

Friday, Sept. 18th, 2020

GENERAL NEWS AND HEADLINES

Police suspect arson behind AGO blaze

The Jakarta Post, Headline; Kompas, Headline; Republika, Headline

The National Police's Criminal Investigation Agency (Bareskrim) has found evidence that the fire that ravaged the main building of the Attorney General's Office (AGO) complex in Kebayoran Baru, South Jakarta, in August was lit intentionally.

Bareskrim chief detective Comr. Gen. Listyo Sigit Prabowo said the fire had been caused by an open flame rather than an electrical short circuit, leading investigators to conclude in a preliminary probe that there could be criminal factors behind the fire.

The police have now finished the preliminary investigation and are focusing on finding those responsible for the blaze.

Listyo said the perpetrators could be charged with arson under Article 187 of the Criminal Code, which carries a maximum sentence of 12 years in prison if the fire damages property alone and 15 years if the fire endangers the lives of others. The culprits, he added, could be charged under Article 188 of the Criminal Code if the fire was caused by negligence.

Health minister steadily receives lesser roles

Koran Tempo

Health Minister Terawan Agus Putranto's roles in the government's COVID-19 management have gradually become less significant. Terawan, for one, has never been put in a central position in several teams or task forces established by President Joko "Jokowi" Widodo. Numerous responsibilities that should have been handled by the health minister were entrusted to other ministers or heads of government agencies instead.

National COVID-19 task force chief Doni Monardo denied the allegation that Terawan had slowly lost his spotlight in the country's fight against the pandemic. According to Doni, Terawan is preparing several facilities managed by the Health Ministry to become isolation areas. "The government is committed to increasing the number of health facilities with assistance from the Health Ministry," said Doni.

Regardless, Terawan's performance since the start of the pandemic has been subjected to public scrutiny since his roles were relatively minor compared to his counterparts in the Cabinet. When Jokowi formed the National COVID-19 Task Force on March 13, Terawan was merely appointed as the task force's deputy chief director, while Doni, who also helms the National Disaster Mitigation Agency (BNPB), was selected to lead the task force.

Recently, Jokowi also instructed Coordinating Maritime Affairs and Investment Minister Luhut Pandjaitan and Doni to supervise the ongoing COVID-19 mitigation efforts in nine provinces, sidelining Terawan once again. The health minister does not offer any explanation behind his decreasing roles in the government's COVID-19 management. However, it is reported that the Health Ministry has established a task force that will tour the same nine provinces under Luhut's and Doni's supervision.

Office buildings become new sites of COVID-19 transmission

Kompas, p. 1

Office buildings are the main sites of COVID-19 transmissions in Jakarta, with the highest number of infections found in the Health Ministry complex. However, tracing and tracking efforts have been impeded by numerous workplaces' refusal to disclose information on COVID-19 infections in their buildings.

According to data on corona.jakarta.go.id, most COVID-19 transmissions in the capital city occur in government buildings and private companies. Other than the Health Ministry, COVID-19 cases have also been found in 26 other ministries and 42 government agencies. Clusters in ministry offices include the Health Ministry with 139 cases, the Finance Ministry with 42 cases, the Law and Human Rights Ministry with 35 cases, the Tourism and Creative Economy Ministry with 33 cases, the Defense Ministry with 33 cases, the Youth and Sports Ministry with 28 cases, the Communications and Information Ministry with 27 cases and the Education and Culture Ministry with 25 cases.

Meanwhile, in other government agencies, COVID-19 cases have been detected at the Corruption Eradication Commission (KPK) with 42 confirmed cases, the Food and Drug Monitoring Agency with 35 cases and the General Elections Commission (KPU) with 30 cases.

