

Monday, Sep. 7th, 2020

GENERAL NEWS AND HEADLINES

COVID-19 positivity rate soars, test yet to be stabilized

Kompas, p.1

Indonesia recorded its highest positivity rate – the percentage of those tested who are found to be infected – on Sunday at 26 percent. As uncertainties still loom over the development of COVID-19 vaccines, the most effective way to curb COVID-19 transmissions right now is through the enforcement of social distancing and tight surveillance.

National COVID-19 task force reported 3,444 new confirmed COVID-19 cases on Sunday, bringing the total number of infections nationwide to 194,109. Meanwhile, the number of people tested was 13,225, pushing the country's positivity rate to as high as 26 percent. This far exceeded the World Health Organization's (WHO) stipulation, which obligates countries to curb their positivity rate to 5 percent before entering the "new normal" phase.

Furthermore, Indonesia also saw a decrease in its testing rate on Sunday with only 16,897 people tested, which is far below the targeted 38,000 tests per day.

Virus haunts industrial zones

The Jakarta Post, headline

Six months into the pandemic, Indonesian workers are not only at risk of massive layoffs but also of infections at their workplaces, as virus clusters have emerged in factories, prompting calls for tighter government supervision and better compliance of health protocols from companies.

The country's most populous province, West Java, has seen at least three big clusters with a total of 541 cases emerging from its industrial areas in Bekasi regency, located at the periphery of the capital, within the last weeks of August. The regency's health agency head, Sri Enny Mainarti, declined to disclose the names of the three factories but said they had 250, 220 and 71 cases, respectively.

In Tangerang, Banten, Mayor Arief Wismansyah told *The Jakarta Post* that the administration had traced 43 cases in a cluster emerging from a factory producing daily products from July to August. He also declined to disclose the company's names.

Central Java and East Java have also reported clusters among their workers, amounting to some 300 cases in at least three companies in July for the former and more than 100 cases in two cigarette factories in April and May, according to media reports.

Inter-Factory Laborers Federation (FBLP) chairwoman Jumisih said there were still companies that did not provide the necessary facilities for workers to follow health protocols, especially in terms of social distancing. Hence, it was inevitable that thousands or hundreds of workers would come across each other when entering or exiting their workplaces, or during break time.

Jakarta on 'right track' in COVID-19 handling: Anies

The Jakarta Post, p.3; *Koran Tempo*, Berita Utama

Jakarta Governor Anies Baswedan has claimed that the administration is doing well in tackling COVID -19 in the capital, despite a spike in new confirmed cases. The governor said the key to handling the epidemic was mass testing and tracing, which he claimed the capital had been aggressively conducting with 50,000 COVID-19 tests a week.

The figure is above the World Health Organization's recommendation for testing at least one person out of 1,000 per week. He added that with the high number of tests, the capital had discovered more infected people that could be immediately subjected to hospital care or self-isolation.

COVID -19 cases in Jakarta, the epicenter of the outbreak in Indonesia, have recently shown an uptrend, with the Health Ministry announcing a record-high 1,359 daily new cases on Thursday. As of Saturday, the capital has recorded 45,157 confirmed infections with 1,265 fatalities and 33,931 recoveries.

Epidemiologist Pandu Riono from the University of Indonesia has predicted that the number of confirmed COVID-19 cases in the capital will continue to rise until next week due to people's high mobility during the long weekends for Independence Day on Aug. 17 and Islamic New Year on Aug. 20.

Regional elections to potentially create new COVID-19 clusters

Republika, headline; *The Jakarta Post*, p.3; *Koran Tempo*, Berita Utama; *Media Indonesia*, headline

Large entourages were still seen on the last day of candidate registration for the 2020 simultaneous elections on Sunday, raising concerns about the possibility of the emergence of new COVID-19 clusters.

At least 141 regional leader candidates took a large entourage with them upon registering for this year's simultaneous regional elections despite calls to reduce crowds amid the COVID-19 outbreak, Elections Supervisory Agency (Bawaslu) member Fritz Edward Siregar said. Fritz went on to say that the agency would investigate whether the gathering of such large crowds violated any laws, such as the regulation on health quarantine during an infectious disease outbreak.

