

Indonesian lawmakers agree to ratify WTO's TFA

Stefani Ribka

THE JAKARTA POST/JAKARTA

Indonesian lawmakers from the House of Representatives' Commission VI overseeing trade have finally agreed to validate the World Trade Organization's (WTO) multilateral Trade Facilitation Agreement (TFA) that is expected to simplify and modernize trade procedures.

Despite being Southeast Asia's largest economy, Indonesia is the only ASEAN member state yet to ratify the agreement, along with other 40 other countries across the world.

All factions in the Commission VI agreed unanimously to pass the TFA into law as they would seek final approval for the draft bill at the House's plenary meeting soon.

"All of the commission's factions have agreed, and even wanted it implemented immediately," said Commission VI vice chairman Muhammad Haikal after a meeting with the Trade Ministry on the TFA validation recently.

Trade Minister Enggartias-Lukita said once the House had given approval to ratify the TFA agreement into law, the min-

istry would issue regulations as a follow up before full implementation.

Agreement not threat, but opportunity for business: Trade Ministry
TFA can help smoothen traffic at ports, cut trading costs

istry would issue regulations as a follow up before full implementation.

Based on its analysis of the TFA using the strength, weaknesses, opportunities and threats (SWOT) principle, the Trade Ministry found the agreement would, rather than threaten, bring more opportunities for business and foster economic growth.

In its assessment with Gadjah Mada University (UGM), the ministry concluded the TFA could help smoothen export and import traffic at ports, cut trading costs, increase state income and investment, as well as improve micro, small and medium enterprises' (MSMEs) role in global trade.

More than two-thirds of the WTO's 164 members have ratified the TFA, which was put into effect on Feb. 22 this year.

The TFA itself was concluded at the WTO Bali Ministerial Con-

ference in December 2013 as part of the 'Bali Package' and has become the first multilateral trade agreement signed since the organization's establishment in 1994.

The TFA aims to improve on five challenges to trade, such as information transparency related to export, import and transit, including their procedures, duties and taxes, other costs, prohibitions, restrictions and penalties.

Other issues included in the TFA are freight and goods release procedures, post-clearance audit, single window implementation and goods inspections before delivery, as well as special treatment for developing and less developed countries.

Despite praising lawmakers' support to ratify the agreement, businesspeople have urged the government to implement it efficiently once its legal instruments are available, pointing out the need to cut bureaucracy found in various ministries and institutions that have contributed to high trade costs.

For instance, businesses point out one inefficiency as the slow trade permit and certification processes under the Agriculture Ministry, Food and Drug Moni-

toring Agency (BPOM) and National Standardization Agency (BSN).

"What's better than this [approval] is the execution afterwards," Shinta Kamdani, Indonesia Chamber of Commerce and Industry (Kadin) vice chairman for international relations, told *The Jakarta Post* over the weekend.

Indonesian Logistics and Forwarders Association (ALFI) chairman Yukki Nugrahawan also urged the government to revamp the Indonesia National Single Window (INSW) authority to function well with a complete online tracking system for goods, from their entrance until the empty containers are returned to the port.

Indonesia may also need to utilize its privilege as a developing country to ask for developed countries' assistance, as the TFA allows, said Poppy S. Winanti, UGM lecturer in International Relations.

As an example, developed countries were obliged to assist its less-developed counterparts in building the infrastructure needed to ease trading logistics, such as through providing loans or grants, she said.

RI to bring chicken import rules in line with WTO ruling

Stefani Ribka

THE JAKARTA POST/JAKARTA

Indonesia will revise its rules on importing chicken to comply with a recent World Trade Organization (WTO) ruling in a three-year dispute filed by the world's top chicken exporter, Brazil.

In its ruling earlier this week, the global trade governing body said some of Indonesia's measures, such as delays in the approval of veterinary health certificates, restricted trade and were inconsistent with WTO rules.

However, it also concluded that Brazil failed to demonstrate that

some other measures, such as halal labelling and transportation requirements, limited its exports.

Consequently, both parties could appeal the ruling.

The Trade Ministry's multilateral trade director, July Tambunan, said Indonesia would not file an appeal and instead amend some rules to be in accordance with WTO rules.

"Actually, [prior to the ruling] we changed some rules [found to be in violation of WTO rules], so we don't need to appeal," he said Thursday.

Brazil has long eyed to sell its chicken products in Indonesia,

home to a population of more than 260 million people.

It already ships them to neighboring Southeast Asian countries, namely the Philippines, Malaysia, Laos, Singapore, Thailand and Vietnam, according to data from the Brazilian Animal Protein Association (ABPA).

However, Brazilian producers have encountered difficulties in entering the Indonesian market because of what the exporters deem complicated rules.

Brazil could export chicken products valued at US\$70 million to \$100 million a year in the medium term, according to an ABPA

estimate, Reuters reported.

Gustavo Westmann, the head of the Economy and Trade division at the Brazilian Embassy in Indonesia, said Brazil would also not appeal the WTO ruling and was working intensively with Indonesian authorities to revise the rules in question.

"We expect the Indonesian government to implement the ruling as soon as possible. We hope our exporters can start exporting chicken and chicken products early next year," he wrote in a text message on Friday. "We know things here are not as easy as some people in Brazil may expect, but

we are optimistic about it."

The Indonesian Poultry Farmers Association and Information Center (Pinsar Indonesia), meanwhile, said the ruling could pose a threat to domestic breeders, particularly small ones.

The group's chairman, Singgih Januratmoko, said local breeders had higher production costs than their foreign counterparts.

