

GENERAL NEWS AND HEADLINES

Peace pact signed in wake of Meiliana case (<i>The Jakarta Post</i>, p.2)	Following public protest over the guilty verdict for Meiliana, a Buddhist of Chinese descent, who was jailed for blasphemy for complaining about the volume of the <i>adzan</i> (Islamic call to prayer), a group of locals in Tanjung Balai, North Sumatra, has signed a peace pact to end the controversy surrounding her imprisonment. Religious leaders, including the leader of Tanjung Balai's Tri Dharma Buddhist community Tjoa Kien Lie, joined with local government leaders to sign the peace pact at an event organized by the local police. Tjoa urged people to stop arguing about Meiliana's guilty verdict, particularly on social media platforms, since the Buddhists in the area had already moved on from the issue.
Jokowi rides high on Games success (<i>The Jakarta Post</i>, headline)	The 2018 Asian Games may have ended, but President Joko "Jokowi" Widodo is still enjoying the benefits of the Games' success. The Games, which only came to Indonesia since Vietnam withdrew from hosting it in April 2014, have been widely praised as a remarkable success. The government reportedly allocated Rp 8.1 trillion (US\$545.9 million) from the 2018 state budget to fund the Games, with an additional Rp 800 billion coming from sponsors. Although the Games' committee has yet to calculate the net revenue, for Jokowi, the financial benefits may not be the main point. Indonesia successfully receives international recognition now that it successfully hosted the Games. President Jokowi's success may advantage his electability ratings ahead of his re-election bid next year.
Bawaslu deemed overstepping jurisdiction (<i>Koran Tempo</i>)	The Civil Society for Free Elections (Koalisi Masyarakat Sipil untuk Pemilu Bersih) believes that the Elections Supervisory Agency (Bawaslu) has overstepped its jurisdiction in allowing former graft convicts to contest in the upcoming legislative election. By giving the green light to these former convicts, Bawaslu violates the General Elections Commission Regulation (PKPU) No. 20/2018 which prohibits former graft convicts from contesting in elections. Based on this consideration, the Civil Society for Free Elections reported Bawaslu to the Election Organization Ethics Council (DKPP). 12 regional branches of Bawaslu reportedly granted permission for former graft convicts to proceed as

	legislative candidates. In defending its decision, Bawaslu argued that the PKPU contradicts the rights of these former convicts as citizens as stipulated in Article 28 of the 1945 Constitution. Regardless, the head of the Civil Society for Free Elections, Hadar Nafis Gumay, said that Bawaslu's responsibility was to monitor the General Elections Commission (KPU) in implementing its regulation, rather than problematizing the regulation which had been approved by the Law and Human Rights Ministry.
Parties to back KPU <i>(Kompas, p.2)</i>	Following the disagreement between the Elections Supervisory Agency (Bawaslu) and the General Elections Commission (KPU) on allowing former graft convicts to contest in elections, a number of political parties have expressed their support for KPU by reaffirming their commitment not to nominate former graft convicts as legislative candidates. The Prosperous Justice Party (PKS) and the United Indonesia Party (Perindo) urged KPU to continue disqualifying former graft convicts from the election despite Bawaslu's ruling. PKS' and Perindo's legislative candidates were among former graft convicts who had been given green signal by Bawaslu to proceed with their candidacy. Regardless, PKS and Perindo will reportedly preclude these candidates from the election to support KPU regulation.
Malang's widespread regional budget corruption <i>(Media Indonesia, headline)</i>	Around 41 out of 45 Malang Legislative Council members have been identified as suspects by the Corruption Eradication Commission (KPK) for a corruption scandal involving Malang's regional budget (APBD). It is reported that the suspects accepted a bribe in exchange for their support for the regional head's proposal for provincial annual budget (APBD). Prior to the representatives' detainment, KPK acquired evidence and information which confirmed that the representatives had received a bribe of Rp 12.5 million to Rp 50 million from non-active Malang Mayor Mochamad Anton. According to KPK, APBD frequently becomes the source of corruption. Representatives often abuse their jurisdiction of legalizing draft provincial budget RAPBD in order to receive "legalization fee".
Reconstruction to accelerate before rainy season	Following a series of earthquakes which hit West Nusa Tenggara (NTB) last month, President Joko "Jokowi" Widodo instructed volunteers to help accelerating the reconstruction process in NTB. President Jokowi hoped that the reconstruction process will finish in six months with the help of volunteers, engineers and other facilitators. The reconstruction process includes rebuilding public facilities such as schools, mosques and community health centers (Puskesmas). The government

