



YOUR GUIDE TO INDONESIA'S MOST IMPORTANT NEWS OF THE DAY

Friday, Sep. 25th, 2020

GENERAL NEWS AND HEADLINES

COVID-19 death toll surpasses 10,000

Kompas, Headline

Less than seven months since the first COVID-19 cases in Indonesia were announced, the death toll from the spread of the coronavirus in Indonesia has surged past 10,000. As Indonesia has a population of 270 million people, the country's skyrocketing COVID-19 fatalities equates to 37 COVID-19 deaths per 1 million people.

The latest number of COVID-19 deaths was announced by national COVID-19 task force spokesperson Wiku Adisasmito on Thursday. "The cumulative figure of COVID-19 fatalities in Indonesia has now reached 10,105 deaths, or 3.9 percent [of the total population]. Meanwhile, the global average mortality rate is 3.05 percent," said Wiku.

On the other hand, Indonesia's COVID-19 recovery rate is lower than the global average. According to data released by the national COVID-19 task force, the number of recoveries in Indonesia had increased by 3,895, bringing the total tally to 191,853, approximately 73.2 percent of the total population. This is lower than the global average, which stands at 73.77 percent.

Indonesia's one-day increases in COVID-19 cases have continued to hit consecutive new highs in the past few days as the country has constantly recorded more than 4,000 new infections each day. On Thursday, Indonesia recorded 4,643 new COVID-19 cases, making the total number of COVID-19 cases amount to 262,022.

KPU bans rallies, concerts for regional polls

The Jakarta Post, p. 1

The General Elections Commission (KPU) has completely banned candidates running in the December regional elections from holding rallies or other crowd-pulling events, such as concerts, bazaars and art performances, as the campaign season draws near.

To Subscribe: info@tenggara.id

The prohibition is laid out in the latest regulation the KPU issued on Wednesday to revise a previous regulation that allowed rallies and concerts, which might have become sources of coronavirus transmission.

The new policy allows only online events on social media and video conferencing platforms during the campaign period, which begins on Saturday and lasts until a few days before voting day. The new regulation also tightens social-distancing rules and health measures, which will apply throughout the campaign season and until the election on Dec. 9 to determine 270 regional leaders, including nine governors.

Candidates and members of their supporting political parties and campaign teams who violate the regulation will receive warnings from the KPU. The Elections Supervisory Agency (Bawaslu) will report them to the police if they repeat the violation. The new policy grants Bawaslu the power to disband any campaign activities in violation of social-distancing rules.

AGO grilled for alleged involvement in Pinangki's bribery case *Republika*, p. 1

The virtual meeting between the House of Representatives Commission III and the Attorney General's Office (AGO) on Thursday was frequently interrupted by questions from commission members to Attorney General ST Burhanuddin. The questions were relating to the mention of Burhanuddin's name in the indictment against prosecutor Pinangki Sirna Malasari, who is accused of assisting graft convict Djoko Soegiarto Tjandra during his time as a fugitive from the law.

In the indictment letter, prosecutors said that Burhanuddin and former Supreme Court justice Hatta Ali were listed in Pinangki's action plan to secure the acquittal for Djoko, who was then on the run. "The defendant [Pinangki] and [another suspect] Andi Irfan Jaya drafted an action plan that would be shown to Djoko Tjandra," prosecutors said during a hearing on Wednesday as quoted by *tempo.co*.

Part of the plan was to send a plea for the acquittal to Burhanuddin by Feb. 25. The attorney general was later expected to deliver the plea to Hatta, who was still serving as the Supreme Court chief justice, by March 1.

"This is the right time for Burhanuddin to explain and clarify [why his name was mentioned in the indictment against Pinangki]," said commission member Aboebakar Alhabsyi.

In his response, Burhanuddin said that he "paid no heed" to circulating speculation over his alleged complicity in Pinangki's bribery case. "In regard to the indictment in which my name was mentioned, I do not care about that. They are welcome to carry out investigations," said Burhanuddin.