"Chicken prices here are higher than abroad, so if [eased imports] are granted, our chicken will lose on price," Singgih told *The Jakarta Post* on Thursday.

Small breeders have urged the government to help reduce corn-

based feed prices and protect them from unbalanced competition against the big local poultry firms that are able to produce live chicken and chicken products at much lower costs.

Indonesia, in fact, is grappling with chicken oversupply, with 60 million heads of chicken bred weekly, exceeding the 55 million heads of chicken needed, data from Pinsar Indonesia show.

Indonesian chicken meat imports have fluctuated widely between 2012 and 2016, from 544 kilograms in 2012 to an estimated of 18,000 kg in 2016, according to data from the Agriculture Ministry.

ENERGY

Govt reluctant to cut gas prices at risk of state income

Fedina S. Sundaryani

THE JAKARTA POST/JAKARTA

A plan to cut gas prices for several sectors has been put on hold as the government is concerned about the significant decrease in state revenue such a move would result in.

Although the current administration issued a government regulation to allow lower gas prices for certain industrial sectors in January last year, Deputy Energy and Mineral Resources Minister Arcandra Tahar said the government was still studying which industries would provide the largest multiplier effect to make up for the possibility of lower state revenues from the oil and gas sector.

"We need to see which [industry] has the biggest multiplier effect. For every US\$1 per mmbtu [million British thermal unit] of gas, how much would it contribute to non-tax revenue?" he said recently. "If a reduction of \$1 does not provide a multiplier effect, then it would mean that the state is simply subsidizing the industry."

Last year, President Joko "Jokowi" Widodo instructed his Cabinet to cut end-user gas prices to below \$6 per mmbtu for seven industrial sectors in order to develop the downstream sector and create a significant multiplier effect in the economy. However, only state-owned petrochemical, fertilizer and steel industries have been party to the price cut starting Jan. 1 this year, following the issuance of a decree by the Energy and Mineral Resources Ministry late last year.

Meanwhile, gas prices for the four other sectors — consisting of the oleochemical, glass, ceramics and rubber glove sectors — and all industries from the private sector remain in limbo.

Some have suggested that gas

prices could easily be cut if the government was willing to lower its expectations of revenues from the gas sector. The government estimates a revenue target of Rp 124.6 trillion (\$9.2 billion) from the oil and gas sector in next year's state budget.

The government is also working to cut costs in the midstream sector to ensure lower gas prices at the plant gate. The Energy and Mineral Resources Ministry will soon issue a regulation limiting the internal rate of return to 11 percent and the margin for traders to be at 7 percent.

However, gas users from the industrial sector say that price cuts are not being made fast enough. The Forum for Natural Gas-Using Industries (FIGB) claim that the national gas price remains at about \$9 per mmbtu.

Moreover, the high prices have led to many factories operating at a much lower capacity, or even going bankrupt, including eight in the ceramic sector, one in the sheet glass sector and 35 in the glove and latex sectors.

The industrial sector's sluggish operations have only made it easier and cheaper for imports of similar goods to enter the country.

Jusmery Chandra from the Indonesian Ceramic Industry Association (Asaki) said gas made up 35 percent to 40 percent of production costs, and that the high prices had forced factories to operate at only 70 percent capacity. This led to losses that factories could only burden for a short period of time, Jusmery explained.

Indonesia is struggling to boost manufacturing, which has expanded at only a single digit rate for more than a decade, in contrast to that before the 1997-1998 financial crisis when it outpaced economic growth.

Oil Palm Estate Fund struggling to complete tasks

Prima Wirayani

THE JAKARTA POST/JAKARTA

In his remarks during the first ever oil palm replanting ceremony in Musi Banyuasin, South Sumatra, on Friday, President Joko "Jokowi" Widodo said the effort covered around 4,400 hectares.

Of the 4,400-ha, however, only 2,800-ha had been declared clean and clear.

The remaining plots of land, despite having obtained legal certificates, were located within the forest area and could not be converted to plantations just yet. The Indonesian Oil Palm Estate Fund's (BPDP-KS) supervisory board chairman, Rusman Heriawan, told *The Jakarta Post* on Sunday.

However, he said it was not a big deal as the Environment and Forestry Ministry and the Office of the Coordinating Economic Minister would process the land conversions.

"Perhaps this is what people refer to as the [BPDP's] bureaucratic problems," he said. "This is a good lesson so that similar issues don't arise in other regions in the future. Once started, it's impossible to stop the replanting efforts."

The replanting program is among the BPDP's tasks to support the government's sustainable oil palm development program. The tasks include research and development on oil palm, promotions, improving infrastructure, developing biodiesel, pushing replanting efforts and educating people on issues related to oil palm.

The government collected Rp 11.7 trillion (US\$870.5 million) of the crude palm oil (CPO) supporting fund (CSF) for the BPDP

90% of BPDP's funds allocated for biodiesel subsidy

Grant scheme valid for next two years: BPDP

last year, with Rp 10.6 trillion, or 90 percent of the fund, allocated for biodiesel subsidies.

While other programs were oiled with a tiny fraction of the money, the government lent around Rp 2 trillion of the fund to patch up its cash-strapped state budget. Later in July, Finance Minister Sri Mulyani Indrawati said the fund had been repaid through the 2017 revised state budget.

The government expects to collect Rp 10.5 trillion in CSF this year and is set to allocate Rp 9.6 trillion of it for biodiesel subsidies. The fund will be used to finance the BPDP's replanting efforts, which aims to provide grants worth Rp 25 million per hectare to smallholder farmers, with a total target of 2.4 million-ha.

