

INVESTMENT

Taiwanese investors seek better opportunities in Indonesia

Rachmadea Aisyah

THE JAKARTA POST/JAKARTA

With Taiwanese investors seeking to invest in Indonesia following the recent introduction of the New Southbound Policy, which shifts the country's investment interests toward Southeast Asian and South Asian countries, the Indonesian government needs to reform its bureaucracy to be more business friendly.

Investing in Indonesia remained a challenge for most Taiwanese investors owing to the economy's massive scale and because of problems posed by its bureaucracy, said Jack Chen-Huan Hsiao, director of the economic division at the Taipei Economic and Trade Office (TETO).

"For Taiwanese businesspeople, Indonesia is too huge a market to understand overnight, unlike Malaysia and Singapore," Hsiao told reporters at a press conference hosted by Standard Chartered Bank on Wednesday.

"Therefore, we have been trying to promote what is good about Indonesia."

Hsiao said Taiwanese businesses lacked the funding capabilities of their peers in other countries as they were mostly small and medium enterprises, making it hard for them to acquire investment deals.

Indonesia's complicated bureaucracy has only made the situation worse. Hsiao cited an instance in which a Taiwanese company had to wait almost two

years to set up its business in Indonesia, whereas only six months were needed to establish a similar enterprise in Vietnam.

However, he lauded an initiative by the Investment Coordinating Board (BKPM) to set up a special desk to handle investments from Chinese-speaking countries, helping Taiwanese investors to settle in the country.

Taiwanese companies have had to cooperate with foreign firms, especially from Japan and China, in order to win investment bids in Indonesia, in addition to having partnerships with domestic companies.

Taiwan had also been attempting to level up its infrastructure investment in Indonesia through such joint-cooperation schemes,

in addition to other sectors such as logistics services, natural resources and fisheries, Hsiao said.

"However, the level of investment directed toward Indonesia is still subject to discussion because the [Taiwanese] government only announced it [the New Southbound Policy] last month," Hsiao said.

Based on its New Southbound Policy, Taiwan plans to disburse US\$3.3 billion in investment throughout Southeast Asia in 2018 to help private companies expand in the region.

The joint-cooperation mechanism between Taiwanese companies and investors from other countries had helped increase the level of Taiwanese investments in Indonesia, said Aldian Talopu.

STATE VISIT

Moon kicks off ASEAN tour in Jakarta with show of charm

Indra Budiari

THE JAKARTA POST/JAKARTA

South Korean President Moon Jae-in started his first state visit to Indonesia by delivering a warm speech to hundreds of South Koreans living in Indonesia.

Moon emphasized there were many similarities between the two countries and thanked the South Koreans for their role in strengthening the bond between Seoul and Jakarta.

The thunderous standing applause from the South Koreans as Moon entered the ballroom of a hotel in South Jakarta on Wednesday evening reflected their great hope for the former human rights lawyer, who replaced Park Geun-hye after she was impeached from the office on corruption charges.

"Thank you, your warm welcome means a lot to me," Moon said when he opened his speech during a gala dinner.

Moon said he was thankful to the South Korean community in Indonesia, which now numbers more than 31,000 people, for maintaining good ties between the countries and he pledged that the Korean government would support them strongly. The large number of Koreans living in Indonesia makes it one of the country's biggest foreign communities.

"Ladies and gentlemen, you are the pioneers of our cooperation with Indonesia and I am very grateful that you have overcome



JP/Dhoni Setiawan

Charm offensive: South Korean President Moon Jae-in delivers a speech during Diaspora Korea in Jakarta on Wednesday. The president's three-day visit until Friday seeks to bolster trade relations between the two countries as well as discuss regional issues.

every challenge with bravery," Moon said.

During the evening, a number of Indonesians also attended the meeting, including singer Rizky Febian and Association of Air Ticketing Companies in Indonesia (Astindo) chairwoman Elly Hutabarat, who were named honorary tourism ambassadors of South Korea. Moon said he wanted to emphasize his message that South Korea has to broaden its diplomatic horizons beyond its traditional allies and soon after he was elected he therefore sent special envoys to various countries in Europe and Southeast Asia.

