

Friday, May 8th, 2020

GENERAL NEWS AND HEADLINES

Govt eases PSBB, claims infection rate slowing

The Jakarta Post, Headline

As countries around the world gradually relax their pandemic policies, Indonesia appears intent on easing its large-scale social restrictions (PSBB) amid claims of a slowing rate of COVID-19 infection. About a month after the introduction of PSBB, which is in force in four provinces and 12 cities or regencies nationwide, the government announced this week that it would grant exemptions to its travel restrictions.

The national COVID-19 task force chief, Doni Monardo, said the government decided to grant exemptions to ensure the smooth transportation of medical kits and viral specimens, as well as the mobility of medical personnel and those from other sectors.

Exemptions are also given to state officials, private sector workers and state-owned enterprise (SOE) employees, particularly those who provide health services, basic necessities, security and defense and vital economic functions. Repatriated Indonesian nationals, individuals in need of emergency medical care and family members of deceased individuals are also allowed to travel, with exemptions beginning Thursday.

Confidence is high among officials that the country will be able to enter its "new normal" by July or August, after Doni claimed Monday that the rate of transmission had slowed to around 11 percent.

However, on Tuesday, Indonesia reported its highest daily increase of confirmed infections with 484 new cases. As of Thursday, the government officially recorded 12,776 infections, 2,381 recoveries and 930 deaths.

Experts believe the delayed results of polymerase chain reaction (PCR) tests and the nation's low testing capacity have made it difficult to capture the true scale of the epidemic.

‘Mudik’ still banned

Republika, Headline

Transportation Minister Budi Karya Sumadi announced on Wednesday that all modes of transportation would be allowed to resume their operations as the government planned to gradually relax its COVID-19 policies, including travel restrictions. The minister’s announcement was followed suit by the COVID-19 task force’s issuance of a circular stipulating the criteria of people granted exemptions from travel restrictions.

Regardless, following the announcement, State Secretary Pratikno affirmed that the Idul Fitri *mudik* (exodus) was still banned as *mudik* was excluded from the list of activities exempt from travel restrictions.

Likewise, Transportation Ministry spokesperson Adita Irawati asserted that the government’s ban on *mudik* would still be imposed.

Despite the central government’s reassurance on the continuance of the *mudik* ban, concerns remain among regional administrations. A number of regional leaders, including West Java Deputy Governor Uu Ruzhanul Ulum and Padang Mayor Mahyeldi Ansharullah, regretted the central government’s decision to relax its travel restrictions as they believed it would considerably impair the effectiveness of large-scale social restrictions (PSBB).

Data discrepancy prevents effective social assistance distribution

Media Indonesia, p. 2

Coordinating Human Development and Culture (PMK) Minister Muhadjir Effendy said prevalent issues in synchronizing databases on social assistance recipients in Jakarta had led to overlapping assistance distribution.

“The main problem lies in data accuracy. While the majority [of data] is accurate enough, there are still problems in synchronizing the data. Data on social assistance recipients who receive assistance from the Jakarta administration should have been separated from data on recipients who receive assistance from the Social Affairs Ministry. There are also problems in data from community units (RTs) and neighborhood units (RWs), whose lists of assistance recipients are not recorded in any other databases,” explained Muhadjir.

Muhadjir added that a coordination meeting between the Jakarta administration, Banten administration, West Java administration and several ministries must be

held. During the meeting, it was agreed that the Jakarta administration would give assistance to 1.1 million registered beneficiaries in the capital city, while the central government would provide assistance to the remaining 2.5 million beneficiaries.

Regardless, in practice, the Jakarta administration and the central government faced difficulties in distributing assistance due to, among others, data-related problems, leading to mistargeted assistance.

Muhadjir assured that he would continue monitoring the social assistance distribution process, which will enter its second stage in the third week of May.

Four die after working on Chinese vessel

The Jakarta Post, p. 2

The deaths of four Indonesian crew members with links to the same Chinese fishing vessel have raised concerns about the working conditions on the vessel and others like it.

