

Tuesday, Sep. 22th, 2020

GENERAL NEWS AND HEADLINES

Year-end polls to be held as scheduled

Kompas, headline; Republika, headline; Media Indonesia, headline

The government, the House of Representatives and poll organizers will press ahead with holding the 2020 simultaneous regional elections in December despite mounting pressure for a postponement. To prevent the emergence of new COVID-19 clusters throughout electoral procession, the government has called for the implementation of stringent health protocol.

During a coordination meeting with the House Commission II on Monday, the General Elections Commission (KPU), the Elections Supervisory Agency (Bawaslu) and the Election Organization Ethics Council (DKPP), Home Minister Tito Karnavian said the regional elections could not be postponed as it was still uncertain when the pandemic would end. Tito further said that by conducting the elections as scheduled, regions could elect new leaders with a stronger legitimacy to manage the pandemic.

Golkar Party lawmaker Agung Widyanoro said that based on the Home Ministry's and the KPU's explanations, there were no strong reasons to postpone the elections for the second time.

Religious, political leaders call for poll postponement

The Jakarta Post, headline

The government is facing mounting pressure to postpone the regional elections this December amid concerns about greater COVID-19 transmission across the country, as officials prepare even stricter curbs.

Indonesia saw another daily high for new COVID-19 infections on Monday, with the 4,176 new cases recorded adding urgency to calls to postpone the elections to prevent the virus from spreading further among the population.

The two largest grassroots Islamic organizations in the country, Nahdlatul Ulama (NU) and Muhammadiyah, are among the latest civil society groups to call for a delay to the simultaneous elections, in order to minimize the risk of coronavirus transmission. The two groups expressed concerns that the election process, particularly campaigning, would inevitably involve a large number of people and would therefore pose a greater risk of COVID-19 transmission around the country. The postponement of an election during a health crisis, which is regarded as a non-natural disaster, is justifiable, according to the Regional Elections Law, if the government, the KPU and the House agree to do so.

Poll body mulls online campaign

Koran Tempo, Nasional; Republika, p.3

The General Elections Commission (KPU) asserted that it would review the implementation of the preliminary stages of the 2020 regional elections, particularly electoral campaigns, amid the COVID-19 pandemic.

KPU commissioner Ilham Saputra said that the KPU Regulation (PKPU) No. 10/2020 did not prohibit running candidates to hold art performances and music concerts during the campaign period. However, as concerns are mounting that such activities could accelerate COVID-19 transmission, the KPU would ask candidates to hold their campaign virtually, Ilham said.

Ilham said his party had formulated a specific mechanism to prevent COVID-19 transmission during electoral procedures. Candidates, for example, were not allowed to gather large-crowds during their registration.

National Police chief issues edict on COVID-19 health protocols

Republika, p.3; Media Indonesia, p.5

National Police chief Gen. Idham Azis has issued an edict urging people's compliance with COVID-19 health protocols during the 2020 regional elections.

According to the edict, an enforcement of health protocols is deemed necessary to prevent the emergence of new COVID-19 clusters.

"Throughout the electoral procedures, public health should be prioritized by complying with the government's policies and regulations on COVID-19 management and mitigation," said National Police spokesperson Insp. Gen. Argo Yuwono on Monday.

Public officials urged to be open about their health

The Jakarta Post, p.2

Public officials contracting COVID-19 have been urged to publicly announce their condition to allow health workers to trace the people they have been in touch with.

“Public officials should be transparent about their condition, because they often meet the public,” Trubus Rahardiansyah, a public policy expert from Trisakti University, told [kompas.com](https://www.kompas.com) on Monday.

Trubus was commenting on a statement from the Religious Affairs Ministry that Minister Fachrul Razi had tested positive for COVID-19. “We should appreciate the minister’s openness, because it makes it easier to trace the people who have met him.”

Trubus added that Fachrul, in being transparent, could be a role model for the public. He also called on the government to list infected officials, so that the public was aware.

Earlier on Monday, one of Fachrul’s expert staff members broke the news that the minister had tested positive.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

The polemic behind super hubs

Bisnis Indonesia, headline

President Joko “Jokowi” Widodo’s plan to restructure international airports as hubs and super hubs has gained controversy. This plan has been under deliberation and partly implemented by some ministries. The concept was intended to concentrate the movement of people and goods only to several locations that are close to tourist areas and logistical centers. Due to the low international traffic, the current 34 international airports are deemed not efficient in boosting the economy.

However, tourism industry players have been opposing this plan as it could potentially deter foreign tourists from coming to Indonesia due to the extra travel time to certain destinations. Regions that will lose their international airports also fear that it will affect their local economy.

According to the Transportation Ministry, three airports will be designated as super hubs and 10 others will be designated as hubs. I Gusti Ngurah Rai Airport in Denpasar is going to be one of the tourism super hubs.

