

Thursday, Sept. 17th, 2020

GENERAL NEWS AND HEADLINES

Health Ministry sidelined as Luhut takes the wheel

Koran Tempo

Coordinating Maritime Affairs and Investment Minister Luhut Binsar Pandjaitan has been appointed by President Joko "Jokowi" Widodo to bring down the number of COVID-19 cases across nine priority provinces within the next two weeks.

The decision roused doubt when University of Indonesia epidemiologist Pandu Riono questioned whether Jokowi had chosen the right person for the task, given his position in the government. However, leading expert at the Executive Office of the President Donny Gahral Adian reminded that Luhut also sat as deputy chairman of the national COVID-19 and economic recovery committee and thus would have the resources and means to carry out the task.

"Pak Luhut has always been trusted by the President because he is able to execute any order he is given," Donny said on Wednesday.

Moreover, a source from *Tempo* said Luhut's appointment reflected Jokowi's diminishing trust in Health Minister Terawan Agus Putranto. The source added that the President also deemed the health sector as having failed to control the outbreak.

Adviser to the director general of the World Health Organization (WHO), Diah Saminarsih, said the management of the pandemic would ideally be under the jurisdiction of the health sector. However, if difficult conditions continue to prevail, the government can form another body to respond to the issue but should still involve the Health Ministry and other relevant stakeholders.

RI, UNICEF sign deal on COVID-19 vaccine procurement

Republika, p. 1; Media Indonesia, p. 2; The Jakarta Post, p. 3

The Health Ministry and UNICEF signed on Wednesday an agreement on the procurement of a COVID-19 vaccine under the COVAX Facility, a global COVID-19 vaccine allocation plan co-led by the World Health Organization that aims to help buy and fairly distribute the vaccine.

UNICEF representative to Indonesia Debora Comini said all countries participating in the COVAX scheme would have special access to the vaccine at affordable prices, once it was available.

"Indonesia is going to be part of this very important initiative," Debora said.

She explained that the MoU signing would also allow domestically manufactured COVID-19 vaccines, such as the Merah Putih vaccine, to be placed in the international market through UNICEF's supply division.

Through the agreement, Indonesia will also have access to vaccines for other diseases such as the pneumococcal conjugate vaccine (PCV) against pneumococcal disease.

"This [PCV] vaccine could save 10,000 children per year in Indonesia," she said.

COVID-19 infections among state officials must be disclosed

Kompas, headline

Following the passing of the Jakarta administration's secretary, Saefullah, from COVID-19, academics have urged the government to be transparent in disclosing information on state officials that had contracted the virus. This is because state officials, such as ministers, governors, regents, mayors and regional secretaries, are at high risk of contracting the virus due to their activities.

Institute of Public Administration (IPDN) professor Djohermansyah Djohan said state officials should set an example by being transparent with the public. Moreover, openness is key to encourage effective COVID-19 management.

"Because state officials are considered role models, they must inform the public if they have been exposed to COVID-19," he added.

KPU urged to prohibit concerts in regional elections campaigns

Media Indonesia, headline

Observers have urged the General Elections Commission (KPU) to prohibit election candidates from holding concerts as part of their campaigns.

Holding concerts as part of campaign activities is regulated in KPU Regulation No. 10/2020, which details changes made to the elections of governors, regents and mayors amid COVID-19 conditions.

The regulation stipulates that there are seven activities that do not violate the campaign ban, including general meetings, cultural activities (such as performing arts, harvesting events and music concerts) as well as sports activities (such as walks and bike-riding).

Jakarta tells businesses to cooperate during PSBB

The Jakarta Post, p. 3

The Jakarta administration has urged businesses to cooperate during the implementation of large-scale social restrictions (PSBB) as authorities raise concerns over the limited number of supervisory officials available to oversee them.

Jakarta Manpower, Transmigration and Energy Agency head Andri Yansyah said the office had only 25 teams in charge of overseeing the implementation of health protocols, each team tasked with monitoring three companies a day.

With the help of the Jakarta Public Order Agency, the 25 teams are monitoring 79,849 small to large companies that employ up to 2.1 million people.

“That’s why we expect companies’ internal task forces to assist us. Besides the implementation of COVID-19 protocols, we also call for the creation of P2K3 [occupational health and safety committees],” Andri said on Tuesday.

He called on companies to actively report on the implementation of health protocols and encouraged workers to report companies that violated restrictions, promising them protection and anonymity.

The administration will involve the National Police and the Indonesian Military only when companies and offices challenge or impede the process of monitoring, he said.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Perppu plan for financial sector to move forward

Kontan, headline

Despite the plan for an omnibus bill on the financial sector, the government is going to push through with its plan to issue another government regulation in lieu of law (Perppu) on the financial sector and has almost finished the draft.

The Perppu is rumored to be issued shortly after the omnibus bill on job creation is passed, likely in October.

Nevertheless, there are some changes in the substance compared to the previous rumors. Instead of handing over the monitoring role to Bank Indonesia (BI), the Financial Services Authority (OJK) will instead be joined by the Deposit Insurance Corporation (LPS) in monitoring troubled banks.

