

GENERAL NEWS AND HEADLINES**Jokowi hits brakes on
reshuffle plan**

(Headline in *The
Jakarta Post*)

President Joko “Jokowi” Widodo has abandoned a plan to reshuffle his Cabinet, as postelection developments have seen political parties changing their stances and the Corruption Eradication Commission (KPK) standing still in its probes into ministers.

The Golkar Party, one of the country’s largest parties and which holds three ministerial posts, said there were indications that the President might want to keep his current lineup until his first term ended in October.

Golkar deputy secretary-general Dave Laksono said on Tuesday that Jokowi might change his planned reshuffle, as next year’s state budget was still under discussion at the House of Representatives. Dave said Jokowi conveyed last month at a meeting with his supporting parties that he needed the current ministers to oversee the process.

Jokowi is believed to be planning a Cabinet reshuffle for several reasons, including to address concerns regarding a number of ministers currently being investigated by the KPK and to accommodate members of the opposition who wish to join the ruling coalition.

Presidential spokesperson Johan Budi said in May that a Cabinet reshuffle might take place “sometime after the Idul Fitri holiday in June”, but none has been forthcoming so far.

	Jokowi and his ruling coalition also have their hands full with the possibility of the opposition Gerindra Party joining the government. Former rival Prabowo Subianto and his party created a new rift in the Jokowi camp when it began maneuvers to join the government after it was confirmed that the President was reelected for a second term. If a reshuffle does take place, it would be the fifth during the four-and-a-half years of the Jokowi administration.
KPK names four new suspects in e-ID graft case <i>(In Koran Tempo; Republika, p.4; Media Indonesia, p.5)</i>	The Corruption Eradication Commission (KPK) has named four new suspects in the e-ID case: former House member Miryam S. Haryani, former State Printing Company Consortium chairman Isnu Edhi Wijaya, Home Ministry official Husni Fahmi and PT Sandipala Arthapura director Paulus Tannos. "All four are suspected of enriching themselves in the graft case," KPK deputy chief Saut Situmorang said on Tuesday. Saut said that the four were named suspects in developments in the graft investigation, which has led to the arrests of eight people since 2014, from politicians to government officials and to businessmen. Miryam allegedly accepted US\$100,000 from Home Ministry official Irman following a hearing between House Commission II and the ministry. The money was reportedly used to cover the commission's work.
FPI faces uphill battle in permit extension	The Islam Defenders Front (FPI), a hard-line group notorious for using violent methods, faces an uphill battle in extending its organizational permit after top

(In *The Jakarta Post*,
p.3)

government officials expressed doubt over the group's loyalty to the Pancasila state ideology.

Presidential Chief of Staff Moeldoko, for example, said the FPI should clearly state its loyalty to Pancasila and therefore, it should remove the terms "caliphate" and "Islamic state" from the organization's principles.

Article 6 of the FPI principles states as its vision and mission to "uphold Islamic sharia" under a khilafah 'ala minhajin nubuwwah (prophetic caliphate).

FPI executives have rejected criticism that the phrase means that the organization is contrary to the concept of the Republic of Indonesia, claiming instead that the phrase refers to strengthening cooperation with other Muslim nations.

However, the government seems unconvinced, with Home Ministry secretary-general Hadi Prabowo saying that the ministry would form a team to evaluate the article in question.

The hostile stance the Jokowi administration has taken toward the FPI contrasts the previous government's tacit and sometimes explicit approval of the organization's activities.

Jakarta State University (UNJ) sociologist Abdil Mughis Mudhoffir, who has researched Islamic vigilantism, said the difference in the stances of the Yudhoyono and Jokowi regimes stemmed from Jokowi's campaign to become Jakarta governor in 2012, when the FPI supported his rival Fauzi Bowo and constantly protested against Jokowi's Christian, ethnic Chinese deputy, Basuki Tjahaja Purnama.

	However, while some in the government and the public placed the FPI in the same category as the now banned Hizbut Tahrir Indonesia (HTI) and even violent jihadist groups, Abdil said the organization was very different. "In the end, the FPI's nature as a vigilante organization means that it is needed by politicians at the local and national level," he said.
Elite distribution does not yet warrant changes (In <i>Kompas</i>, p.2)	The 2019 elections has resulted in a broad distribution of political elite among the national legislature, the House of Representatives (DPR), and the Regional Representatives Council (DPD). The new faces, however, will not automatically mean changes, considering that some legislative candidates that were not elected are affiliated with the networks of Indonesia's political families. University of Indonesia Political Studies Center (Puskapol UI) executive director Aditya Perdana said regeneration in the two legislative bodies was indeed a good thing. The backgrounds and track records of the new lawmakers, however, still needed watching. Aditya said that some elected lawmakers were part of the same political network as their families. If these lawmakers did not perform or exhibit competence, no significant change would occur in the legislative bodies. "We have checked. The legislative candidates, especially the female ones, are part of political dynasties. Their husbands or fathers are political figures," he said.
Govt faces pressure to ensure Indonesians' safety in HK	The government is facing increasing pressures to prepare a contingency plan for Indonesian citizens and businesses in Hong Kong, as the Chinese city grapples with the latest

(Headline in *The Jakarta Post*)

wave of demonstrations that have paralyzed operations at one of the world's busiest airports.

At least 75 Indonesians were left stranded at Hong Kong International Airport on Monday, along with thousands of other passengers, after local authorities canceled all remaining flight departures. The airport has been occupied by thousands of pro-democracy protesters.

Hundreds of other flights were canceled or suspended on Tuesday, the second day of the sit-in protest at the airport, various media have reported.

The Indonesian consulate general earlier issued an advisory urging its nationals to seek temporary accommodation while waiting out the protest.

