

Wednesday, Sept. 2nd, 2020

GENERAL NEWS AND HEADLINES

Prepare for the worst, hope for the best

Kompas, headline

The COVID-19 pandemic has hit Indonesia for six months. Ever since the first COVID-19 cases were detected in the country, the disease has spread fast. While it took almost three months for the first 50,000 cases to emerge, after that it only took less than two months for 100,000 new COVID-19 infections to develop.

The country's high transmission rate is also shown by Indonesia's 14.8 percent positivity rate, which refers to the percentage of all tests returning a positive result for COVID-19 infection. This far exceeds the World Health Organization's (WHO) stipulation, which obligates countries to curb their positivity rate to 5 percent before entering the "new normal".

According to official records, the 2,775 new cases were detected on Tuesday after the government tested 15,293 people, bringing the country's positivity rate to 18 percent.

National COVID-19 task force spokesman Wiku Adisasmito said that the government was facing a lot of difficulties in mitigating the pandemic, such as a surge in confirmed cases. "The government also has to increase the country's testing capacity and the quality of our health care," Wiku continued.

Flatten COVID-19 curve: Jokowi

Republika, headline; Media Indonesia, p.1

Responding to a recent surge in COVID-19 cases, President Joko "Jokowi" Widodo urged every regional head to increase their efforts to flatten the COVID-19 curve. "If the COVID-19 curve cannot be flattened, uncertainties will loom longer," said Jokowi on Tuesday.

President Jokowi also reminded that the country's mortality rate was higher than the global average.

The country recorded a total of 177,571 infections nationwide on Tuesday, with 7,505 fatalities and 128,057 recoveries from the disease. West Java, Central Java, East Kalimantan, Jakarta and East Java are the top five provinces contributing to the increase of Tuesday's confirmed cases.

Distance learning plan fails to account for poor

The Jakarta Post, headline

The government's plan to fund schoolchildren's access to the internet in support of online-based learning has spotlighted the social gaps that children living in poverty and in remote areas face, experts have said.

Education and Culture Minister Nadiem Makarim announced on Thursday that the state would allocate Rp 7.2 trillion (US\$532 million) in mobile phone credits and mobile data packages to support distance learning methods for the nation's students and teachers, at a time when the pandemic has all but canceled face-to-face interactions across the country.

While applauded by many, the creative solution still leaves some big holes in the implementation of distance education, as experts note that not every student in the country has a mobile phone or an internet connection.

Retno Listyarti, a commissioner for the Indonesian Child Protection Commission (KPAI), said that while her office expressed appreciation for the ministry's decision, she insisted that the plan followed a class bias. She said the program only provided learning aid for those who could afford smartphones and access to a stable internet connection.

Swift revision of Constitutional Court Law

Koran Tempo, Berita Utama; Media Indonesia, p.4

The House of Representatives passed a revision of the Constitutional Court Law on Tuesday amid widespread criticism. Activists and experts, for one, have scrutinized the revision as not only was it deliberated in a hasty manner but it could also potentially undermine the court's impartiality.

Head of the House's Constitutional Court Law revision working committee, Adies Kadir, said the revision process started after the issuance of an instruction letter from House deputy speaker on July 20. Lawmakers then held a meeting on Aug. 25, during which they established a working committee comprising 27 members of the House Commission III. Further deliberations were carried out on Aug. 26 to 28. On Aug. 31, the government, through Law and Human Rights Minister Yasonna Laoly, gave its approval for the revision.

House Commission III member Arteria Dahlan from the Indonesian Democratic Party of Struggle (PDI-P) said the speedy deliberation process was possible given that the revision was carried over from the House's previous sitting period.

Deputy ministers should not hold jobs in SOEs: MK

The Jakarta Post, p.3

The Constitutional Court (MK) has stated that deputy ministers cannot hold concurrent roles at state-owned and private firms, arguing that they should focus on their main duties in their respective ministerial offices.

The nine-justice bench declared its stance on the issue as it read out the final ruling on a judicial review petition challenging Article 10 of a 2008 law on state ministries filed by Bayu Segara from the Forum of Legal and Constitutional Studies (FKHK) and Novan Lailathul Rizky from Sahid Jakarta University.

The plaintiffs demanded that the court revoke the article, which allows the president to appoint deputy ministers, as they deemed it to be "unconstitutional".

The court rejected the petition on Thursday on the grounds that the plaintiffs did not have legal standing, but it did highlight the petitioners' argument over the absence of a regulation that bans deputy ministers from holding concurrent roles as commissioners or members of boards of directors at state-owned or private firms.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Electricity rates for middle class to be reduced

Kontan, headline

The government has announced a plan to reduce electricity rates for seven low-voltage electricity customer categories from Rp 1,467.28 per kWh to Rp 1,444.70 per kWh.

Those who will benefit from this new rate are household customer category R-1 TR 1,300 VA, R-1 TR 2,200 VA, R-2 TR 3,500 – 5,500 VA, R-3 TR 6,600 VA. Businesses customer category B-2 TR 6,600 VA – 200 kVa and government customer category P-1 TR 6,600 VA – 200 kVa and public road or P-3 TR will also be included in the plan that will run until December 2020.