The case entered the public eye after a video allegedly showing Chinese sailors throwing the body of a dead Indonesian crew member overboard went viral. The video shows what appears to be an orange body bag being thrown off a fishing vessel by a group of men. One man can be seen praying in front of the body bag moments before it is thrown overboard.

Two unidentified Indonesian sailors who worked aboard the vessel spoke said they had endured poor living conditions.

In a press briefing on Thursday, Foreign Minister Retno LP Marsudi confirmed that, over the past few months, four Indonesian sailors who had been registered to Chinese fishing vessel Long Xin 629 had died.

One of the sailors, identified only as EP, died at the Busan Medical Center in South Korea on April 27. Another sailor, identified as AR, died aboard Chinese fishing vessel Tian Yu 8 on March 30. Two other sailors died aboard Long Xin 629 in December 2019.

Retno said that, according to a statement from Tian Yu 8, AR had fallen ill on March 26 and was moved from Long Xin 629 to Tian Yu 8 to be taken to port for treatment. However, AR died before the ship reached port and was buried at sea on the morning of March 31.

Meanwhile, the two sailors who died in December were said to have been buried at sea after dying of an infectious disease.

2020 regional elections to be adjusted to 'the new normal'

Kompas, p. 2

Following the issuance of a regulation in lieu of law stipulating the postponement of the 2020 regional elections to December 2020, preparations for the regional elections will be adjusted to "the new normal" brought about by the COVID-19 pandemic.

General Elections Commission (KPU) commissioner Viryan Azis affirmed on Thursday that the KPU would make a number of adjustments based on the government's COVID-19 protocols in preparing for the postponed regional elections. According to Viryan, there are five aspects that the KPU must reconsider due to the pandemic, namely the verification of support for independent candidates, the collection of data on voters, the mechanism of election campaigns, the procedure for vote casting and vote counting as well as vote recapitulation.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Govt's policy of easing PSBB full of risks

Bisnis Indonesia, headline

As the government plans to ease its large-scale social restrictions (PSBB) to help boost the economy, experts warn it could backfire as the official claim there is a slowing rate of COVID-19 infection contradicts with official figures.

The government decided on Thursday to grant exemptions to travel restrictions, allowing non-*mudik* (exodus) travel, in an effort to jumpstart economic activities.

The government also announced that it would consider relaxing the PSBB by allowing limited business operations with COVID-19 protocols in stages beginning June 1 and allowing more normal business operation beginning July 1.

Center of Reform on Economics (CORE) Indonesia economist Yusuf Rendy Manilet

warned that the relaxing of restrictions must be done cautiously so as not to cause a second wave of COVID-19 infection.

Institute for Development of Economic and Finance (Indef) economist Bhima Yudhistira shared this concern, saying that relaxing PSBB when infections remained high could risk extending the pandemic period.

Indonesian Chamber of Commerce and Industry deputy chairman Shinta W. Kamdani welcomed the government's decision, saying that opening businesses would take time and need some preparations.

OJK groups bank loans to anticipate problems

Kontan, p. 1

The Financial Services Authority has grouped bank loans into three categories: loans extended to small and medium enterprises, private corporations and state-owned enterprises (SOEs) to improve their management amid the COVID-19 pandemic.

All bank loans to SOEs will be grouped into one so that the OJK can find solutions together with the government when they face problems in servicing their debts. According to Bank Indonesia, SOEs' debts to the local banking system totaled Rp 550 trillion, compared to Rp 4,949 trillion owed by private corporations.

OJK chairman Wimboh Santoso said there were around Rp 1.1 quadrillion in bank loans that needed to be restructured, as they were impacted by the COVID-19 pandemic. Of the total, Rp 207.2 trillion in loans has been restructured.

As a result of loan restructuring, the loans at risk (LAR) rate of banks is projected to increase. JP Morgan said in its March 22 report that Bank Rakyat Indonesia recorded the highest LAR rate among the biggest banks at 9.8 percent, followed by Bank Mandiri at 9.3 percent, BNI at 9.1 percent and BCA at 4 percent. BRI recorded the highest LAR as most of its debtors are small and medium enterprises, which have higher risks of default.