Indonesian Medical Association (IDI) spokesperson Halik Malik has urged poll organizers to prioritize the implementation of health protocols. The association has also urged Bawaslu to reprimand regional electoral candidates who violated health protocols, such as by gathering their supporters in large numbers.

Likewise, epidemiologist Tri Yunis Miko Wahyono from the University of Indonesia has also urged the KPU to revoke the nomination of regional electoral candidates who repeatedly violated health protocols.

History to blame for PDI-P woes in W. Sumatra

The Jakarta Post, p.1; *Koran Tempo*, Nasional; *Republika*, p.3

The Indonesian Democratic Party of Struggle (PDI-P) is so unpopular in West Sumatra that even an effort to reach out to voters in the region has been swiftly met with backlash.

"We hope that West Sumatra can indeed be a province that will support a Pancasila state," from senior PDI-P politician Puan Maharani said in her closing remark for a virtual meeting on Wednesday to announce the ticket of Mulyadi and Ali Mukhni to run in this year's gubernatorial election.

Local politicians and activists have also taken issue with what Puan's mother, PDI-P chairwoman Megawati Soekarnoputri, said earlier in the meeting. "I wonder why the people of West Sumatra don't appear to like the PDI-P [...] We need to analyze why people in West Sumatra seem to have trust issues with the PDIP," Megawati said in the same virtual meeting on Wednesday.

Puan and Megawati's statements were the latest expression of frustration from the party's top brass about the fact that despite winning the majority of votes in large parts of the country, the PDI-P has problems making inroads in West Sumatra.

Senior Indonesian Institute of Sciences (LIPI) historian Asvi Warman Adam, a native of Bukittinggi, West Sumatra, said the unpopularity of the nationalist PDIP could be blamed on deep-seated resentment that West Sumatran people had toward Megawati's father,

the country's first president Sukarno, who imposed tough policies on the region the 1950s.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

State-owned banks face credit default

Kontan, headline

State-owned banks face credit default risks from debtors who received COVID-19 related debt restructuring and those whose business suffered because of the economic slowdown. The amount of restructured debt has reached Rp 470.6 trillion (US\$31.89 billion).

State-owned banks' financial statements in June showed an increase in non-performing loans (NPL), particularly in the collectability five (loss) and collectability two (special mention) categories.

PT Bank Mandiri (BMRI), for instance, reported Rp 13.09 trillion in collectability five in June 2020, higher than the Rp 11.4 trillion in December 2019. The percentage increase in collectability two is even higher at 28 percent with Rp 41.58 trillion from Rp 32.4 trillion in the same time period.

Similarly, PT Bank Negara Indonesia reported an increase in collectability five at Rp 8.8 from Rp 7.2 trillion and in collectability two to Rp 30.18 trillion from Rp 25.4 trillion. Meanwhile, PT Bank Rakyat Indonesia also recorded an increase in collectability five to Rp 9.05 trillion from Rp 6.62 trillion, but its collectability two debts dropped to Rp 25 trillion from Rp 25.5 trillion in the same time period.

Bank Mandiri risk management director Ahmad Siddik Badruddin projected that around 7 to 8 percent of restructured debts would default and become NPL, especially after the Financial Services Authority Regulation POJK 11/2020 was over in March 2021. The mining and industrial sectors have contributed to 56.51 percent of the total bad credits or Rp 27.75 trillion. He predicts that the NPL will increase by around 1.5 to 2 percent, to 3.5 to 3.6 percent, when the POJK 11/2020 is ended.

Avoiding the delisting effect

Bisnis Indonesia, headline

The Indonesia Stock Exchange has named 28 issuers that might potentially face forced delisting. Construction and mining company PT Mitra Investindo (MITI) is the latest

addition to the list after being suspended on the common stock and cash equity market for 18 months. Forced delisting will be carried out if the suspension remains in place for 24 months, or until Mar. 11, 2021. Issuers from the mining, oil and gas, and real estate sectors currently dominate the list.