Regional elections during pandemic may hamper economic recovery

Kontan, headline

The government's decision to hold 270 simultaneous elections with strict health protocols on December 9, 2020, has made businesses and investors worried about its potential to increase the number of confirmed COVID-19 cases. Since people have not been strict in practicing the health protocols, holding these elections may hamper the ongoing efforts to recover the economy.

"Holding regional elections during the COVID-19 pandemic is worrying as those locations can be the new transmission centers," said Indonesian Chamber of Commerce and Industry deputy chairwoman Shinta Kamdani. She believes that postponing the elections is the best choice for saving the economy, especially as holding these elections during a pandemic won't bring a significant contribution to national and local economies.

Businesses are concerned that there will be health protocol violations during these elections, which will cause the pandemic to last even longer. This has led to a negative sentiment among investors in the stock market and could potentially drag down the Jakarta Composite Index.

Portfolio yield shows downward trend

Investor Daily, headline

An expansionary monetary policy and high liquidity injection in developed countries have flooded into the emerging markets to gain a profitable financial instrument. The enormous capital inflow to Indonesia has lowered the government bond (SBN) yield.

Furthermore, national banks have abundant liquidity while loan growth is slow. This leads banks to use their funds to invest in government bonds, dragging down its yield. However, the government bond yield remains attractive to investors because it still offers a higher return than other emerging markets.

Indonesian rating agency (Pefindo) economy research head Fikri C. Permana said Bank Indonesia's (BI) low interest rate as well as the burden sharing scheme between the government and BI put pressure on the SBN yield. Furthermore, Fikri estimated the SBN yield would continue to fall between 6 to 6.5 percent as he predicted BI to reduce the BI 7-Day Reverse Repo Rate, the central bank's benchmark interest rate.

Similarly, mutual funds are also experiencing a downward trend in return. Infovesta Utama investment research head Wawan Hendrayana estimated that equity funds would not yield a positive result until the year end because the Jakarta Composite Index (JCI) would only sit moderately at around 5,500 points, causing equity funds to contract 15 to 20 percent year-to-date. He also estimated returns for balanced funds to fall 3 to 8 percent, returns on money market funds to reach 4 to 5 percent and those on fixed income funds to reach 7 to 8 percent.

RI to hold trade expo virtually this year

Kompas, business and economic headline

The government is preparing to hold the 2020 Trade Expo Indonesia Virtual Exhibition (TEI-VE) from Nov. 10 to 16, inviting business and industry players from all over the world. Indonesian trade representatives in countries abroad are trying to get foreign buyers to do business and make transactions online.

Trade Ministry national export development director general Kasan Muhri said the ministry had told trade representatives that the event would be held virtually this year because of the COVID-19 pandemic.

Among the featured export products this year are food and beverages, handmade products, fashion and accessories, as well as construction products. Two of the country's top products, which won awards at the 2019 TEI, coffee and tea, will be among the products exhibited and sold at the expo.

Gaikindo to cut car sales target even further as pandemic lingers

The Jakarta Post, p.2

The Association of Indonesian Automotive Manufacturers (Gaikindo), which previously slashed its domestic car sales target by 40 percent to just 600,000 units this year as the COVID-19 pandemic forced showrooms to temporarily close, has warned it may have to cut its sales forecast even further.

Gaikindo's special staff Stefanus Soetomo said on Thursday that the association would have to rethink its current target as it was made based on the assumption that the pandemic would be under control by July and that car sales would fully rebound between August and September.

Car sales crashed in May with a more than 95 percent year-on-year (yoy) drop as the coronavirus outbreak hit demand, before jumping in June to 12,623 units. Gaikindo recorded around 323,400 cars being sold between January and August, down by more than 50 percent compared with 661,000 units sold during the same period last year.

Industry Minister Agus Gumiwang Kartasasmita has urged Finance Minister Sri Mulyani Indrawati to temporarily exempt new cars from vehicle tax (PKB) until December in a bid to boost car sales amid COVID-19 pressures, according to a statement on Sept. 14.

Car sales are among the indicators of the country's consumer spending, which accounts for more than half of gross domestic product (GDP).

Disclaimer:

Tenggara Strategics always aims to use reliable sources in providing our best analysis to our clients, and is not responsible for any errors, inaccuracies and/or viewpoints in the original source material upon which we have based our analysis. The analysis contained in this document is intended exclusively for our clients who have subscribed to this service, and is not for public consumption or dissemination.

Nothing contained herein shall to any extent substitute for the independent investigations and the sound technical and business judgment of the reader. In no event will Tenggara Strategics, including its employees, be liable for any decisions made or actions taken in reference to the information contained in these documents, or for any incidental, consequential, indirect, special or exemplary damages, including damages from loss of profits or opportunities, even if advised of the possibility of such damages.