in office in the regional elections scheduled to take place in December.

Donal Fariz of Indonesia Corruption Watch (ICW) criticized the politicians who used the aid distribution for political gain, saying that it was tantamount to corruption. ICW coordinator Adnan Topan Husodo pointed out that the mass distribution of aid during the pandemic could trigger many illicit practices, from illegal levies to price gouging.

Regions reluctant to relax PSBB

Republika, headline

A number of regions across Indonesia have put aside the option of easing large-scale social restrictions (PSBB) in the near future as they believe that it is too premature to say that the COVID-19 curve has been flattened in the country.

Jakarta Governor Anies Baswedan, to begin with, has shelved the option to relax the PSBB in the capital city, which is the country's COVID-19 epicenter. "Despite

indications of a decrease of COVID-19 transmissions, it does not mean that the PSBB would be loosened. We have to be stricter and more disciplined instead,” said Anies.

West Java Governor Ridwan Kamil also affirmed his plan to extend the PSBB across the whole province as of Wednesday May 6. Previously, West Java implemented the PSSB only in some of its regions, including Bogor, Depok and Bekasi, which have imposed the PSBB since April 15. Meanwhile, Greater Bandung, which encompasses Bandung, West Bandung, Cimahi and Sumedang cities, put the PSBB in effect from April 22 until May 6.

Regardless, Ridwan said that the West Java administration found that pedestrian mobility in West Java was reduced to 50 percent during the partial implementation of the PSBB, with the number projected to fall to 30 percent after the implementation of the PSBB across the whole province.

Likewise, Gorontalo, in which the PSBB have been implemented since Sunday, has shown no signs of easing its PSBB. According to Gorontalo Governor Rusli Habibie, all sea, land and air borders surrounding his regions would still be closed. His administration will also restrict outdoor activities from 6:00 a.m. to 5:00 p.m., exempting medical workers, journalists and people with urgent errands.

The regional leaders’ statement came following Coordinating Political, Legal and Security Affairs Minister Mahfud MD’s announcement on Saturday that the central government was considering the option of relaxing the PSBB due to mental health concerns. “If [people are] stressed out, it will lower their immunity,” said Mahfud.

PCR testing follows overall PSBB implementation in West Java

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

The implementation of large-scale social restrictions (PSBB) in the entirety of West Java, which will come into effect on Wednesday, will be followed by mass rapid polymerase chain reaction (PCR) testing, as confirmed by West Java Governor Ridwan Kamil. West Java, according to Ridwan, targeted 40,000 PCR tests next month.

“The PSBB will be effective if they are conducted along with mass testing. This is to discover whether COVID-19 transmissions in the region are mostly local or imported,” said Ridwan.

However, regional areas' capacity to carry out mass testing is reportedly still inadequate due to the limited availability of the viral transport medium (VTM) required to conduct the testing.

"The VTMs from the West Java administration and the Health Ministry are not enough," said Indramayu COVID-19 task force spokesman Deden Bonni Koswara.

Major reshuffle carried out in National Police

Koran Tempo, Nasional; The Jakarta Post, p.3

The National Police has carried out a massive reshuffle, in which a number of new officers have been posted in some strategic posts within the institution. The reshuffle was made official through a telegram message sent by National Police chief Gen. Idham Aziz on May 1 and signed by his deputy Comr. Gen. Eddy Pramono.

Among the reshuffled officers is Insp. Gen. Aris Budiman, who was appointed the Riau Islands Police chief. Aris' appointment, however, is deemed problematic by critics due to his previous alleged ethics breach in 2017.

Meanwhile, former National Police spokesmen Insp. Gen. Muhammad Iqbal and Brig. Gen. Dedi Prasetyo were appointed to lead the West Nusa Tenggara Police and the Central Kalimantan Police respectively in the reshuffle. Central Java Police deputy chief Brig. Gen. Ahmad Luthfi was also promoted to head the province's police force, replacing Insp. Gen. Rycko Amelza Dahniel who was promoted to become the head of the National Police's Security Intelligence Department. Luthfi will be the first Central Java provincial police chief who is not a graduate from the Police Academy.