It expects to rejuvenate trees in 165,000-ha annually to boost their decreasing productivity due to aging oil palm trees. The country has around 11.91 million-ha of oil palm plantations with annual productivity of 33.22 million tons or only 2.8 tons per hectare, a far cry from the potential of 8 to 10 tons.

Before Jokowi kicked off the replanting, the program hit other bureaucracy stone wall, which centers on Presidential Regulation No. 61/2015 on the collection and disbursement of oil palm funds. It does not outline to which party the agency should offer the replanting program. The regulation also does not specifically

mention the use of the funds for replanting.

BPDP chairman Dono Boestami was tight-lipped when asked about the replanting bureaucracy and its funds' nature. "The point is how the funds can eventually improve the farmers' productivity and wealth," he said on the sidelines of the replanting kickoff event.

The Office of the Coordinating Economic Minister's undersecretary of food and agriculture coordination, Musdhalifah Machmud, brushed off concerns about the bureaucratic problems, saying that a decree from the Finance Ministry that outlined the procedure to disburse the money had been issued.

"There must also be a decree from the Agriculture Ministry's plantation director general as the entity that knows more about plantations," she said over the phone on Sunday.

She also ensured that the BPDP would have sufficient funds to carry out its programs as each of them had their own fund portion, confirming that the Rp 25 million worth of replanting funds for farmers would not be changed into soft loans, from the current form of grants.

"We just started the [replanting] program, there's no way of changing the procedure again," Musdhalifah said.

BPDP's Rusman, however, said the grant scheme was valid only for the next two years. "For now, what we're talking about is a grant as we are not sure of the sustainability of the BPDP," he said. "If the CSF doesn't flow in, we will back it up with the KUR [micro credit program]."

Indonesian Palm Oil Produc-

ers Association (GAPKI) executive director Fadhil Hasan expressed his hope that more funds could be disbursed to the replanting program given the fact that approximately 40 percent of the country's palm oil production came from smallholder farmers.

"The replanting efforts will improve productivity so that we can increase our palm oil production without depending on [plantation] extensification," he said over the phone.

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J. Post

Ministry, JICA team up to build industries

JAKARTA: The Industry Ministry and Japan International Cooperation Agency (JICA) is working together to develop Indonesia's potential industries for the medium and long term, such as transportation, electronics and food and beverages.

"We are hoping to get insight through technical collaboration in those three sectors to upgrade their production," Industry Minister Airlangga Hartarto said in a statement after meeting with JICA senior vice president Shinya Ejima and his colleague in Japan last week.

The partnership is part of a study held between April 2017 and March 2018 by the Japan-based consulting firm Nomura Research Institute toward a number of Indonesian manufacturing industries, dubbed as the 'Promotion of Global Competitiveness Study.'

Airlangga said the ministry aimed to analyse Indonesia's current supply chain through the study to support its policies going forward, citing the automotive industry as one of the manufactures in need of fresh updates on research and technology.

The JICA also encouraged Japanese small and medium industries to invest in Indonesia and seek local partners, he said.

"We are also going to conduct surveys in several production centers of small and medium industries that supply automotive parts, such as in Tegal and Ceper, Central Java, to study the supply chain there," he said.

In the food and beverage sector the ministry expects to increase its competitiveness through establishing innovation centers, as well as improving food safety and product packaging based on international standards.

As for electronic products, Airlangga said the ministry would help to expand their market to support other strategic sectors — chiefly transportation including trains, airplanes and electric cars. — JP

ELECTRICITY

PLN hits pause button on several gas power plants

Fedina S. Sundaryani

THE JAKARTA POST/JAKARTA

Slow growth in electricity demand is forcing state-owned electricity firm PLN to adjust its power procurement plans for the next few years.

PLN president director Sofyan Basir recently revealed that it would postpone the construction of gas-fired power plants totaling 2,000 to 3,000 megawatt in capacity.

The power plants were initially set to start operating by 2019 under the government's ambitious plan to procure an additional 35,000 MW for the national installed capacity.

The adjustment is primarily due to slower-than-anticipated growth. PLN's bread and butter business, electricity sales, has not experienced significant growth in the past year. Recent data show that PLN saw just 2.79 percent year-on-year (yoy) growth to 146.37 terawatt hours (Twh) in electricity sales in August, compared to its target of 152.11 Twh.

The weak sales growth was accompanied by unsatisfactory growth in the number of customers. PLN data show that the number of its customers increased by 5.73 percent yoy to 66.6 million in August.

Even so, Sofyan confirmed that the 10,000 MW PLN had been assigned to develop would still be completed, albeit after the 2019 deadline.

"We have not reduced [our target]; we have only adjusted the [commercial operation date]. We will still develop up to 10,000 MW, and it will be listed in next year's RUPTL," he said, referring to the firm's annually updated power procurement business plan.

Sofyan added that gas power plants were the ones put on hold, because of their high cost.

The 35,000 MW program has been on the forefront of President Joko "Jokowi" Widodo's agenda since the beginning of his tenure. The goal is to achieve a 30 percent

surplus in the national electricity reserve margins with more efficient operations.

While the electrification ratio reached 92.8 percent by the end of the first half of the year, data from PLN show that only eight of the firm's 18 operational regions had a reserve margin above 30 percent at the end of 2016. PLN's latest RUPTL shows that PLN hopes to raise the reserve margins of 16 operational regions by 2019 and achieve an electrification ratio of 100 percent by 2024.