As reported elsewhere, since

assuming the presidency, Moon has displayed his flair for public diplomacy while attending various high level international meetings. He has also shown a softer approach when delivering statements related to the Korean Peninsula crisis, declaring his hope to bring the neighbor back into the international community.

Moon, who departed for Jakarta after United States President Donald Trump left Seoul for Beijing, arrived in Indonesia for the first of a series of summits in Southeast Asia. In the eight-day visit to ASEAN member states, he is also scheduled to visit Vietnam and the Philippines.

Scheduled to meet with President Joko "Jokowi" Widodo at the Bogor Palace in West Java on Thursday afternoon, the two will exchange views on how to strengthen bilateral ties in infrastructure development, economics and trade, as well as in regional issues including ASEAN and North Korea.

Earlier on Thursday morning, Moon is scheduled to visit the Kalibata Heroes Cemetery in South Jakarta and attend a business forum that will also be attended by roughly 300 business leaders of the two nations. On Friday, both Moon and Jokowi are to fly to Danang, Vietnam, to attend the Asia-Pacific Economic Cooperation leaders' summit on Nov. 11 and 12, which Trump will also attend.

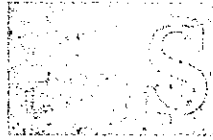
From Danang, the leaders will then fly to Manila for the ASEAN Summit and other meetings.

Moon also mentioned that as both countries had suffered from colonialism and authoritarian regimes, they have a lot of similarities, including how they recovered from those "dark memories" and moved toward strong development and democracy.

He added that he and Jokowi shared a similar spirit in their policies, with a focus on their people.

"Islam, the largest religion in Indonesia, describes its followers like one body. If one body part feels pain, the whole body will feel it too. This is very similar to South Koreans, as we share strong affection for each other," he said.

Indonesia-Korea partnership



Shared economic interests have been the foundation of rapidly expanding Indonesia-South Korean ties, even before the two countries established diplomatic relations in 1973. Since the mid-1960s when entry visas to Indonesia still had to be processed in Tokyo, many Korean businesspeople, with the full support of their government, visited Indonesia to explore potential opportunities.

Hence, economic cooperation programs are predictably at the top of the agenda for the summit between President Joko "Jokowi" Widodo and President Moon Jae-in. The Korean President is currently on an official visit to the country, the first he has made to the ASEAN region since his inauguration in May.

Korean companies, with the full support of the Korean government, initially did business with Indonesia as a major source of raw materials such as timber, rubber and rattan for feeding their burgeoning manufacturing sector.

But the depth and breadth of the economic relationship between the two countries has been expanding steadily since the early 1970s from extractive industries, such as logging and mining, into labor-intensive, footloose manufacturing industries, such as garments, footwear and electronics, and most recently the automotive, steel, petrochemical and energy sectors.

The pace of the two countries' economic cooperation accelerated further after the Indonesian-Korean strategic partnership agreement was signed by then president Susilo Bambang Yudhoyono and president Roh Moo-hyun in December 2006.

There are two main factors behind the high-paced development of this economic partnership.

One is the broad complementarity of the two economies. Korea, already a developed country with very few natural resources, a population of 51.5 million and a per capita income of US\$28,000, needs natural resource commodities and a market for its manufacturing industry. Two, Indonesia, with its wealth in natural resources, a population of over 260 million, but a per capita income of merely \$3,600, badly needs Korean capital, technology and expertise to develop its economy.

On this visit, President Moon is accompanied by a large business delegation that is eyeing local business opportunities. In another reflection of the Korea, Inc. spirit, the Korean government has set up a business-facilitation center in Jakarta to help its small and medium-scale companies do business here. It is no wonder that South Korea is the third-largest foreign investor in Indonesia and is poised to become one of its top five biggest trading partners.

Bank Indonesia and the Bank of Korea also concluded in 2013 a bilateral currency swap arrangement on a \$10 billion swap line to boost bilateral trade and to strengthen financial cooperation.

Going forward in advancing the strategic partnership, Indonesia should see to it that institutional capacity building should be an integral part of the cooperation, covering training and internships. Indonesia can also learn a lot from Korea, particularly in advanced technology industries and developing new entrepreneurs and logistics systems to cope with the international value-added chain.