Indonesia Police Watch (IPW) chairman Neta S. Pane said that Luthfi was reportedly one of President Joko "Jokowi" Widodo's close confidantes. Neta said Luthfi's career improvement was largely due to his appointment as one of the security personnel involved in the President's daughter's wedding back in November 2017.

"He might even be currently groomed to replace Idham," said Neta.

National Police appoint new chiefs of antiterrorism body

The Jakarta Post, p.3; Media Indonesia, p. 5

In a leadership reshuffle on Friday, the National Police appointed two police generals as leaders of antiterrorism bodies.

Brig. Gen. Marthinus Hukom was promoted to lead the National Police's Densus 88 counterterrorism squad. Previously the squad's deputy chief, the one-star police general is succeeding Insp. Gen. Muhammad Syafii, who took the role in 2017, *tempo.co* reported.

The police named former Papua Police chief Insp. Gen. Boy Rafli Amar head of the National Counterterrorism Agency (BNPT), succeeding Comr. Gen. Suhardi Alius. Prior to the promotion, Boy served as the deputy chief of the National Police's Education and Training Institute (Lemdiklat).

Syafii and Suhardi have taken new roles as policy analysts in the police's Criminal Investigation Department (Bareskrim). East Java Police chief Luki Hermawan has taken over Boy's post at Lemdiklat.

Indonesia Police Watch (IPW) chairman Neta S. Pane criticized National Police chief Gen. Idham Azis' decision to name Boy BNPT chairman, calling it maladministration. He argued it was the President's authority to appoint and inaugurate the BNPT chairman, not the National Police chiefs, as stipulated in a 2010 presidential regulation on the BNPT. While the antiterror agency was previously led by police generals, Neta said the police chief only had the authority to recommend a name to the President to fill the position.

National Police spokesman Brig. Gen. Argo Yuwono said that Boy's appointment was conducted according to procedures stipulated in Law No. 2/2002.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Banks remain conservative in allocating loan loss provision

Bisnis Indonesia, headline

Although the Financial Services Authority (OJK) has freed banks from the requirement of loan loss provisions (CKPN) for restructured loans because of COVID-19, banks remain cautious and anticipate future credit loss.

State-owned Bank Rakyat Indonesia's (BRI) monthly financial report in February shows that the bank's loan loss provision has increased by 45 percent year-to-date to Rp 54 trillion (US\$3.68 billion).

State-owned Bank Tabungan Negara (BTN) finance, planning and treasury director Nixon L. P. Napitupulu said the bank still needs to anticipate nonperforming loans (NPL) occurring 12 months after the restructuring.

Similarly, private lender PT Bank CIMB Niaga consumer banking director Lani Darmawan emphasized that according to the International Financial Reporting Standards (IFRS) 9, loan loss provision must be provided for restructured loans.

Previously, the OJK issued Regulation No. 11/POJK.03/2020 allowing debts restructured for businesses affected by the COVID-19 crisis to be categorized as Stage 1 (performing loan) and free from loan loss provision. As of April, outstanding loans worth Rp 113.8 trillion from 561,950 debtors have been restructured.

Govt to subsidize mortgage and vehicle loan interest

Kontan, headline

The government, the Financial Services Authority (OJK), Bank Indonesia (BI) and the Deposit Insurance Corporation (LPS) are preparing regulations and technical instructions for mortgage and vehicle loan interest subsidies.

OJK public relations and logistics deputy commissioner Anto Prabowo said the subsidies would be applied to vehicle loans worth less than Rp 500 million (US\$34,065) and mortgages for houses of the type 21 m² to 70 m².