On the other hand, COVID-19 transmission also occurs in various private companies, starting from banks to mass media offices. Other than office complexes, wet markets and student dorms have also become COVID-19 clusters. Workplaces' reluctance to release information on COVID-19 transmissions in office buildings is widely criticized by employees. According to public health researcher Irma Hidayana, many employees of private companies and government agencies have reported violations of protocols during the imposition of large-scale social restrictions (PSBB). A lack of transparency on COVID-19 infections in workplaces, according to Irma, jeopardizes not only the employees, but also their families.

Thousands caught in nationwide health violation roundup

The Jakarta Post, p. 3

A joint team consisting of the National Police, the Indonesian Military and local stakeholders have caught hundreds of thousands of health protocol violations through Operasi Yustisi. The operation, which is aimed at enforcing public health protocols, was carried out on Monday and Tuesday in several regions.

National Police spokesperson Brig. Gen. Awi Setiyono said authorities had discovered 47,752 health protocol violations on the first day of the operation and 128,668 on the second day. "On Monday we carried out 53,975 inspections at 2,318 locations, while on Tuesday we conducted 80,615 inspections at 5,063 locations," Awi said on Wednesday, as quoted by *kompas.com*.

Authorities gave 95,595 verbal warnings and issued 5,772 letters of reprimand during the operation. Some 2,096 people found in violation of health protocols were made to perform social work. The joint team also fined 1,421 people, collecting Rp 79.21 million in two days.

Govt urged KPU regulation to be revised

Republika, p. 3

The government has requested the General Elections Commission (KPU) to revise its regulation (PKPU) concerning electoral campaigns to prevent mass gatherings

amid the pandemic. PKPU No. 10/2020 is scrutinized in particular as it still allows electoral candidates to gather their supporters at a large number in certain types of events, including music concerts, sports events and cultural affairs, during the campaign period for the upcoming 2020 regional elections.

The Home Ministry's politics and government affairs director general, Bahtiar, asked for a revision of stipulations in the PKPU, which still permitted crowd-pullers during the campaign period, to prevent the emergence of new COVID-19 clusters.

Legal expert Khairul Fahmi from Andalas University said that, while the PKPU still allowed certain activities, the National COVID-19 Task Force could disperse electoral campaigns if health protocols were violated. Khairul, however, urged the government to formulate a comprehensive regulatory framework that administered the mechanism of regional elections amid a pandemic. The government, according to Khairul, should have issued a regulation in lieu of law (Perppu) stipulating a prohibition on mass gatherings ahead of the 2020 regional elections.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Revision of BI Law Unstoppable

Kontan, headline

Despite much opposition, the House of Representatives Legislation Body (Baleg) has continued with the deliberation process to revise Law No. 6/2009 on Bank Indonesia (BI Law).

Baleg discussed the draft for the BI Law revision and expert input on Thursday (17/9). Since the agenda to revise this law was initiated by the House, the result of the deliberation process will be handed over to the government.

The concerns about BI's independence are still apparent in the latest draft, as signaled with the article on the formation of the Macroeconomic Policy Council. This council is similar to the controversial Monetary Board that surfaced in the initial draft. The council will be led by the finance minister and has the power to decide on monetary policies.

The draft also mandates that BI will become the lender of last resort not only for the financial and banking sectors but also to help cover the state budget deficit. Meanwhile, the Financial Services Authority's (OJK) role to monitor the banking sector will also be shifted to BI at the latest by Dec. 31, 2023.

President Jokowi assures BI's Independence: BI governor

Investor Daily, headline

The government will likely reject the House of Representatives' intention to remove Bank Indonesia's (BI) independence through the amendment of the BI Law, because President Joko "Jokowi" Widodo has assured the public that BI's independence would be preserved, according to BI Governor Perry Warjiyo.

"On Sept. 2, 2020, President Joko Widodo [...] guaranteed BI's independence. I think that is clear," Perry said during a press briefing on the results of the BI board of governors meeting. Perry added that bill to amend the BI Law, which was initiated by the House, had not been discussed with the government.

Finance Minister Sri Mulyati Indrawati said earlier that the government was of the view that the monetary authority should remain independent from the government. She quoted President Jokowi's statement that monetary policy must be credible, effective and independent.

