

**Thursday, Sept. 10<sup>th</sup>, 2020**

## GENERAL NEWS AND HEADLINES

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### **Jakarta reimposes PSBB, orders people to stay home**

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

Jakarta Governor Anies Baswedan announced on Wednesday that the administration was reimposing large-scale social restrictions (PSBB) amid the rising number of confirmed COVID-19 cases in the capital. The restrictions will be reimposed on Monday.

"We have no choice other than to pull the emergency brake, which is reimposing PSBB," Anies said during a press briefing. By reimposing the restrictions, the administration will not allow non-essential workplaces to operate and has ordered its workers to work from home. The administration will also not allow public activities to be held.

The decision was made considering the high number of daily COVID-19 cases and deaths in the capital, as well as the city's bed occupancy rate. As of Wednesday, health authorities recorded that 1,347 people in Jakarta had died from COVID-19.

He also said 77 percent of 4,053 isolation beds for COVID-19 patients were occupied. "If we don't pull the brake, we will run out of isolation beds by Sept. 17."

In the past week, Anies said, Jakarta's positivity rate – the percentage of COVID-19 tests that return a positive result – had increased to 13.2 percent, while the national rate had reached 18.4 percent. Both figures far exceed the World Health Organization's standard of 5 percent for the relaxation of restrictions. Cumulatively, the positivity rate over the course of the pandemic was 6.9 percent in Jakarta and 13.9 percent nationally, Anies added.

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### **Regional hospitals overwhelmed**

*Koran Tempo*

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The increasing number of COVID-19 patients has not only overwhelmed Jakarta's hospitals, but has also burdened hospitals across several regions.

In Bali province, for example, a number of referral hospitals reported patient occupancy rates exceeding 90 percent. Meanwhile in Medan, COVID-19 patients are queuing every day for a hospital bed.

Udayana University Hospital director Dewa Putu Gde Pura Samatra said the occupancy rate at his hospital, in Badung regency, had exceeded 90 percent. He explained that since mid-August, the number of patients with moderate and severe symptoms continued to increase.

Even if the hospital were to add hospital beds and isolation rooms for COVID-19 patients, Dewa said it would take about two weeks to realize. Moreover, the decision to add hospitals beds is in the hands of the Provincial Health Agency and the COVID-19 task force, he added.

Health workers at Adam Malik Hospital in Medan have also reported difficulty in admitting patients who needed to be isolated, as the hospital only has 65 beds available for COVID-19 patients. The hospital's spokesperson, Rosario Dorothy Simanjuntak, added that the hospital also had a hard time meeting demands for swab tests due to the limited number of examination facilities.

Nanyang Technological University disaster sociologist Sulfikar Amir advised the government to reimpose strict large-scale social restrictions (PSBB) across the country to limit mobility. He predicted that the trend of positive cases would only increase and risks overwhelming Indonesia's healthcare system.

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## **Postponement of regional elections not yet an option**

*Kompas, p. 8*

Despite the increasing number of administrators and prospective candidates testing positive for COVID-19, the government remains firm in ensuring that the 2020 simultaneous regional elections will not be postponed.

It is hoped that mass gatherings, which were seen recently during the short candidate registration period, will not occur again throughout the upcoming campaign season running from Sep. 26 to Dec. 5.

Recently, in Papua, the number of election administrators infected by the coronavirus increased after one of the commissioners at the region's General

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Elections Commission (KPU) office tested positive for COVID-19. According to Papua KPU secretary Ryllo Ashuri Panay, the commissioner is undergoing treatment at a hospital in Jayapura and that all employees at the office are to suspend activities for a week.

“We have also instructed all commissioners and employees of the KPU offices in Keerom and Supiori regencies to take swab tests, since a candidate pair in Keerom and five pairs in Supiori have all tested positive for COVID-19,” Ryllo said.

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### **Despite bans, RI urges ASEAN travel corridor**

*The Jakarta Post, p. 1*

Indonesia continued to push for the establishment of an ASEAN travel corridor at the region’s premier foreign policy meeting, despite having been slapped with travel bans by other countries fearing the possibility of imported cases from the archipelago.

At the ASEAN Ministerial Meeting on Wednesday, the first time the annual meeting was held completely by video-conference, Foreign Minister Retno Marsudi reiterated the need for a travel corridor arrangement, saying it would not only help in the global economic recovery but also signal ASEAN unity in responding to the pandemic.

Retno acknowledged that it was not the right time to discuss the possibility of reopening tourism, but insisted it was still important to discuss the establishment of a special corridor for essential business travelers.

She also said that in this difficult situation, it was important that ASEAN countries continued to coordinate and communicate about any policy decisions.

However, a few dozen countries have already imposed entry bans on travelers from Indonesia. Ibrahim Al Muttaqi, the head of the ASEAN studies program at The Habibie Center, said that such policies were completely understandable.

“As long as the reasons are supported by data and are well-communicated, it is something that Indonesia will just have to accept – it shouldn’t be a reason to disrupt ASEAN unity,” he told *The Jakarta Post* on Wednesday. “Hopefully it will serve as an incentive for the Indonesian government to get a grip on the pandemic.”

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## **Regulation on online media campaigns to be passed this week**

*Media Indonesia, p. 4*

The General Elections Commission (KPU) is reviewing KPU Regulation No. 4/2017 concerning online and social media campaigns. The KPU plans to amend a number of articles in the regulation to allow candidate pairs to maximize their campaigns through online and social media to curb COVID-19 transmissions and mass gatherings.