The subsidies will be given for six months from April to September. For loans below Rp 500 million, a 6 percent interest rate subsidy will be given in the first 3 months and 3 percent for the next 3 months. Meanwhile, loans above Rp 500 million will get a 3 percent interest subsidy in the first 3 months and 2 percent for the next 3 months.

In addition to relaxation for customers, financial industry players have also proposed relief to be given to companies. The Indonesian Life Insurance Association (AAJI) sent a letter to the OJK on March 26 asking for relaxed rules on payments to regulators. However, there has been no response from OJK.

Subsidized fuel prices should stay the same

Investor Daily, headline

Although the Brent oil price has fallen below US\$20 per barrel, experts believe it is unnecessary for the government to lower the subsidized fuel prices (BBM). Oil prices are predicted to rebound when the COVID-19 pandemic ends. In addition, fuel prices that are too low would lead to excessive consumption.

The oil price is currently below its economic value. In several operation areas in the country, the production cost is \$30 to \$42 per barrel. Meanwhile, its price currently fluctuates in a much lower range, between \$22 to \$25 per barrel.

Furthermore, state-owned oil and gas company Pertamina has many public service obligations (PSO) to bear, while its fuel sales have taken a hit during the pandemic.

Energy Watch director executive Mamit Setiawan said the subsidized oil prices should not be too sensitive to global oil prices since the government needed to consider Pertamina's responsibility to produce and sell fuel and liquefied petroleum gas (LPG) at subsidized prices as well as selling the fuel at a uniform subsidized price, even in remote areas.

Meanwhile, for the unsubsidized fuel prices, House of Representatives Commission VII head Sugeng Suparwoto said the price has been adjusted since February. However, its sales have taken a hit because of the movement restriction during the pandemic.

Upstream Oil and Gas Regulatory Taskforce (SKK Migas) head Dwi Soetjipto projects the global oil prices will rise again in the third quarter this year and will stay strong in the fourth quarter.

Tourism workers prioritized in preemployment card program

Koran Tempo, economic headline

Tourism and Creative Economy Minister Wishnutama Kusubandio said workers in tourism who are affected by the COVID-19 pandemic would be prioritized in the preemployment card program.

Wishnu said up to 70 percent of businesses in the sector had been affected by the pandemic, mostly in Bali, Riau Islands, North Sulawesi and regions implementing large-scale social restrictions (PSBB). He added that his side had coordinated with

the Manpower Ministry to have the workers registered in the program in the next four to five weeks.

In addition to being prioritized in the preemployment card program, the government ensures that up to 56 million workers in the formal sector will get tax incentives and fee payment relief for mandatory Health Care and Social Security Agency (BPJS Kesehatan) and the Workers Social Security Agency (BPJamsostek). Meanwhile, workers in the informal sector will get social aid.

According to the Tourism and Creative Economy Ministry, as many as 1 million formal workers in the sector have been furloughed, 375,000 formal workers have been laid off and 314,833 informal workers have been affected. Therefore, around 1.7 workers in tourism have been affected.

RI at incinerator policy crossroads

The Jakarta Post, p.2

The government is pinning its hopes on incinerators, also known as waste-to-energy power plants (PLTSA), which are still heavily criticized for environmental and financial drawbacks.

The Corruption Eradication Commission (KPK) estimated that local administrations would bear high annual tipping and processing fees that could reach up to Rp 2 trillion (US\$134 million).

In addition, PLN would have to spend Rp 1.6 trillion to purchase electricity sold from the power plants, as the regulated price was much higher than that for power sold by coal-fired power plant operators at around 5 US cent per kilowatt hour (kWh).

The coordinating maritime affairs and investment minister's mining and energy infrastructure deputy assistant, Yohannes Yudi Prabangkara, conceded that the incinerators were expensive, but he said he believed they were worth the price.

"When we talk about the high price, it must be compared to the benefits we gain. If it is expensive but we can fix a bigger problem; then can it be considered expensive?" he said.

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