LPS' involvement is hoped to bring down the costs of saving these banks by providing rescue funds and taking over the bad loans or creating a special asset management credit (AMC) unit.

The provisions that were feared to be restricting BI's independence are also removed from the new draft. Similar to the United Kingdom's Financial Policy Committee, the Monetary Council functions will be delegated to the Financial System Stability Committee (KSSK) instead. The council will be in charge of monitoring all financial and macroeconomic issues that might threaten financial system stability and identify potential risks.

This Perppu plan has been gaining criticism from both lawmakers and experts alike, who noted that the government should focus on managing financial stability in the time of crisis. Disturbing the central bank's independence will be responded negatively by the market, said Praus Kapital head of research Alfred Nainggolan.

Growing threat from non-performing loans

Bisnis Indonesia, headline

The number of non-performing loans (NPL) after debt restructuring is predicted to rise amid the COVID-19 pandemic.

Some banks have declared that there are risks of default from debtors who joined the restructuring program. As of July, NPLs have reached 3.22 percent and could continue to rise should the restructuring not go smoothly. Shop-house owners along with the accommodation and food and beverage sectors contributed to the highest NPL ratio with 6.33 percent and 5.88 percent respectively.

Bank Rakyat Indonesia (BRI) currently has the biggest amount of restructured debts, with total value of Rp 189 trillion belonging to 2.9 million debtors. Despite that, in the worst-case scenario, 15 percent of BRI customers have default potential.

Similarly, Bank Mandiri, which divides its debtors in the debt restructuring program into three segments, has also noted 10 percent NPL potential among its high-risk debtors.

To mitigate the risk, some banks such as Bank CIMB Niaga has opened an option for extending the period of debt restructuring for potentially default customers. These strategies are chosen because banks still have some room in their reserve. However, lengthy restructuring will also affect banks' margins and reduce their cashflow.

143 companies ready to relocate to Indonesia

Investor Daily, headline

Coordinating Economic Minister Airlangga Hartarto said 143 companies from the United States, Taiwan, South Korea, Japan, Hong Kong and People's Republic of China planned to relocate their investment to Indonesia. The relocation potentially would bring in more than 300,000 jobs.

The government has also prepared land to accommodate the relocation, and the Investment Coordinating Board (BKPM) will help them with the licensing. The government provides such facilities because land and licensing are two of the major problems hindering investment.

"According to BKPM data, about 143 companies plan to relocate their investment to Indonesia, and Indonesia will be an interesting investment destination country for foreign [investors]," said Airlangga. He saw the relocation as a good opportunity for Indonesia to replace China as an investment destination as well as the center of the global supply chain.

Therefore, the government has prepared four measures to support investment relocations, especially from China to Indonesia, including the completion of a job creation bill that will accelerate economic transformation, adoption of investment priority list, transportation connectivity, and centers of production.

Prolonged pandemic could derail RI economy

The Jakarta Post, headline

A prolonged pandemic could potentially harm Indonesia's economic recovery as the continued rise in COVID-19 cases in the country adds uncertainty, resulting in a weak economic indicator outlook, economists have said.

In a recently published report, titled Asian Development Outlook 2020 Update, the Asian Development Bank (ADB) stated that continued disruption from the coronavirus "will have severe implications for growth" for Indonesia, with domestic demand and export prospects dampened as a consequence.

"The main risk for the outlook of Indonesia, and also the [Asian] region, stems from the possibility of a prolonged COVID-19 pandemic, which could potentially derail the recovery process," ADB's country economist for Indonesia Emma Allen said during a webinar held by the development bank on Tuesday.

"Basically, there isn't a trade-off. This is a health crisis. Unless you can address this effectively, you can't have a full recovery," ADB's director for macroeconomics research Abdul Abiad stated during the webinar, responding to a question on whether the country should prioritize its health or its economy.

He went on to explain that some policies were more effective than others in reducing the incidence rate. For example, gathering bans are said to be more effective than workplace or public transit closures, according to the ADB report.

Govt considers hotels as COVID-19 self-isolation location

Koran Tempo, Economy and Business page

The government is considering renting two and three-star hotels as additional locations for self-isolation for non-serious COVID-19 patients.

National Disaster Management Agency (BNPB) deputy chairman Dody Ruswandi said hotels were considered because they already had the required facilities and also helped the hotel industry, which has been decimated by the pandemic.

BPNP is assisting the Jakarta administration's health agency in selecting the hotels that meet the requirements. The hotels have to have good air circulation, Wi-Fi facilities and an open space for patients to exercise.

Currently, a number of hospitals are cooperating with hotels to provide locations for self-isolations for non-serious COVID-19 patients. Pelni Hospital in Central Jakarta, for example, cooperates with Hotel Ciputra in West Jakarta for its non-serious COVID-19 patients who can afford self-isolation in hotels.

For the now, the government is considering hotels for self-isolation for Jakarta only as a pilot project. If the policy proves effective in reducing the incidence rate of COVID-19, the policy would be applied in other regions with high rate of infection rates.

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