Both PLN and the government have acknowledged that it is unlikely and unnecessary for the entire 35,000 MW of additional capacity to go on grid by 2019. Instead, PLN has predicted that only 23,000 MW will be procured within the designated time frame, while the remaining capacity is to be procured by 2024.

This is not the first time PLN has revealed a postponement of projects. Its latest RUPTL disclosed that around 9,000 MW worth of coal-fired power plants in Java would be delayed to avoid potential oversupply on the island.

Sofyan said the firm would still attempt to have the remaining power purchase agreements (PPA) signed by the 2019 deadline. He said that contracts for around 30,000 MW worth of projects had been signed so far.

Meanwhile, Energy and Mineral Resources Minister Ignasius Jonan continues to reiterate the government's stance on ensuring that electricity remains affordable.

During the groundbreaking ceremony of several power plants for East Nusa Tenggara (NTT) and West Nusa Tenggara (NTB), he called on PLN to sign deals for projects with low operational costs.

"I ask that PLN sets an example in upholding efficiency when investing in every MW and in operational costs, so that IPP [independent power producers] can follow suit, so that prices don't go up, but down," Jonan said.

Coal dominance crushes LNG utilization in power plants

Rachmadea Aisyah

THE JAKARTA POST/JAKARTA

The Energy and Mineral Resources Ministry has acknowledged that it is difficult for state-run electricity firm PLN to fully absorb natural gas production, leaving much of it unused.

The ministry's electricity directorate general, Andy N. Someng, said recently that many power plant operators — including PLN, which operates the country's major power plants — favored coal over alternative resources in producing electricity.

"A report by SKKMigas [Upstream Oil and Gas Regulatory Special Task Force] has also highlighted the amount of lique-

fied natural gas [LNG] left unabsorbed, and this will become problematic in the future," he said in a meeting held recently by the Indonesian Gas Society (IGS).

Even though PLN had sealed several heads of agreement (HoA) with gas producers, the agreements had yet to clearly reflect the absorption of the LNG as they did not mention the gas prices sold to the firm, he added.

Andy claimed that gas price was the main reason for the issue. "This most likely has something to do with the price. In [natural resources] merit order, it is better to use resources like coal, which is cheaper," he said. The merit order is a way of ranking available sources of energy, espe-

cially electrical generation, based on ascending order of price.

Electricity producers often overlook the fact that it only takes a year to build a gas-fueled power plant, while it takes at least three years to construct a coal-fired power plant, Andy said.

To overcome the problem, the ministry issued Ministerial Decree No. 45/2017 on the use of natural gas to power electricity plants. The decree stated that PLN was allowed to import gas if locally produced gas was too expensive.

The National Energy Council (DEN) has also raised concerns over uncertainty in the gas industry. DEN member Tumiran said gas resources could serve as an

additional source of income for the country if handled properly.

Tumiran, a Gadjah Mada University professor on electrical engineering, said the government must think forward with regard to managing gas resources and creating demand for gas to power the country.

"The government must think about how it should channel all of these resources [...] why don't they build [gas-fired] power plants? Or else, process the gas into LNG and distribute it to less-developed islands?" Tumiran said.

He added that the gas industry should not solely focus on capturing foreign technology but rather work on its own capabilities in processing natural gas resources

and offering more competitive prices. "They should be able to lure customers so that the latter will not have to look to overseas gas providers," he said.

Tumiran also highlighted that the gas industry lacked a clear road map. "What this country needs is an industrial master plan for the gas industry at least until 2050."

Evidently, however, the government has also begun to intensify its attempts to develop the domestic gas industry.

Energy and Mineral Resources Minister Ignasius Jonan went on a state visit to Japan last week, where his agenda included giving keynote remarks at the LNG Producer Consumer Conference, and

meeting with Japan's strategic partners such as Japan LNG Corporation, Tokyo Gas, Mitsubishi Corporation, Japan Petroleum Exploration Co (Japex) and Japan Bank for International Cooperation (JBIC).

In his speech, IGS secretary-general Salis S. Aprilian said such insight was helpful in aiding the gas industry in its efforts promote natural gas as the key to sustainable growth in the Indonesian economy.

"IGS can provide input and guidance for this industry [...] we are working to facilitate close collaboration among gas stakeholders to improve the quality of our operations, practices and engagement," Salis said.

Politics hinders graft fight

Kharishar Kahfi

THE JAKARTA POST/JAKARTA

Yesterday, three years ago, Joko "Jokowi" Widodo and Jusuf Kalla were inaugurated as President and Vice President amid mounting hopes that Jokowi's clean background could significantly boost the country's fight against corruption, a chronic disease that has plagued the people's right to improved welfare.

A commitment to eradicate corruption was a key campaign element for the pair, which won 53.5 percent of the vote against rival ticket Prabowo Subianto-Hatta Rajasa.

"We will prioritize consistent and trustworthy corruption eradication as much as possible," the then-Jakarta governor promised as he campaigned in the 2014 race.

Under the administration's nine priority goals, dubbed Nawacita, the government claimed it would establish clean and transparent government through bureaucratic reform.

There was no special event held to commemorate Jokowi entering his fourth year in office on Friday. It was business as usual for the President, who was on an official visit to Lombok, West Nusa Tenggara, with several of his ministers,

Political saga hinders RI's anticorruption agenda

Jokowi urged to take firmer action to counter moves against KPK

to inaugurate the Mandalika Special Economic Zone in the city.

During Jokowi's administration, the fight against corruption would seem to have become more aggressive.