Native faiths still seen as 'second class' religions

Marguerite Afra Sapiie

THE JAKARTA POST / JAKARTA

Native faiths are not religions, the Religious Affairs Ministry said when asked if it would begin managing native faiths following a Constitutional Court ruling granting the minority groups the right to state their faiths on their ID cards.

The ministry's statement, activists said, highlighted the tough challenges facing religious minority groups, even after the court declared they should be given the same rights as followers of the six major religions: Islam, Protestantism, Catholicism, Buddhism, Hinduism and Confucianism.

The court has won praise for annulling provisions within the 2006 Civil Administration Law that had barred native faith followers from stating their faiths on ID cards, but it is feared that they may continue to be stigmatized as long as their beliefs are not seen as being equal to religions.

The Religious Affairs Ministry insisted that *agama* (religion) and *kepercayaan* (native faith) are different and thus matters relat-

Religious Affairs Ministry refuses to recognize native faiths as religions

Native faiths could still face stigma in society

ing to the latter were not within the remit of the ministry to regulate, the ministry's spokesperson Mastuki told *The Jakarta Post* on Wednesday.

"They are accommodated by the Culture and Education Ministry, which provides supervision, services and various forms of assistance for them," he said.

Despite being home to hundreds of indigenous faiths, local Indonesian beliefs have long been regarded as cultural aspects and therefore placed under the auspices of the Culture and Education Ministry's directorate-general for culture.

Mastuki went on that if a specific indigenous belief was cited in an ID card's religion field, the ministry feared that there could be a backlash from mainstream religious groups because native

faiths were not recognized as religions.

He went on to say that the ministry planned to propose that the Home Ministry change the religion field in the e-ID from *agama* to *agama/kepercayaan* if the government wanted to accommodate each indigenous faith group.

"If the native faith status is mentioned, it will not become problematic because both religion and native faith are recognized by the Constitution."

The Constitutional Court's ruling was welcomed by native-faith followers around the country, who said the decision could end the discrimination against them, which occurred in the past because the religion field on their ID-cards was left blank.

The most rampant form of discriminatory treatment affecting people who adhered to local faiths is a difficulty in obtaining civil registration documents such as birth and marriage certificates. Many of them were also denied access to employment.

Setara Institute researcher Sudarto said the government still

had work to do to ensure that minority rights would be upheld. "Even though native-faith followers are now recognized in the e-ID, for most people, they are still considered 'second-class' religions," he said.

"In banks and other companies, they recognize mainstream religions; and native faiths are not in their nomenclature," Sudarto said, adding that the government should do more to recognize the rights of native-faith followers, including by ensuring religious education for students who adopted native faiths.

Sri Hartini, the director of Kepercayaan Tuhan Yang Maha Esa dan Tradisi, said her office had maximized efforts to accommodate religious education for native-faith students in the country, as mandated by Religious Affairs Ministry Decree No. 27/2016.

However, she admitted that the difficulties were caused by a lack of teachers who were capable of teaching about native faiths and so they tried to fill the gap by providing training for figures in native faith group to teach at schools.

Students intolerant of minorities: Survey

Nurul Fitri Ramadhani

THE JAKARTA POST/JAKARTA

The time will soon arrive when today's young generation will lead the nation. However, this era may have to be approached with caution as the millennial generation appears to be growing less tolerant toward minority groups.

A nationwide survey conducted by the prominent Center for the Study of Islam and Society (PPIM) found that Muslim students were more intolerant toward Muslims from different denominations than they were toward people of other faiths.

The survey, involving 1,859 students from state high schools and state universities across the country's 34 provinces conducted from Oct. 1 to 7, found that 51.1 percent of respondents held intolerant views of peoples who had been persecuted for their beliefs, in particular the Ahmadiyah and Shia.

In response to a series of close-ended questions, roughly 34 percent of respondents said they agreed with intolerant acts against minority groups, while 49 percent disagreed with government protection of groups they considered heretical.

An overwhelming majority, 86.55 percent, of students even agreed the government should ban such "heretical" groups.

