

Monday, Sep. 28th, 2020

GENERAL NEWS AND HEADLINES

Health experts seek voice in virus response

The Jakarta Post, headline

The resignation of Indonesia's top doctor from the COVID-19 task force has prompted questions as to whether the government is seriously involving health experts in its pandemic response.

Urologist and professor at the University of Indonesia's (UI) School of Medicine, Akmal Taher, has tendered his resignation as the task force's health division head, saying that he would continue contact tracing and testing — two measures he believed to be essential in curbing COVID-19 — elsewhere.

Akmal did not immediately respond to a request for comment, but the former director of Jakarta-based Cipto Mangunkusumo General Hospital indicated that he disagreed with the current pandemic response measures.

During a discussion organized by the Center for Indonesia Strategic Development Initiatives (CISDI) on Saturday, Akmal said that he personally could not make any promises about vaccines being developed soon given that clinical trials were still underway.

His remarks stand in stark contrast to the more optimistic outlook of some government officials who claimed a vaccine could be ready by December. A proven COVID-19 vaccine does not currently exist. Akmal said it was "too early" for the government to start talking about vaccine availability, even if it only intended to remind people not to lose hope.

Health protocols violated during regional elections campaigns

Republika, headline; *Media Indonesia*, headline

A number of violations of health protocols on Sept. 26, the first day of the 2020 regional elections' campaign period, were detected.

Elections Supervisory Agency (Bawaslu) member M Afifudin said the agency had come across several face-to-face electoral campaign activities that were attended by more than 50 people, violating General Elections Commission regulation (PKPU) No. 13/2020 on the implementation of the 2020 regional elections amid COVID-19 pandemic.

“The violations were found in Bandung, West Java and Dompu in West Nusa Tenggara,” said Afifudin on Sunday.

Komunikonten social media observer and Global influence School CEO Hariqo Wibawa told *Media Indonesia* on Sunday that all electoral candidates had been urged to use online media platforms to hold campaign events and gather support.

“Large crowds are the main culprit behind virus transmission,” Hariqo said.

Promotion of former Tim Mawar members to Defense Ministry scrutinized

Kompas, p.3; *The Jakarta Post*, p.3; *Republika*, p.2

President Joko “Jokowi” Widodo has appointed six military officers to strategic posts within the Defense Ministry, including two former members of the infamous Tim Mawar (Rose Team) of the Army’s Special Forces (Kopassus), which was implicated in the notorious forced disappearances of activists in the late 1990s.

The appointment of the six military officers was stipulated in a presidential decree issued on Wednesday. According to the decree, a copy of which was obtained by *The Jakarta Post*, former Tim Mawar member Brig. Gen. Dadang Hendrayudha, who previously served as the head of the general affairs bureau at the National Counterterrorism Agency (BNPT) secretariat, will serve as the Defense Ministry’s director general for defense potential. Another former Tim Mawar member, Brig. Gen. Yulius Selvanus, who currently serves at the Praja Vira Tama Regional Military Command (Korem) in Sorong, West Papua, has been appointed to helm the ministry’s Strategic Defense Installation Agency (Bainstrahan).

Rights activists lambasted the appointment of the generals to the positions, with Amnesty International Indonesia executive director Usman Hamid saying that Jokowi had violated his own promises to resolve past human rights abuses in the country.

KPK director questioned over alleged ethics violation

Koran Tempo, Berita Utama

The Corruption Eradication Commission’s (KPK) supervisory council has accused the antigraft body’s acting director of the Public Complaints Division, Aprizal, of “creating an uncondusive working environment”, following the arrest of Dwi Achmad Noor, the head of staffing at Jakarta National University (UNJ) for his involvement in bribery.

Accusations against Aprizal's alleged ethics breach first emerged when he, along with the Education and Culture Ministry's inspectorate general, investigated an alleged bribery case involving Dwi earlier this year. During the investigation, however, the antigraft body confiscated a relatively small amount of money: US\$1,200 and Rp 27.5 million (\$1,850). The KPK later announced that it had failed to prove the complicity of state officials in the case after questioning several people, and therefore, the antigraft body had decided to transfer the case to the police.

Indonesian Anticorruption Community (MAKI) coordinator Boyamin Saiman said the investigation was "unprofessional" and poorly planned. MAKI reportedly plans to file a complaint with the KPK's supervisory council.

Resignation of KPK spokesman adds to surge of departures

The Jakarta Post, p. 3

The Corruption Eradication Commission (KPK) has revealed that dozens of its employees have resigned from the agency. The word on resignations broke days after the antigraft body confirmed that its public relations head and former spokesperson, Febri Diansyah, had resigned from the commission.

KPK acting spokesperson Ali Fikri said that 31 employees had filed their resignation letters between January and September. He added that such resignations were common within the KPK, as 126 employees had resigned from the commission between 2016 and 2019.

In his resignation letter dated Sept. 18, a copy of which was obtained by *The Jakarta Post*, Febri cited "changes in the KPK's political and legal state" over the past 11 months as the reason for his departure. Many thought he was referring to changes caused by the controversial revision to the KPK Law in September 2019.

Activists previously said the KPK was "entering its bleakest days [and was] no longer trusted by the public" because of poor enforcement of graft laws and controversies plaguing the commission, which is currently led by police general Comr. Gen. Firli Bahuri.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Tough test for SOE issuers

Bisnis Indonesia, headline

Amid the efforts to maintain their financial performance during the COVID-19 pandemic, State-Owned Enterprises (SOEs) Minister Erick Thohir gave several additional tasks to these SOEs. These additional tasks were given despite the sector's financial struggles in the first half of the year as 20 companies reported a year-on-year (yoy) decline in net profit as of June 30.