According to data from anti-corruption watchdog Indonesia Corruption Watch (ICW), at least 1,306 graft cases were investigated by the police, prosecutors and the Corruption Eradication Commission (KPK) from January 2015 to September 2017. More than 3,000 people were named suspects and charged with corruption that caused state losses amounting to some Rp 7.8 trillion (US\$577 million).

One of the biggest corruption cases in the country's history is the graft case pertaining the e-ID card procurement from 2011 to 2012, which reportedly caused Rp 2.3 trillion in state losses.

The case has implicated a number of businesspeople, government officials and politicians, including House of Representatives

Critical evaluation of Jokowi's anticorruption performance

Good:

- 1,306 corruption cases investigated, with 3,018 named graft suspects amid total state losses of Rp 7.8 trillion.
- Illegal levy eradication central task force (Saber Pungli) established in 2016, so far 78 cases investigated

Poor:

- Amendment of Political Party Law to reform party financing mechanisms yet to be realized
- Pro-government parties support legislative moves to undermine KPK
- Only eight out of 32 UNCAC recommendations yet implemented

Source: Indonesia Corruption Watch, The Jakarta Post

Speaker and Golkar Party chairman Setya Novanto, a seasoned and influential politician.

However, activists believe that this case, having as it does a strong political dimension, has led lawmakers to launch a political offensive against the KPK.

The House has set up an inquiry — which many experts have deemed to be legally problematic — to probe the KPK. Inquiry team members have suggested that the antigraft body be weakened or even disbanded.

The National Police also recently made a controversial proposal to establish their own special anticorruption squad, which would cost Rp 2.6 trillion to set up. Lawmakers have fully supported the plan, which activists

again believe is aimed at undermining the KPK.

"Given the timing, when the KPK is currently under attack, we are worried that many would use the squad as a tool to dissolve the KPK," ICW activist Agus Sunaryanto said on Friday.

Meanwhile, Jokowi's lack of stern action in support of the politically beleaguered KPK has caused concern.

"Jokowi has indeed made statements, but mostly they were merely normative," ICW's Almas Sjafrina said, lamenting Jokowi's poor control of the government coalition. Many of the lawmakers at the forefront of the battle against the KPK are members of coalition parties, including the ruling Indonesian Democratic Party of Struggle (PDI-P).

Analysts have argued that Jokowi is "playing it safe," given that Setya and his party are key allies and that the President needs the House to safeguard the government's interests.

Hence, Jokowi is viewed as a hostage to his political aspirations and therefore prepared to risk the nation's anticorruption agenda.

Indonesia's Corruption Perception Index score has improved sluggishly from 34 in 2014 to 36 (2015) and 37 (2017). Indonesia

currently sits in 90th position out of 176 countries studied by Transparency International.

The United Nations Convention Against Corruption (UNCAC) recently reviewed Indonesia, as the country ratified the convention in 2006. The UNCAC had previously made 32 recommendations, but so far only eight have been implemented by the government.

Among those that have yet to be implemented are the formulation of a law regulating asset recovery and an amendment to the 2001 Anticorruption Law to include corporate corruption. "[These] have not been prioritized since former president Susilo Bambang Yudhoyono," said Dadang Trisasongko, secretary general of Transparency International Indonesia.

KPK commissioner Laode Muhammad Syarif blamed the government and lawmakers for the lack of achievement regarding the UNCAC's recommendations.

"The draft is already at the House but it hasn't been included in the National Legislation Program," he said.

— MARCHIO IRFAN GORBIANO
CONTRIBUTED TO THE STORY FROM
LOMBOK, WEST NUSA TENGGARA

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J. Post

Gerindra rejects police's antigraft squad

JAKARTA: The Gerindra Party's faction at the House of Representatives has openly opposed a plan to set up a new antigraft squad on the grounds that it might instead reduce the authority of the Corruption Eradication Commission (KPK), which has sent numerous high-profile figures to prison.

"It is better not to have an entity that will duplicate the job of the KPK. Such overlapping [authority] will lead to the weakening in the power of an institution [KPK]," said Ahmad Muzani, who heads the Gerindra faction at the House, on Sunday as quoted by *kompos.com*.

Proposed by National Police chief Gen. Tito Karnavian in July, the plan has stirred concern among antigraft activists who fear it may create additional tension in the deep-rooted rivalry between the police and the KPK. In the proposal, the police argued that their existing anticorruption desk under the Criminal Investigation Department (Bareskrim) was hindered by a limited budget and personnel.

The plan has received majority support from the House. — JP

Air Force chief expected to replace Gatot ahead of polls

Marguerite Afra Sapiie

THE JAKARTA POST/JAKARTA

Eyebrows were raised when President Joko "Jokowi" Widodo appointed then Army chief of staff Gen. Gatot Nurmantyo as Indonesian Military (TNI) commander in 2015, replacing Gen. Moeldoko, who was also from the Army.

The 2004 TNI Law stipulates that candidates for the TNI's top post must be the chief of staff of one of its three forces.

However, a tradition emerged after the fall of the New Order regime that established a pattern to decide where the next TNI commander should come from: Navy-Air Force-Army.

Therefore, when it was time to replace Moeldoko, the successor of former Navy chief of staff Adm. Agus Suhartono, it was expected that Air Force chief of staff Air Chief Marshal Agus Supriatna would take the position.

But Jokowi's aides said the pattern was not mandatory.

Analysts believed Gatot was chosen because an Army general was deemed more reliable in consolidating the TNI to support the priorities of Jokowi administration's, as well as maintaining national security and stability.