Oddities surround KPK supervisory council's ruling

Koran Tempo; The Jakarta Post, p. 3

The Corruption Eradication Commission (KPK) supervisory council's ruling regarding KPK chairman Firli Bahuri's ethics violation has further indicated the deterioration of the antigraft body. A number of oddities reportedly surrounded the council's ruling.

Zaenur Rohman, a researcher at the Gadjah Mada University Center for Anti-Corruption Studies, deemed the supervisory council as too lenient in punishing Firli for his ethics violation. "[The council] merely imposed a mild sanction and issued a written reprimand, even though Firli's ethics violation was major in scope," said Zaenur.

The KPK supervisory council announced its ruling yesterday, in which the council found Firli guilty of an ethics violation for indulging in a "hedonistic lifestyle". The Indonesian Anticorruption Community (MAKI) previously filed a report against Firli for using a private helicopter to take a personal trip from Palembang, South Sumatra, to his hometown of Baturaja in the same province in June, accusing him of living a "hedonistic lifestyle".

In its ruling, the supervisory council stated that Firli's use of a helicopter had sparked a negative sentiment against the KPK and could potentially erode public trust in the antigraft body. Considering the far-reaching impact of Firli's ethics violation upon the KPK as a whole, Zaenur argued Firli's misconduct should not have been perceived as a light violation. "The sanctions given were too light as Firli's misconduct could affect the KPK's anticorruption campaign at large. It would be difficult now for the KPK to campaign for a modest lifestyle," said Zaenur.

One year on, '#ReformasiDikorupsi' has fizzled out

The Jakarta Post, p. 3

On Sept. 23, Indonesia marked one year of #ReformasiDikorupsi (reform corrupted), a hashtag that accompanied last year's nationwide street rallies against controversial bills. Looking at the present day, however, observers say that civil movements in the country in general need to be resilient in voicing issues.

"Civil movements have failed to form resilience. They tried to bring down the [political] tension by holding an 'Ikut Mendesak Tapi Santuy' [Protesting but Chill] event, but in the end, they lost the moment. "The movement gradually ended as a mere press release," the Lokataru legal and human rights foundation's program manager, Mirza Fahmi, said during an online discussion hosted by Indonesia Corruption Watch on Wednesday.

According to Mirza, last year's #ReformasiDikorupsi student protest was successful in gathering the largest mass movement in Indonesia. However, he also deemed the movement a failure, given that none of the protesters' demands were met. "So, the cost

for 'reform corrupted' is five deaths, and now violence against civil society even becomes more apparent," Mirza continued.

Constitutional law expert from the Jakarta-based Jentera School of Law, Bivitri Susanti, said social movements in Indonesia were polarized and had disintegrated from one another. "Civil movements can have different purposes, but they should consolidate the same major purpose. For example, changing the governance system and so forth," Bivitri said.

In addition, she said the public was easily satisfied with the result of 1998 political reform. "We are glad that we are granted free elections with many political parties joining in. But that's just so wrong," she said. "We never criticize the political party system, for example, so those political figures we have hailed as heroes of reform are now becoming obstacles to democracy."

BUSINESS AND ECONOMICS NEWS AND HEADLINES

National airlines struggling to survive amid pandemic

Kontan, headline

National airlines have been severely hit by the COVID-19 pandemic as their load factor plummeted to below 50 percent. With the mounting operational expenses on the roll, their financial condition is becoming even more worrying. The poor business performance has led airlines to ask for leniency and incentives from the government to avoid further losses and layoffs.

Lion Air Group, for instance, is currently facing a lawsuit by Goshawk Aviation Ltd., which demands a payment of Rp 189 billion (US\$ 12.8 million) for renting seven Boeing 737 aircraft. The late payment was due to the pandemic, which affected all airline companies and caused them to cease operations, said Lion Air president-director Edward Sirait. Besides, they are also negotiating for rental leniency with other companies.

PT Air Asia Indonesia Tbk has also faced a 55 percent year-on-year decrease in revenue during the first half. Their load factor was only 40 to 50 percent since the implementation of large-scale social restrictions (PSBB), leading to a total loss of Rp 909.07 billion until the end of June 2020.