Previously, the government allocated free electricity for customers with 450 VA capacity and 50 percent discount for those with subsidized 900 VA.

Lowering the electricity rate is essential to increase the public's purchasing power and to support the national economic recovery. The government hopes that this price reduction will allow customers to maximize the use of electricity for their daily and economic activities, said PLN executive vice president communication and CSR Agung Murdifi.

Businesses also welcome the plan, which will help to reduce their operational costs. They hope the government can optimize policies to increase consumer spending, especially as Indonesia is currently on the brink of recession.

Indef economist Ahmad Tauhid argues that the government needs to provide more stimulus to increase purchasing power for the lower-middle class and improve their database of potential target recipients.

Purchasing power under pressure

Bisnis Indonesia, headline

The government's efforts to increase purchasing power through the national economic recovery (PEN) programs are still not optimal. Statistics Indonesia (BPS) recorded 0.05 percent deflation in August on a month-to-month (mtm) basis and

0.10 percent deflation for July. With this, the annual inflation rate (yoy) is recorded at 1.32 percent, the lowest since the 1.2 percent record in May 2000.

Nevertheless, the manufacturing sector is showing some hopes for recovery as the Purchasing Managers' Index (PMI) reached 50.8 for August 2020 after reaching a low 27.5 level in April. This shows that the manufacturing sector has recovered and even managed to be back on the expansion track.

Indonesia's manufacturing recovery is considerably faster than other ASEAN countries, which have recorded another decrease in the index. Despite that, all stakeholders still need to work together to find a formula and solve the low purchasing power and market absorption problem to avoid the manufacturing industry from being dragged to contraction again.

Manufacturing industry rebounds, economy recovers

Investor Daily, headline

Some sectors of the Indonesian economy have started to recover since the relaxation of the large-scale social restriction (PSBB) in June 2020, with the Purchasing Managers Index (PMI) improving from 39.1 in June to 46.9 in July and finally reaching 50.8 in August.

The latest survey released by HIS Markit showed that Indonesia's PMI in August was 50.8, meaning that the manufacturing sector had started to expand. IHS Markit chief economist Bernard Aw said this was the first time Indonesia's manufacturing had shown recovery as output increased due to the relaxation of PSBB and improvement on the demand side.

Indonesian Chamber of Commerce and Industry (Kadin) deputy chairwoman Shinta Kamdani reminded that the expansion might not last long as market confidence was still relatively low and purchasing power was still far from normal. Nevertheless, Kadin is optimistic that the Indonesian economy will perform better in the fourth quarter of 2020 as the government will boost spending and stimulus disbursement.

Meanwhile, Finance Minister Sri Mulyani projected that the economy would start to book positive growth in the fourth quarter, with the third quarter likely to book another contraction. The economy is predicted to grow between minus 1.1 percent and 0.2 percent for the whole year.

Govt, House agree to return banking supervision to BI

Koran Tempo, Economy and Business page

The House of Representatives is drafting the third amendment to Law No. 23/1999 on Bank Indonesia (BI) that will transfer banking supervision from the Financial Services Authority to Bank Indonesia.

Initially, the government planned to submit an omnibus bill to rearrange the financial authorities in the country, but it would take too long. Then, the government planned to issue a government regulation in lieu of law (Perppu) to return banking supervision to Bank Indonesia.

However, issuing too many Perppu could create negative sentiments in the market. Therefore, the House took the initiative to draft an amendment to the 1999 BI Law, according to House Legislation Body (Baleg) deputy chairman according to Achmad Baidlowi

Baidlowi also said the draft amendment would revisit the independency of BI, saying "We often say that BI is independent, but it is like a country within a country. So, it needs to be changed by introducing a coordination mechanism between BI and the government."

Investment, financing key to sustaining agriculture

The Jakarta Post, p. 1

The Indonesian agriculture sector is in desperate need of increased investment and financing, despite having proven resilient during the pandemic. The agriculture sector grew 2.19 percent year-on-year in the second quarter of this year, at a time when Indonesia's GDP contracted 5.3 percent.

"These promising figures demonstrate that agriculture can become a powerful engine to resuscitate the economy. Not only has the sector proven its hardiness during the crisis, it has the potential to create additional jobs and employ millions more workers," said Agriculture Minister Syahrul Yasin Limpo during a virtual talk hosted by The Jakarta Post.

However, the sector has suffered from a low appetite for investment, especially from foreign investors. In 2019, foreign direct investment (FDI) in the sector accounted for just 3 percent of total FDI, according to data from the Investment Coordinating Board (BKPM).

Felippa Amanta, the head of research at the Center for Indonesian Policy Studies (CIPS), said investment in agricultural innovation could boost farmers' productivity. As many as 20,000 farmers who have partnered with food and beverage company PT Nestlé Indonesia for more than 30 years in Lampung have produced 1.2 tons coffee per hectare each year, according to the think tank's 2019 study. Their productivity has doubled from 0.5 tons per ha.

Despite being an agricultural powerhouse, Indonesia has seen productivity decline for some crops, including the country's main staple, rice, with productivity dropping 1.74 percent to 5.65 tons per ha in 2019 from 2018, according to data from Statistics Indonesia (BPS).

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