Now, as the nation gears up for regional elections across 171 re-

Air Chief Marshal Hadi Tjahjanto expected to replace Gatot

Jokowi may defy tradition again when considering replacement for Gatot

gions next year, as well as legislative and presidential elections in 2019, Jokowi may once again defy tradition when considering a replacement for Gatot, who is set to retire in March next year.

Analysts, however, have urged Jokowi to return to the pattern, arguing that the tradition is important to maintain the spirit of TNI reform, especially regarding military professionalism, as well as to ensure harmony among the three forces.

Taking that into account, Air Force chief of staff Air Chief Marshal Hadi Tjahjanto could be the strongest candidate for the position of TNI commander, followed by Navy chief of staff Adm. Ade Supandi, while Army chief of staff Gen. Mulyono is the least likely option.

"[A TNI commander] from the Air Force fits with the ambition to develop maritime security, which requires synergy between the Air Force and the Navy," military expert Al Araf from think-tank Imparsial told *The Jakarta Post* on

Saturday.

Air Chief Marshal (ret.) Djoko Suyanto is the only Air Force officer ever to lead Indonesia's armed force.

Another TNI commander with Air Force background could assist Jokowi in realizing his vision of transforming the country into a global maritime power by developing its maritime defense system, which also requires an outward-looking security policy, Al Araf said.

He acknowledged that, as the country prepares for elections in 2018 and 2019, it was necessary for Jokowi to name a TNI commander who could safeguard the military's neutrality.

"Historically, the Air Force has a relatively minimal [experience] with politics," he said.

Gatot, who has ruffled political feathers with a series of controversial remarks that critics said could be construed as political maneuvering, has repeatedly asserted in recent statements that the TNI would remain politically neutral.

Regardless, he has become increasingly popular, especially among conservative Muslim voters. Pollsters have placed him on the list of potential 2019 contenders.

Indikator Politik Indonesia executive director Burhanud-

din Muhtadi recently said that Jokowi could garner significant electoral benefit if he picked Gatot as his running mate in his 2019 reelection bid.

"Gatot is also a potential vice-presidential candidate because he could steal support from Gerindra Party chairman Prabowo Subianto, Jokowi's strongest rival," he said.

Many have suggested that Jokowi's 2019 political aspiration could also influence his pick for the next TNI commander.

Institute for Defense and Security Studies (IDSS) executive director Mufti Makarim, however, advised Jokowi not to name Gatot's successor based on such political considerations.

"What should be taken into consideration is concerns over the sectoral ego between the three forces," Mufti said.

Defense analyst Muradi of Bandung-based Padjajaran University echoed Mufti's statement.

He also said the next TNI commander should be able to develop more effective communication avenues to avoid misapprehensions with the Defense Ministry as well as Coordinating Political, Legal and Security Ministry, which has been apparent in several issues, including the recent furor surrounding weapons procurement.

BILATERAL RELATIONS

RI demands explanation from Washington

Margareth S. Aritonang and Nurul Fitri Ramadhani

THE JAKARTA POST/JAKARTA

Indonesian Military (TNI) commander Gen. Gatot Nurmantyo and his wife, Enny Trimurti, were set to fly to Washington DC, for a conference, on Saturday.

He had all his travel documents with him, including a United States visa and an invitation from the chairman of the US Joint Chiefs of Staff, Gen. Joseph F. Dunford, who asked him to attend the Chiefs of Defense Conference on Countering Violent Extremist Organizations (VEOs) from Oct. 23-24.

Gatot had confirmed his attendance as a form of appreciation and respect to his US counterparts, said TNI spokesperson Maj. Gen. Wuryanto.

The military commander was already at the Soekarno-Hatta International Airport in Tangerang, Banten, when an official from the Dubai-based Emirates carrier dropped the bombshell: the US Customs and Border Protection Agency had barred him and his delegation from boarding the US-bound flight.

The news has baffled many as Gatot visited the US in February 2016 without hindrance.



JP/Dhoni Setiawan

Gen. Gatot Nurmantyo

ask about the matter] but we haven't received any response," Wuryanto said.

The spokesman said the TNI had also reported the matter to President Joko "Jokowi" Widodo, Foreign Minister Retno LP Marsudi and Coordinating Political, Legal and Security Affairs Minister Wiranto.

"The TNI chief has decided not to attend the conference until the US government has explained everything," Wuryanto said.

The Indonesian government did not taken the incident lightly and was quick to seek clarification from the US government.

Foreign Ministry spokesman Armanatha Nasir said the Indonesian Embassy in Washington had forwarded a diplomatic note to the US Foreign Affairs Ministry. Retno, he said, had also asked for an explanation from US Am-

As of Sunday night, TNI and government officials are still in the dark about the US policy.

"We have sent a letter to the US Joint Chiefs of Staff [to

bassador to Indonesia Joseph Donovan.

The US Embassy in Jakarta apologized for the incident but stopped short of explaining the reason behind the decision to bar Gatot and his delegation from entering the country.

"US Ambassador Joseph Donovan has apologized to Foreign Minister Retno Marsudi for any inconvenience to General Gatot," the embassy's spokesperson, Rakesh Surampudi, said in a written statement.

The embassy confirmed that it was Gen. Dunford who invited Gatot to the conference but Gatot was unable to travel as planned.

Rakesh said the embassy was in touch with the general's staff about the matter throughout the weekend, working to facilitate Gatot's travel.

"The US Embassy was, and remains, prepared to facilitate the general's travel to the US. We remain committed to our Strategic Partnership with Indonesia as a way to deliver security and prosperity to both our nations and people," Rakesh said.