According to KPU I member Dewa Kade Wiarsa Raka Sandi, in a virtual discussion held on Wednesday, setting up COVID-19 prevention protocols is crucial at certain stages. The KPU has mapped at least three preliminary stages of the regional head elections most prone to mass gatherings, one of which is the upcoming campaign period.

The KPU plans to conduct a public test on Friday before officially passing the regulation at the Law and Human Rights Ministry.

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## **BUSINESS AND ECONOMICS NEWS AND HEADLINES**

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## **Layered selections for issuers' tax incentive**

*Bisnis Indonesia, headline*

The government has issued a finance ministerial regulation that regulates the mechanism for fulfilling the requirements of companies to qualify for income tax (PPh) incentive.

In this regulation, the government added a new requirement of a detailed shareholders report and involves the Financial Services Authority (OJK) in the selection process.

Besides, to qualify for the 3 percent tax incentive, companies need to have at least 40 percent of their shares that are owned by a minimum of 300 shareholders registered in the stock exchange. Each shareholder can only have less than 5 percent of the registered shares.

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With the new regulation, only a small number of issuers in the Indonesia Stock Exchange would qualify for the tax incentive.

According to the Tax Directorate General, only 24.4 percent or 163 out of the total 668 qualified issuers in the market used this facility in 2019. The number has been decreasing annually since 2017.

The strict selection criteria is due to the government's intention to increase liquidity in the market. For the Indonesia Issuers Association (AEI), this tax incentive could help issuers reduce expenses during the COVID-19 pandemic.

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### **Tax authorities to gain access to Indonesians' assets in Australia**

*Kontan, p.2*

The Tax Directorate General has enriched its database by signing a memorandum of understanding (MoU) on the automatic exchange of information (AEOI) with Australia's tax authority. With this MoU, Indonesia's tax authority can receive information on taxpayers' income in Australia to prevent tax evasion.

The information will be useful for Indonesia, which implements the worldwide income regime principle, by strengthening the database for tax administration. Besides, it would also help in the implementation of risk management analysis and law enforcement in taxation. The government hopes this would make taxpayers more responsible in fulfilling their obligations.

According to Danny Darussalam Tax Center (DDTC), this cooperation would benefit Indonesia as there is an indication of taxpayers' assets and income sources in Australia. The exchange of information can also be used by each tax authorities to synchronize their data, especially considering that total trade between Indonesia and Australia exceeded US\$4 billion in the first half of 2020.

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### **Businesses tell govt to boost middle-income spending**

*Investor Daily, headline*

Businesses are urging the government to improve public confidence in the government's handling of the COVID-19 pandemic so that the people, especially those in the middle and upper segment, are willing to spend their money and therefore revive the dormant economy.

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Indonesian Employers Association (Apindo) chairman Hariyadi Sukamdani said middle-and upper-income people were saving more as the number of COVID-19 positive cases rose. Such a phenomenon is not good for business.

Meanwhile, Indonesian Chamber of Commerce and Industry (Kadin) deputy chairwoman Shinta W. Kamdani suggested that the government provide incentives for the middle-income bracket to boost their spending as the social safety net program was mainly targeted at the low-income economy.

State-owned Enterprises (SOE) Minister Erick Thohir explained that the government's priority right now was to develop the Merah Putih vaccine. He explained that Indonesia would also acquire 300 millions of COVID-19 vaccines next year in cooperation with China's Sinovac Biotech Ltd (Sinovac) and United Arab Emirates' G42.

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### **Govt continues planning for capital city relocation**

*Koran Tempo, Economy and Business page*

The COVID-19 pandemic has forced the government to postpone the capital city relocation project. However, the plan is still on, and basic infrastructure development in the new location of the new capital city in East Kalimantan is continuing using this year's budget as it creates employment for local people, according to the National Development Planning Agency (Bappenas).

Bappenas deputy chairman for regional development Rudy Soepriyadi said that basic infrastructure development this year used the existing budget for 2020 and that no funds had been allocated for next year. Rudi said Bappenas would complete the master plan for the new capital using the existing budget.

Rudy said when master plan is ready, the government could restart the development project once the pandemic was over. Rudy said if the government could restart the project in mid-2021 or in 2022, the government's target for the relocation of the capital city would still be within target, that is beginning in 2024.

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### **Weak economy may force stimulus to continue until 2023**

*The Jakarta Post, Headlines page*

The government's fiscal stimulus programs may need to continue into 2023 if the Indonesian economy and domestic consumption remain weak next year,

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economists have warned, as concerns mount over the government's ability provide a sufficient number of COVID-19 vaccine doses for citizens.

"The government needs to make a decision carefully because if consumer demand is still weak and the private sector is not kicking in by 2021, it should continue its fiscal stimulus programs into 2022 or even into 2023," former finance minister Chatib Basri said on Tuesday, during a discussion held by the Australian National University.

The government should focus its financial stimulus on providing cash transfers for lower-middle income citizens, he said, adding that such programs were "quicker to disburse" and "more effective" in boosting domestic consumption amid the health crisis.

President Joko "Jokowi" Widodo said on Monday that the economic recovery could only begin once public health had been restored, calling for the national COVID-19 and economic recovery committee to prioritize mitigation of transmission above all else.

"Good health will lead to a good economy [...] Let's not restart the economy before we have properly handled COVID-19," the President said. However, the country has continued to record surges in COVID-19 cases each week following the reopening of the economy in early June, with the number of confirmed cases surpassing 200,000 on Tuesday.

University of Indonesia economist Ari Kuncoro said in late August that the government stimulus would only be effective if people felt safe spending their money, adding that health protocols were crucial to revive the economy.

"If social restrictions continue and people are unwilling to go outside, then the economy will suffer even more and the stimulus would not be sufficient," he told *The Jakarta Post*.

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