Religious minority groups, such as the Ahmadiyah, Shia and Gafatar, in addition to followers of indigenous and native faiths, have

51.1% of students hold intolerant views toward Muslim minorities

54% of teachers disagree with teaching tolerance

long suffered from discrimination and oftentimes become the targets of religiously-motivated violence by some Muslim groups. Many have been forcibly evicted from their homes or dispersed while performing religious activities.

The students in the survey, however, tended to be more tolerant toward non-Muslim people, with about 34.3 percent of respondents agreeing with intolerant views toward non-Muslim communities and 17.3 percent agreeing with intolerant acts against them.

"This is a situation we should be wary of. It doesn't look particularly dangerous just yet, but the tendency is likely to grow. Any form of intolerance is not tolerable," PPIM director Saiful Umam said on Wednesday.

The radical views of educators have influenced the way they teach at schools and campuses and has seen them spread similar opinions among their pupils, with 50 percent of respondents saying that the Islamic lessons they received had taught them not to accept such "defiant" groups.

Nearly 65 percent of the students said their Islamic education at school was focused on faith and

devotion, while only 12.9 percent learned about respecting diversity at school.

It appears teachers have refused to give students lessons about tolerance. The survey also interviewed 264 high school teachers and 58 lecturers — all of whom teach Islamic education and work for state educational institutions — and found that roughly 54 percent disagreed that the curriculum on Islamic education should display tolerance toward Ahmadiyah and Shia denominations. Around 69.3 percent also agreed with intolerant acts against these groups, which they considered to be "defiant" to Islamic teachings. "Most of the teachers believed it was a sign of success if their students became more religious," Saiful said.

The PPIM survey seems to confirm previous surveys by other research centers, including religious rights group the Ma'arif Institute, that found last year that public schools had become fertile grounds for the spread of conservatism and intolerance.

The lack of professional Islamic education teachers appears to be a major reason behind the divisive Islamic lessons taught in schools.

"Many of the Islamic education teachers are actually biology or mathematics teachers," Religious Affairs Ministry director general for Islamic education Kamaruddin Amin said, highlighting the need for approximately 21,000 professional Islamic education teachers.

PLN's tighter grip on projects worries IPPs

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Viriya P. Singgih
THE JAKARTA POST/JAKARTA

Business groups have voiced concern about state-owned electricity firm PLN's move to increase its control over power plant projects nationwide as they fear it will make them unbankable.

The country's sole electricity off-taker has announced its plan to offer 12 mine-mouth coal-fired power plants worth US\$7.2 billion overall by tender this year.

The plants will be located in Sumatra and Kalimantan and are slated for commercial operations within the 2020-2024 period.

Independent power producers (IPPs) that win the tender are required to develop the facilities jointly with the firm's subsidiaries, either PT Indonesia Power or PT Pembangunan Jawa Bali (PJB).

PLN subsidiaries to control 35 to 51% stakes in power projects

Groups doubtful of its financial capacity, bankability of projects

That will be a change from the present convention in which the IPPs usually build the plants themselves and then sell the electricity to PLN.

Head of the permanent committee for energy, oil and gas at the Indonesian Chamber of Commerce and Industry (Kadin), Agustinus Santoso, said that many IPPs had complained about the partnership scheme with PLN's subsidiaries as the latter were expected to control around 30 to 51 percent stakes in the projects.

He questioned the firm's fi-

nancial capacity to inject more equity into the projects if its subsidiaries managed a lion's share of them.

"If PLN has no room left to make a big investment in the projects, it will demand the IPPs handle the financing. However, if the IPPs only hold minority shares, lenders will be reluctant to give them loans. It's problematic," Santoso told *The Jakarta Post* on Wednesday.

Indonesian Independent Power Producer Association (APLPI) chairman Arthur Simatupang said numerous private developers in the group had also complained about the same thing.

A corporate guarantee required from IPPs when seeking a bank loan would not be valid if they only held minority shares in a project, he added.

"So, PLN is the one that must provide the guarantee. But, its

debt ratio is already too big, especially because the company just added another loan to its financial sheet," Arthur said.

PLN's move to step into power projects instead of merely focusing on power transmission and distribution to customers as at present might cause business uncertainties, he further said.