Foreign Ministry acting spokesperson Teuku Faizasyah said Indonesia had begun discussions to anticipate further developments in the city. "We have discussed a contingency plan with regard to the developments in Hong Kong," he told The Jakarta Post on Tuesday.

Shinta Widjaja Kamdani, international relations deputy chair at the Indonesian Chamber of Commerce and Industry (Kadin), said Indonesian businesses had yet to receive any detailed information on the demonstrations' impacts on business activities in Hong Kong.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Consumers perceive economy as bleak

Confidence among Indonesian consumers is deteriorating, according to recent surveys, as concerns over a lack of jobs mount and secondary spending drops against the backdrop of sluggish domestic economic growth.

(Headline in <i>The Jakarta Post</i>)	Bank Indonesia's (BI) Consumers Confidence Index dropped in July for the third consecutive month, with consumer perceptions about the "availability of jobs" falling into "pessimistic" territory. Nielsen Indonesia also found that consumer concern about the economy went up sharply to 37 percent in the second quarter from 31 percent in the previous quarter. The central bank's Consumer Confidence Index dropped to 124.8 in July from 126.4 in June. Although the confidence index stayed in the "optimistic" zone, one of the key components for the Economic Condition Index, "availability of jobs", fell into "pessimistic" territory at 96.6 in July from 101 in June. The trend is reflected in the way Indonesians utilize their spare cash, as consumer concern about the state of the country's economy spiked in the second quarter, said Nielsen Indonesia managing director Agus Nurudin.
Good news from China as EU imposes tariff on biodiesel (Headline in <i>Kontan</i>; <i>Investor Daily</i>, p.8; <i>The Jakarta Post</i>, p.2)	The European Union officially imposed tariffs between 8 percent and 18 percent on Tuesday on biodiesel imported from Indonesia as the union accused the Indonesian government of subsidizing biodiesel producers. In spite of this, the Indonesian palm oil industry is finding some comfort as the government pushes further domestic use of biodiesel and China is set to remove its import quota on Indonesian palm oil. The additional tariffs were imposed on Indonesia's major biodiesel producers. Biodiesel producer Caliandra Perkasa, for example, is now subject to a tariff of 8 percent, Wilmar Group 15.7 percent, Musim Mas Group 16.3 percent, and Permata group and other exporters 18 percent.

	Meanwhile, at home, President Joko "Jokowi" Widodo has asked stakeholders to increase the mandatory use of palm oil-based biodiesel from 20 percent (B20) to 30 percent (B30) by January next year, and 50 percent (B50) by the end of 2020, hence pushing up the domestic use of palm oil. Coincidentally, China will remove its import quota for palm oil in a move that will open up a new market for Indonesian palm oil. As a repercussion of Chinese companies' decision to stop buying United States agricultural products in light of the ongoing trade war with the US, the Chinese Commerce Ministry last week removed palm oil—among other commodities—from its list of products subject to import quotas.
Focus on Java holds back local industries (In <i>The Jakarta Post</i>, p.12)	The manufacturing sector is the largest contributor to Indonesian exports as well as the country's GDP, but the fact that the sector is heavily concentrated on one island of the archipelago has been holding it back, experts believe. Indonesia's Java-centric industrial development reflects in Statistics Indonesia (BPS) data from June, which show that Java alone accounted for 47.62 percent of national exports. From January to June, 5 percent of new investment projects were located in Java. Edi Prio Pambudi, an expert staff member at the Office of the Coordinating Economic Minister, said the centralization had led to high costs of the country's manufactured products. Responding to the remarks, the Industry Ministry's director general for resilience, regions and international industrial access, Doddy Rahadi, said the government had tried to

	spread industrial activities through the establishment of industrial zones outside java.
Govt relies on fiscal policies to boost exports (In <i>Kontan</i>, p.2; Headline in <i>Bisnis Indonesia</i>)	The government is trying to use fiscal policy to curb the widening trade deficit. Last week, Bank Indonesia (BI) announced that Indonesia posted a current account deficit of US\$8.4 billion, equal to 3.04 percent of the GDP, in the second quarter of this year. The deficit was higher than the \$7 billion booked in the same period last year. The head of the macroeconomic policy center at of the Finance Ministry's Fiscal Policy Agency (BKF), Adrianto, said the government would try to encourage exports with various fiscal incentives, one of which was to provide export financing through the Indonesian Export Financing Agency (LPEI). The government also introduced tariff barriers on goods that entered the domestic market through dumping practices. Recently, the Finance Ministry imposed antidumping tariffs on products like spin-draw yam from China, polyester staple fiber from India and others. Previously, BI Governor Perry Warjiyo one of the most effective ways to improve the export performance was to sign more bilateral agreements. Bilateral agreements were appropriate as they could reduce uncertainty amid the US-China trade war.
New SKKMigas deputy chairman vows to boost output	The former director of operations at Upstream Oil and Gas Regulatory Special Task Force (SKK-Migas), Fatar Yani Abdurrahman, was promoted on Monday as the task

(In *The Jakarta Post*,
p.12)

force's new deputy head and expressed a renewed commitment to push oil and gas output.

Fatar, who replaced the retiring Sukandar, told reporters in Jakarta that his approach would focus on "kicking around here and there" stalled oil and gas projects in the country, such as those in the provinces of Riau Islands and East Java.

Fatar said his priority was to increase oil production, which had continued to decline. "But we are optimistic that the production can be increased, just like in the Banyu Urip Block," he told reporters after his appointment ceremony in Jakarta on Monday. Energy and Mineral Resources Minister Ignasius Jonan also installed 10 other lower-ranking SKKMigas and energy ministry officials during the event.

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