A number of Indonesian military officers had been banned from entering the US for their alleged involvement in human rights abuses in the past.

Gatot, however, is not known to have been involved in any cases of abuse. In 2015, the Commission for Missing Persons and Victims of Violence (Kontras) declared that Gatot had a clear rights record.

International law expert Hikmahanto Juwana from the University of Indonesia said the incident could strain relations between the US and Indonesia as Washington had failed to provide an immediate explanation regarding the incident.

"How can a high-level official who has been invited to a country be banned from entering that country? Even worse, the announcement of the restriction was given by an airline company instead of an official notification," he said.

Lawmaker Abdul Kharis Al-masyhari, who chairs the House of Representatives Commission I overseeing defense and foreign affairs, slammed the US for "insulting the TNI chief."

"It is an insult because there was no clear explanation. Thus I urge the foreign affairs minister to demand the US government give a clear explanation," the Prosperous Justice Party (PKS) politician said.

UNREST

Shooting incidents mar Freeport operations

**Nethy Dharma Somba and
Nurul Fitri Ramadhani**

THE JAKARTA POST/JAYAPURA

Unidentified gunmen opened fire on Saturday at operational vehicles of gold and copper miner PT Freeport Indonesia (PTFI) in its mining area in Tembagapura, Mimika, Papua, highlighting a security breakdown at the site.

While no serious casualties have been reported, the incidents in the world's biggest integrated gold mining site come at a time when the government is intensifying its demand to PTFI's parent company, United States-based mining giant Freeport McMoRan (FCX), to sell its controlling stake in PTFI to local entities.

Gunshots were heard twice at two different spots in PTFI's working area, according to witnesses and authorities. The

armed suspects targeted two vehicles, injuring one person who sustained broken glass wounds.

The first shooting occurred in the morning when the victim, M. Jamil Lampung, 49, drove the company's car to pick up his colleague waiting at a sports hall for a patrol. Jamil had to undergo light surgery on his upper arm, however the medical team confirmed he was in stable condition.

The gunmen shot at the car, hitting the left door and front window. Less than 15 minutes later, the second shooting occurred, hitting a vehicle driven by US citizen Joseph Nelson Hatch Jr., 49. Hatch was also driving to the sports hall to pick up an official for a patrol. The bullets hit the car's left door and front tire.

"The driver [Hatch] kept driving and headed to the Tembagapura Police. He sustained no

injuries," Papua Police spokesman Sr. Comr. AM Kamal said, adding that the police were hunting down the gunmen.

There have been at least four shooting incidents on the mining site since August.

A shooting incident in August injured a member of the National Police's Mobile Brigade (Brimob).

Another similar incident occurred in September, when a water tanker truck and a patrol vehicle belonging to PTFI were shot at by unknown assailants while traveling in the mining area.

A day after, another incident occurred, leaving Ronald Sajen-solar, the driver of a patrol car, injured from shards of glass, after the car he was traveling in was shot at by unknown assailants.

Although the incidents caused no fatal casualties, speculation is rife that they will not be the last,

and that they are related to an anti-Freeport movement campaigned by locals.

The government extended recently the deadline for FCX to meet its divestment obligation to the first quarter of 2019, which is three months longer than the previous time limit, following stiff negotiations.

FCX has demanded that the government extend PTFI's contract due to expire in 2021. However, the government has demanded that FCX divest its stakes in PTFI so that local entities can own at least 51 percent of PTFI.

At present, FCX controls 90.64 percent of PTFI, while 9.36 percent is owned by the government.

PTFI is also required to convert its contract of work (CoW) signed in 1991 into a special mining license (IUPK) and build a new smelter within five years.

'Pribumi' campaign gains traction

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J. Post

Winda A. Charmila
THE JAKARTA POST/JAKARTA

After his controversial speech highlighting *pribumi* (indigenous people) during the Dutch colonial era, religious leaders demanded on Sunday that Jakarta Governor Anies Baswedan repair the damage he had caused as the racially infused statement had inspired acts of intolerance.

Religious leaders have called on the new Jakarta governor to maintain harmony and pluralism in the city during his tenure, which lasts until 2022.

They said that with ethnicity and religious sentiments still plaguing the city after the gubernatorial election earlier this year, religious minorities might be oppressed or neglected amid rising tensions.

Although Anies has dismissed allegations that he singled out a particular ethnicity or religion, his remarks have inspired groups of people to begin *pribumi* movements.

On Thursday, just three days after his speech on his inauguration day, a banner reading "The rise of Pribumi Muslims" appeared on Jl. Raya Menteng, a main street in Central Jakarta.

The 10-meter-wide banner stretched out onto the road near an intersection. In addition to its provocative message, the banner also bore a photo of Anies and his deputy Sandiaga Uno.

On Sunday, another group calling itself Gerakan Bangsa Pribumi (Proud to be Indigenous Movement), gathered during Car Free Day at the Hotel Indonesia traffic circle and demanded that the Jakarta administration stop reclamation projects in Jakarta Bay.

A member of Gereja Komunitas Anugerah (Reformed Baptist Salemba) congregation, Sunario Aritonang, said he expected the new governor and his deputy to bridge relations among interfaith groups to strengthen their bonds to avoid such sentiments.

"Discussions among religious people need to be actively held, not just for those with moderate views but also for the conservatives," Sunario said.

In his inauguration speech, Anies said that indigenous people had been suppressed and defeated in the past, but after independence, it was time for them to be the masters in their own country.