The House of Representatives Legislation Body (Baleg) is currently deliberating the draft for the amendment of Law No. 23/1999 on BI. The bill would effectively remove BI's independence, as it states that BI must coordinate with the government in monetary policy through the Macroeconomic Policy Council.

Positive signals from bond market

Bisnis Indonesia, headline

Improving risk perception in Indonesia has become a catalyst for investors to begin investing in bonds amid the COVID-19 pandemic. According to the World Government Bonds service of financial markets platform Investing.com, the five-year credit default swap (CDS) value per Sept. 17, 2020 was 90.59 level with 1.51 percent default probability, perhaps one of Indonesia's best since October 2019.

The improving perception is supported by the domestic bond market's strong fundamentals and track record. The government default risk is also relatively low, despite the looming recession. Moreover, Indonesia's bond market has a high

yield compared to other countries, such as the US. The global low-interest-rate environment will push investors to seek higher returns from emerging markets like Indonesia.

Unfortunately, the positive sentiment is still unable to move foreign investors to return and purchase Indonesian government bonds (SBN). Currently, the domestic banking sector dominates SBN investment, which was in the past dominated by foreign investors.

According to the Finance Ministry Budget Financing and Risk Management Directorate General, local bank ownership of tradable domestic SBN per Sept. 15, 2020 stood at Rp 1,191.95 trillion or 91.57 percent higher than the Rp 622.20 trillion recorded earlier this year.

Coal firms turn to domestic market as exports flatten

The Jakarta Post, p. 1

Demand for coal from Indonesia, the biggest exporter of the commodity, is projected to grow at less than 1 percent starting in 2021 as global power industry investment shifts away from coal, although not necessarily toward renewables.

Starting next year, demand growth for Indonesian coal will be driven solely by rising domestic consumption, while export – which still accounts for the lion's share of demand – will stagnate at 441 million tons a year, according to the government's roadmap unveiled on Aug. 27.

Domestic consumption will be mainly driven by a new wave of coal-fired power plants (PLTU) being developed by state-owned electricity company PLN, the roadmap shows.

"It's gonna be a huge demand setter," said James Stevenson, senior director for coal, metals and mining at IHS Markit, on Sept 9. "Over time, demand of the domestic market will constrain exports."

The government's roadmap shows it will embrace new coal plants to electrify Indonesia, despite the country's purported commitment to diversify into renewables and the world's gradual withdrawal of financial support for new coal plants. The roadmap does not take into account COVID-19's impact on Indonesia's coal industry.

Allocating more coal domestically, through a Domestic Market Obligation (DMO) policy, was needed to power an upcoming wave of new metal smelters, said Energy and Mineral Resources Ministry Mining Director General Ridwan Djamaluddin on Aug. 27.

Lobster seed export prices drop

Kompas, Economy and Business page

Prices of lobster seeds in the export market, mainly Vietnam, have dropped, and this situation has prompted lobster seed traders to turn to the local market. As a result, prices in the domestic market also dropped but are still higher than before the lifting of the export ban.

Lobster Fishermen and Breeders Association's supervisory board chairman Kris Budiharjo said the government's management of lobster seed exports was disastrous, resulting a consignment destined for exports being intercepted by the customs office, which resulted in the death of millions of lobster seeds.

Since the opening of lobster seeds exports, too many exporters had been given the license, which had prompted competition among exporters while the market was largely limited to Vietnam. Eventually, export prices dropped by 50 percent. For example, the price of sand-type lobster larvae dropped from Rp 28,000 per larvae to Rp 12,500.

Traders then turned to local breeders to absorb their catches. Prices of sand-type lobster larvae at the local market dropped from between Rp 7,000 and Rp 9,000 per larvae to between Rp 4,200 and Rp 7,000. Before the lifting of the export ban, the price of sand-type lobster larvae was only between Rp 1,500 and Rp 3,000 per larvae.

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