BI continues to pump liquidity into market

Investor Daily, headline

Responding to weakening economic growth, Bank Indonesia and the government have continued to supply more liquidity into the market as President Joko Widodo

instructed his ministers to expand the stimulus to help industries most affected by the COVID-19 pandemic.

Bank Indonesia Governor Perry Warjiyo said the central bank still had room to continue its quantitative easing policy and reduce its benchmark interest rates further to help boost the economy.

"For now, Bank Indonesia's priority is to boost the economy through quantitative easing and continue to maintain the stability of the rupiah," Perry said. He noted that the central bank had pumped Rp 503 trillion into the market. "If that's not enough, we will add more as long as its impact on inflation is contained."

Finance Minister Sri Mulyani said the government was considering giving incentives to those in the informal sector, ranging from Rp 5 million to Rp 12 million per micro business.

"The President and Vice President seem to have approved it. However, we need to consider the challenges in its operation because many of those in the informal sector are nonbankable," the finance minister said.

Foreign firms go ahead with acquisitions despite COVID-19

The Jakarta Post, Business page

A number of multinational companies are pressing on with their mergers and acquisitions in Indonesia despite uncertain global economic conditions and threat of a recession caused by the COVID-19 pandemic.

Japanese cement producer Taiheiyo Cement Corporation announced on April 22 that it had signed a partnership agreement with state-owned PT Semen Indonesia and planned to spend US\$220 million to buy a 15 percent stake in its subsidiary PT Solusi Bangun Indonesia (SBI).

Taiheiyo said in a statement that the alliance with Semen Indonesia and SBI was aimed at boosting its business in the long term as cement demand in Japan might decline due to the aging population.

Banks are also seeing acquisition on the horizon despite the ongoing pandemic. Bangkok Bank, for example, will likely go ahead with its plan to acquire an 89.12 percent stake in Bank Permata from current shareholders, namely PT Astra international and Standard Chartered.

The initial agreement for the acquisition of Bank Permata's shares was signed in December 2019, but it has not been realized. Bangkok Bank recently appointed its executives as Bank Permata's new commissioners, signalling that it will soon conclude the deal.

Both Astra and Standard Chartered, which each own 44.56 percent of Bank Permata's shares, seem also to be committed to selling their stakes to Bangkok Bank as both parties agreed on April 20 to lower the selling price to 1.63 times Bank Permata's book value, from 1.77 times its value previously.

Another Thai lender, Kasikorn Bank (KBank), also plans to buy a stake in the conglomerate Alim Markus-backed lender, Bank Maspion.

The Thai bank will acquire a 30 percent stake in Bank Maspion from existing shareholders, namely PT Alim Investindo, PT Maspion, PT Husin Investama, PT Maspion Investindo and five individual shareholders, through its subsidiary Kasikorn Vision (KVision).

Indonesia looks to export lobster seeds

Kompas, p. 10 (Economic & Business page)

Maritime Affairs and Fisheries Minister Edhy Prabowo issued a ministerial decree earlier this month allowing the export of lobster and crab seeds, contradicting his predecessor who banned exports to increase domestic production of lobster which is in high demand on the international market.

The decree stipulates that those exporting lobster and crab seeds must meet certain requirements set by the National Commission on Fisheries Resources (Komnas Kajiskan) and would be regulated with quotas.

However, Indonesian Marine Fish Farming Association (Hipilindo) chairman Effendy Wong questioned the motive behind the issuance of the ministerial decree, saying that the policy would penalize local producers.

He said that the policy would help lobster farmers in Vietnam, which had long relied on seed supplies from Indonesia.

Maritime Studies for Humanities executive director Abdul Halim lamented the new policy, saying it was a short-term policy oriented toward increasing non-tax revenue at the expense of the local lobster industry.

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