(Republika, p.1)	will also distribute assistance to civilians whose residence was destroyed by the quakes. So far, 41 schools, 4 mosques, 3 markets and 8 health centers have been successfully rebuilt. 2,250 people, which consist of volunteers, law enforcement apparatus, engineers and civil servants, have also been assigned to facilitate the reconstruction process in NTB.
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BUSINESS AND ECONOMICS NEWS AND HEADLINES

Incoherent regulation: Challenge in bringing export revenue back (Bisnis Indonesia, headline)	Several economists have stipulated that government's idea to attract more export revenue into the country as pointless. Center of Reform on Economics Indonesia director Pieter Abdullah said 90 percent of export revenue has returned while only 10 percent are kept abroad. Chasing them, Abdullah explained, would not be substantial if they are not converted to the rupiah. Regulatory confusion is a major problem, where Bank Indonesia Regulation No.16/2014 on foreign exchange from export does not oblige exporters to convert their revenue to rupiah. Although export revenue enters the country, their presence, alas, would neither be substantial to empower the rupiah against excruciating foreign pressure nor the twin deficit. Eric Sugandi of Asian Development Bank Institute and Indonesian Chamber of Commerce and Industry deputy chairman Anton J. Supit concurred with Abdullah. According to them, exporters' reluctance to fully convert to rupiah was because its instability gives more business risks.
August's manufacturing index improved (Bisnis Indonesia, p.3)	Purchasing Managers' Index (PMI) from Nikkei showed general improvement in Asian economies' manufacturing activity, where industrial activities are increasing to comply with rising demands. Nevertheless, global economic tumult has affected the general index. Asian industrial giants such as China, Japan and Korea saw decreasing PMI from July, whereas those seeing improvement for example, Indonesia still booked lower score than of its average achievement. IHS Markit economist Aashna Dodhia said Indonesian manufacturing is threatened by rupiah depreciation and declining export demand, despite workers recruitment reached its fastest rate since April 2011.
Early window dressing amidst tightening index	Window dressing or portfolio beautifying was seen occurring in the Jakarta Composite Index (JCI) on Aug. 31, faster than it commonly would. HM Sampoerna, Saratoga Group, Bank Bukopin, Sinar Mas Indah Kiat Pulp and Paper Products and XL Axiata were several big capital companies who window dressed by looking at their higher closing price than the day's average price. Several

(<i>Kontan</i>, headline)	market analysts explained window dressing is a superficial method to “make-up” company’s portfolio at the end of the year or quarter. For investor, the action is helpful to avoid higher margin billing. According to these market analysts, however, window dressing should not become investment decision.
Stable Fitch Ratings, risky economy (<i>Investor Daily</i>, headline; <i>Kontan</i>, p.2)	International rating institution Fitch Ratings maintained Indonesian long-term debt status as stable despite negative projection the economy holds. According to the rating institution, government debt burden is still relatively low with good economic growth outlook amidst growing external challenges. Nevertheless, Indonesian financial market would remain under pressure from twin deficit if the government cannot detach itself from international development funding dependency.
Govt. asks Koridor Block’s proposal from ConocoPhillips (<i>Investor Daily</i>, p.9)	The Energy and Mineral Resources Ministry demands American oil and gas giant ConocoPhillips to submit Koridor Block management renewal proposal at the end of September as its production sharing contract (PSC) is expected to end in 2023. The block is shared among ConocoPhillips, Pertamina Hulu Energi Corridor and Repsol, who share 54 percent, 10 percent and 36 percent participating interest, respectively. Energy and Mineral Resources Ministry oil and gas director general Djoko Siswanto said the early demand is crucial as feasibility studies may take some time to finish. “We will give the block to Pertamina if ConocoPhillips fails to submit the document in time as they have expressed their interest to run the block.” Koridor Block current gas production is recorded at 828.4 million standard cubic feet per day (mmscfd) and projected to decline to around 800 mmscfd in 2019.
OJK releases digital financial innovation regulation (<i>Investor Daily</i>, p.24)	The Financial Services Authority (OJK) issued Regulation No. 13/2018 on digital financial innovation regulation for financial technology industry on Monday after going through several times of testing and sandbox period. The regulation, which aimed at fintech, targets to direct the industry’s rapid development to produce safe, responsible and consumer-centric financial products. The regulation covers wide range of fintech operation and fintech ecosystem creation. In the same time, it also includes several points about consumer protection and education obligation. The regulation received warm welcome from fintech players. Indonesian Fintech Association (Aftech) recorded around 1 million P2P lending year-to-date with value reaching Rp 7.42 trillion.

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