Most recently, metal miner PT Aneka Tambang (ANTM) has been asked to manage PT Freeport Indonesia's former mining concession in Papua.

In the healthcare sector, PT Biofarma (Persero) has been assigned to produce an eventual COVID-19 vaccine, while subholding PT Kimia Farma (Persero) Tbk (KAEF) was made responsible for building a paracetamol factory and producing Avigan, and PT Indofarma Persero (INAF) was made responsible for decreasing the price of rapid tests.

National flag carrier PT Garuda Indonesia (GIAA) has been directed to join the the tourism and hospitality SOEs cluster along with hotel chain PT Hotel Indonesia Natour and retailer PT Sarinah.

More support from the government in the form of capital injection is needed to ensure their capacity in implementing the additional tasks.

Bank stocks fall

Kontan, headline

Stocks from the banking sector may continue to fall as foreign investors sell off shares. The total foreign sell-off of banking assets in the LQ45 index was Rp 1.19 trillion (US\$80 million) last week, leading to a foreign net sell-off of Rp 2.51 trillion – 47 percent of the total foreign net sell. Of the LQ45 banking issuers, private lender Bank Central Asia (BCA) reported the highest foreign net sell with Rp 838.70 billion.

The Financial Services Authority (OJK) predicts that the net profit of the country's banking sector will fall by 40 percent this year. Pilarmas Investindo Sekuritas analyst Okie Aridiastama said that market players were worried that the performance of banks in the third quarter would decline as a result of an increasing number of restructured loans, especially with the reimposed large-scale social restrictions (PSBB) in Jakarta. FAC Sekuritas head of research Wisnu Prambudi Wibowo added that the bearish trend could continue until mid-October.

On the bright side, the declining trend could be an opportunity for investors, as banking issuers still have good rebound potential if the economy recovers, especially the big four banks, BCA and state-owned Bank Mandiri, Bank Rakyat Indonesia and Bank Nasional Indonesia, which are seen as strong contenders for quick improvement.

Preventing recession by stimulus expansion

Investor Daily, headline

Businesses and economists have urged the government to expand the national economic recovery (PEN) program and accelerate and improve its disbursement. The measures were needed, they said, to prevent a worsening recession and boost consumption from low- to middle-upper-class households.

Responding to the advice, the government is finalizing the expansion of the stimulus program support consumption and is fixing certain regulations and mechanisms that have complicated the disbursement of the stimulus package and other forms of government spending.

Finance Ministry fiscal policy agency (BKF) head Febrio Kacaribu said that the government was considering the advice about the stimulus increase while taking into account the government's priorities and financial position. One of the suggestions being considered is a vehicle tax exemption to boost upper-middle class spending. The government is studying the exemption plan, particularly on vehicle ownership transfer fees (BBNKB) and luxury tax (PPnBM) until the end of 2020.

Indonesian Chamber of Commerce and Industry (Kadin) deputy chairwoman Shinta W Kamdani said that during the crisis condition, the key to moving the economy was in the government's hands. She urged the government to counter the crisis by mitigating the infection rate and improving PEN disbursement, which had only reached 40 percent as of the third quarter of 2020.

Sejin latest in wave of companies to relocate factories to Indonesia

The Jakarta Post, p.1

Garment company PT Sejin Fashion Indonesia, a subsidiary of South Korean footwear manufacturer Parkland Co., Ltd., has made the decision to relocate its production base from China to Indonesia, making it the latest in a wave of companies that have announced plans to relocate their manufacturing plants to the country.

The plan was confirmed following a visit to South Korea by Investment Coordinating Board (BKPM) head Bahlil Lahadalia and State-Owned Enterprises Minister Erick Thohir on Wednesday and Thursday.

"One more company is going to relocate from China to Indonesia. It's a labor-intensive industry; it could add up to 4,000 new jobs. Hopefully, it will help the economy during this COVID-19 crisis," Bahlil said in a written statement on Saturday, adding that Sejin would also increase foreign exchange as it exported its products.

Sejin plans to relocate its factory from Dalian city in China to Pati regency in Central Java. The company's total investment is estimated to be US\$35 million.

Competing to win the lower-middle class

Koran Tempo, business and economic headline

A number of national banks are intensifying their efforts to acquire more customers amid the COVID-19 outbreak, including those in the lower middle class. The banks are providing banking and financial services through partnerships with external parties by utilizing technology.

Private lender Bank Bukopin, for example, is partnering with *b-tunai* agents, individual or corporate customers who register to serve as Bukopin's providers of banking and financial services to those who do not have bank accounts. *B-tunai* agents have various backgrounds, such as grocers and phone credit vendors, and are spread throughout the country. As of August, there were 2,766 *b-tunai* agents registered nationwide.

The local branch of Malaysia-based Maybank has launched an application called Maybank2U (M2U) that offers services that include opening bank accounts, deposits, loan applications, digital financial transactions using QR codes, e-wallet top-ups and financial planning. Maybank has said that 45,000 accounts have been opened on the platform this year and that financial transactions have increased by 30 percent.

Center of Reform on Economics (CORE) Indonesia research director Piter Abdullah said the banking industry's opportunities to collect cash from people were greater during the outbreak because people in general were holding back from consumption, especially the upper-middle class. Therefore, savings would increase.

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