Forced delisting can be implemented against companies that fulfill certain criteria, such as having been declared bankrupt, faced long-term losses, not submitted a standardized financial report, or been involved in a lawsuit. When there is forced delisting, investors risk losing their funds as there is no obligation for the company to buy back their shares. In addition, due to the issuers' amounting negative records, retail investors might have difficulties in selling their shares or might have to sell them at a low price.

Retail investors will have to be extra cautious when choosing which shares to buy and diversifying their portfolio by selecting shares with good liquidity, capital and strong fundamentals. Those who already have stocks from issuers that might have to face forced delisting, are advised to sell them immediately or even to cut their losses to avoid further losses.

Uncertainty looms as House to allow BI to supervise banks

The Jakarta Post, p.1

The House of Representatives' proposal to bring back banking supervision to Bank Indonesia (BI) has drawn criticism as experts warn of possible moral hazard and regulatory uncertainty.

In a draft revision of the 1999 and 2004 BI laws, the House's Legislative Body (Baleg) proposed that the central bank take over the job of supervising banks from the Financial Services Authority (OJK). The gradual takeover process is expected to be completed by Dec. 31, 2023, at the latest.

The OJK was established in 2011 to oversee the financial industry and it was modeled on the financial services regulatory structure that prevailed in the United Kingdom. It assumed the role of regulator and supervisor of banks in 2013, taking the responsibility from the central bank.

The proposal came after media reports emerged in July saying President Joko "Jokowi" Widodo was considering issuing an emergency decree to return the banking regulation to the central bank over his dissatisfaction with the OJK's performance during the pandemic.

Critics claimed the OJK was performing poorly in supervising the country's financial system as shown by a string of defaults in several insurers and asset management companies.

More local brands to have potential to go international

Investor Daily, headline

Indonesia may give birth to more global brands as its large population, growing middle-class, consumption-based lifestyle and rising local product awareness will help build strong brand images domestically to support them to go international.

To date, at least 10 local brands have gone international, namely Kopiko (coffee candy), Indomie (instant noodle), Paper One (paper products), Gajah Tunggal (tires), J.Co (coffee and donut), The Executive (fashion), Lea Jeans (jeans), Polygon (bicycle), Eiger (fashion/lifestyle) and Brodo (men's fashion).

However, the global innovation ranking by the World Intellectual Property Organization (WIPO) shows that Indonesia ranks 85th out of 131 countries, or 7th among the ASEAN countries in terms innovation.

Indonesian Chamber of Commerce and Industry (Kadin) deputy chairwoman Shinta W Kamdani advised that the government and businesses should work hand in hand to support local brands to go international in an "Indonesia incorporated" approach.

The government, said Shinta, could offer support by having international representatives conduct market intelligence overseas and develop research and development (R&D) clusters within the leading industries such as automotive, chemicals, food and beverages, electronics, and textiles, as well as the health and digital sectors during the pandemic.

Meanwhile, the Trade Ministry's national export development director general Kasan Muhri said the directorate had identified the local products that had market power in some countries to support them to become global brands. The ministry plans to boost exports to countries that have managed to get the COVID-19 pandemic under control, such as China, Taiwan, Australia and New Zealand.

2.8 million BP Jamsostek accounts fail validation process for subsidy

Koran Tempo, business and economic headline

BP Jamsostek, previously known as the Workers Social Security Agency (BPJS Ketenagakerjaan), reported that 2.8 million accounts had failed the validation process to receive wage subsidies.

BP Jamsostek spokesperson Irvansyah Utoh Banja said the institution had collected details of 14.3 million accounts, or 91 percent of the targeted 15.7 million wage subsidy recipients. However, after three stages of the validation process, only 11.5 million accounts were able to be validated.

Irvan said two measures would be implemented to solve the problem. First, BP Jamsostek will return the invalid accounts to their respective companies for reconfirmation. Second, there were 1.6 million accounts that did not meet the subsidy program requirements. These accounts will be removed from the wage subsidy recipient list.

BP Jamsostek is distributing subsidies to employees working in private companies whose wages are below Rp 5 million (US\$339.05). The workers are entitled to receive Rp 600,000 per month from September to December. More than 2 million workers have received the subsidy as of Sept. 4.

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