Similarly, PT Garuda Indonesia faces Rp 10.19 trillion in losses while the Rp 8.5 trillion in support as promised by the government has yet to be realized. As of July 1, 2020, Garuda has a total loan of US\$2.2 billion, with US\$905 million in the form of short-term loans and US\$645 million in long-term loans.

Mall tenants collapse, unemployment explodes

Investor Daily, headline

Shopping malls have urged the government to abolish a number of taxes and subsidize the wages of their employees to dampen a possible unemployment explosion as mall tenants and and their suppliers, mostly micro, small and medium enterprises (MSME), are dying.

Indonesian Shopping Center Association (APPBI) chairman Alphonzus Widjaja said that to control the explosion of unemployment, the APPBI had requested that the central and local governments relax taxes and even called on the government to subsidize the tenants' employee wages by 50 percent through the Workers Social Security Agency (BPJS Ketenagakerjaan).

Alphonzus also requested the government to allow people to dine-in at restaurants to boost visitor numbers. He also mentioned that most shopping malls had no savings anymore as the pandemic dragged on and hence they badly needed government support.

Indonesian Chamber of Commerce and Industry (Kadin) chairman Rosan P. Roeslani predicted that unemployment would rise by 5 million people this year due to the large-scale social restrictions (PSBB) and the pandemic. He noted that at least 46.3 million people were not working this year.

Unemployment explosion in worst-case scenario

Bisnis Indonesia, headline

Indonesia is haunted by the prospect of an unemployment explosion in the fourth quarter as economic uncertainties have strongly hit businesses due to the COVID-19 pandemic.

Indonesian Chamber of Commerce and Industry (Kadin) projected that the open unemployment rate in the fourth quarter could potentially hit 12 percent, far higher than the normal 5 percent level. Besides, employees' income is also predicted to drop by more than 40 percent as businesses are slow in certain sectors.

CORE Indonesia think tank estimates that for the worst-case scenario, the unemployment number could grow by up to 4.68 million people in the third quarter.

Meanwhile, the International Labor Organization (ILO) reported that the global income for January to September year-on-year has decreased by up to 10.7 percent. For middle-and lower-income countries including Indonesia, the decrease is even worse at a 15.1 percent.

Fintech faces headwinds in reach for unbanked

The Jakarta Post, headline

Indonesian fintech companies are still facing basic infrastructure and literacy issues in their attempt to increase financial inclusion in the country.

Some two-thirds of surveyed fintech companies were already serving both the unbanked and underbanked population, including in rural areas, according to a recent survey by the Indonesia Fintech Association (Aftech), which has 362 members offering various financial services.

However, 75 percent of the fintech companies reported they were still facing low financial literacy among the target market, 57 percent reported facing basic infrastructure problems and 44 percent reported facing limited capital or resources challenges.

"So if we can work on this part, all of these three things, we can actually reach our target even faster," Aftech board member Chrisma Albandjar said on Thursday during the Jakpost Fintech Fest webinar series organized by *The Jakarta Post*.

"If we are very focused on that part we will actually achieve the 90 percent financial inclusion," she added, referring to the national target in 2024.

According to a 2019 survey by the Financial Services Authority (OJK), Indonesia's financial inclusion rate stood at 76.1 percent, marking an increase of some 40 million unbanked adults from 2017, when the rate was nearly 50 percent.

Waiting for presidential regulation on renewable energy

Koran Tempo, Economy and Business page

The Energy and Mineral Resources Ministry said the planned presidential regulation on renewable energy would attract more investment as the regulation would relax existing rules on renewable energy prices and introduce a feed-in tariff (FIT) mechanism.

The ministry's director for new and renewable energy, Harris, said that the FIT would replace the existing rules that set renewable energy prices at 85 percent of the regional electricity supply cost (BPP), which have discouraged new investment in renewable energy.

FIT is a policy that sets a guaranteed price for every kilowatt-hour of electricity produced by the power producer of renewable energy over a specified period, and the prices could be higher than BPP depending on resource quality, location and capacity. Harris said that electricity from renewable energy plants in eastern parts of Indonesia could command higher rates.

Harris said that the draft presidential regulation was now in the harmonization stage at the Law and Human Rights Ministry.

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.