Anies' words created further tension, which gripped the nation during the Jakarta election in which Basuki "Ahok" Tjahaja Purnama, a Christian of Chinese descent who sought reelection, was accused of blasphemy and later imprisoned.

The term *pribumi* was originally coined as part of a three-tiered racial classification during the Dutch colonial era, which placed native Indonesians below European and "foreign oriental" races, such as ethnic Chinese, Arabs and Indians.

The term was used to spread hatred against Chinese-Indonesians during the May 1998 riots, which claimed at least 1,217 lives, left 91 injured and resulted in 31 people disappearing. The tragedy also caused trauma to many people because of the many reported rapes of Chinese-Indonesian women.

Anies' remarks trigger 'pribumi' movements

Religious minority leaders remind governor to protect all Jakartans

Because of the issue, the use of *pribumi* by government officials has been banned since 1998.

Even though Anies, who is of Arab descent and apparently Muslim, has clarified his statement, it has not quelled the controversy.

Eddy Setiawan, a researcher with Buddhist research institute Nagarjuna Institute, said the new governor was expected to protect religious minorities and their places of worship.

The presence of *vihara* or *klenteng* (Buddhist temples) adds color to the city as they are usually painted red and decorated with lanterns and statues that add to the city's beauty.

"Many *vihara* are located within the confines of traditional markets, with the market's garbage dump near them. I hope the new administration is brave enough to improve the condition," Eddy said.

As a predominantly Muslim country, most residents in the capital are Muslims, which is 8.3 million of about 10 million residents, according to Jakarta administration data. Christians make up 1.2 million of the population followed by Buddhists, Hindus and Confucianism adherents of 384,000, 19,500 and 875 people, respectively.

Imam Pituduh, the deputy secretary-general of Nahdlatul Ulama (NU), the largest Muslim organization in the country, said Anies should have been more sensitive and paid more attention to the possible impact of his statements.

"He should [...] make a public clarification that the statements were not aimed at destroying the nation's unity," he told the *Post*.

Abdul Mu'ti, the secretary-general of the Muhammadiyah, the second-largest Muslim organization, said the government must pay attention to all citizens, and even though Muslims were the majority, they should not expect special treatment. (dis)

Calls to renew probe of 1965 tragedy mount

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Marguerite Afra Sapiie
THE JAKARTA POST / JAKARTA

Following the release of declassified United States files on the 1965-1966 tragedy, activists have called on the government to use the release as an opportunity to refresh and conclude a long-stalled investigation into the mass killings, for the sake of justice for the victims and families.

Some 30,000 pages of files from the US Embassy released on Tuesday revealed more details of the campaign to purge thousands of members and alleged sympathizers of the now-defunct Indonesian Communist Party (PKI).

Amnesty International Indonesia director Usman Hamid called on the Indonesian Military (TNI), which was mentioned many times in the US archives,

Activists call for new probe into 1965-1966 mass killings

Recently released US files on tragedy must serve as momentum to reveal truth: Activists

to release its own records on the tragedy publicly, to reveal the truth about what really happened at the time.

"There should be a comparison between the declassified US files and the Indonesian government's archives. This opportunity can be used to renew efforts [to resolve the tragedy] as long as the government has the willingness to do it," he said at a press conference on Friday.

He called on the govern-

ment to send an official request through the Foreign Ministry to obtain the US government's archives and use the files as part of efforts to ensure accountability and justice for the survivors of the 1965 tragedy and their families.

The US files, Usman said, could solve the excuses made by officials who repeatedly claimed that difficulties in solving the country's dark past lie in the lack of evidence and witnesses to bring the cases to court.

The trove of files had also highlighted systematic human rights abuses during the 1965 atrocities. A telegram dated 28 Dec. 1965, for instance, recorded that people accused of being PKI members were brought to an unknown location where they were slaughtered and buried. Another cable in the same

month revealed that the Army handed over 10 to 15 prisoners to civilians to be executed.

A Dec. 21, 1965 cable sent to the US State Department noted that at least 100,000 people had been killed in anti-PKI violence.

Coordinating Political, Legal and Security Affairs Minister Wiranto said the government would not immediately use the documents as the basis for a new investigation because there should be a process to fact-check the foreign information first.

Sri Lestari Wahyuningrum, an international steering committee member of the International People's Tribunal (IPT65), said the findings revealed in the US archives had been presented during a tribunal at The Hague in 2016, which ruled that the Indonesian government had committed

crimes against humanity during the 1965-1966 purge.

The tribunal's judge at the time suggested that the Indonesian government apologize and provide reconciliation and rehabilitation services for the victims. The verdict, however, had been dismissed by the cabinet ministers of President Joko "Jokowi" Widodo.

"The release of the US files has strengthened the tribunal's ruling [...] More evidences will continue to appear and we cannot stop the revelation of the truth," Sri said.

She went on to urge Jokowi to immediately establish a Truth Commission to spearhead the revelation of the truth and give justice to human rights abuse victims as mandated in Jokowi's National Mid-Term Development

Plan (RPJMN) 2015-2019.

Separately, National Commission of Human Rights (Komnas HAM) chairman Nurkholis said the rights body had contacted the US Embassy in Jakarta to obtain a copy of the declassified documents, adding that in the meantime it hoped to meet the embassy's officials next week.

The findings revealed in the obtained documents would be assessed and used to complement Komnas HAM's investigation on the 1965 tragedy that concluded in 2012 after almost four years of investigation, Nurkholis said.

"The files will be very useful to support the process of judicial means, namely investigation, as well as non-judicial means, including reconciliation and the revelation of the truth," Nurkholis told *The Jakarta Post*.