Earlier this month, PLN obtained a Rp 16.3 trillion (\$1.2 billion) syndicated loan from various financing institutions, including Maybank Indonesia, Bank Mandiri Syariah, PT Sarana Multi Infrastruktur, BNI Syariah and Bank Permata Syariah.

As of September, PLN's total liabilities stood at Rp 429.3 trillion, up 11.2 percent from the past year.

Over January-September, its revenues climbed by nearly 15 percent to Rp 187.8 trillion, while

its net profits plummeted by 72.2 percent to Rp 3.04 trillion.

PJB president director Iwan Agung Firstantara confirmed that PLN had authorized his side to take a majority stake of 51 percent in power projects in Sumatra, Kalimantan and Java.

The planned power plants, including ones fueled by coal and gas, will have an overall capacity of 6,000 megawatts (MW).

"We have been tasked with finding partners for those projects," he said.

Indonesia Power development and commerce director Adi Supriyono also said PLN had encouraged the company to manage at least 30 to 35 percent ownership in certain projects covering a total capacity of between 4,000 MW and 5,000 MW.

"It depends on PLN's interest in certain regions. If a power plant is deemed important

or crucial by PLN, the company should control 51 percent of it. Otherwise, the company can just own 30 to 35 percent," Adi said.

PLN spokesman I Made Suprateka asserted that its subsidiaries could only control majority shares in a project under certain circumstances.

He explained that PLN actually only allowed experienced IPPs that had a track record of developing power plants with a total capacity of 1,000 MW or more to participate in its tenders.

However, PLN had often offered leeway to less-experienced IPPs, especially ones with money or land to develop power plants offered in the tender, he added.

"In this case, PLN will oblige the tender winners to team up with its two most experienced subsidiaries, Indonesia Power and PJB," Made said.

Anies plans for road users 'too ambitious'

Ivany Atina Arbi

THE JAKARTA POST/JAKARTA

Jakarta Governor Anies Baswedan and Deputy Sandiaga Uno are formulating methods to accommodate road users, including car owners, motorcyclists, pedestrians and street vendors.

"We want Jakarta to be accessible for all, including motorcyclists, so they can go through Jl. Sudirman and Jl. MH Thamrin. Therefore, we ask for the [roads] to be redesigned," Anies told journalists at City Hall after attending a leadership meeting.

He later had a meeting with City Transportation Agency and Greater Jakarta Transportation Body officials to discuss revoking the ban on motorcycles.

Anies instructed his subordinates to create a new design for the sidewalk expansion project along Jl. MH Thamrin and Jl. Sudirman in Central Jakarta because, he said, the previous design did not accommodate motorcyclists.

He acknowledged he still had no idea how the new design could accommodate more pedestrians without eliminating motorists, however, he said it was the duty of the designers to work on it.

"They [the designers] have had a good education [so they should be] able to make the design," he said.

Anies has also considered revising Gubernatorial Regulation No. 141/2015 on Motorcy-

Anies wants Jakarta's roads accessible for all including motorcyclists, street vendors

City tries to find fair solution for street vendors occupying sidewalks in Tanah Abang

cle Restriction. The regulation bans motorcycles from passing through Jl. Sudirman, stretching to Jl. Medan Merdeka Barat, from 6 a.m. to 11 p.m.

Road Safety Association (RSA) Indonesia chairman Ivan Virnanda welcomed the governor's idea to revoke motorcycle restrictions as the city has yet to provide "sufficient, safe and affordable" mass transportation to the public.

"The motorcycle restriction can be implemented when the city has provided comfortable and well-connected public transportation. Or else, the restriction will only limit the mobility of residents," he said on Wednesday over the phone.

Founder of the Pedestrian Coalition, Ahmad Safrudin, reminded the city administration to focus on the rights of pedestrians before revising any policies on road use. "Pedestrians are, inevitably, on the highest strata of road users," he said.

The administration had worked with Bandung Institute of Technology's Industrial and Research Affiliation Institution

to expand the sidewalk along the Sudirman-Thamrin area to between 8 and 10 meters wide.

The Bina Marga road agency planned to build 80 kilometers of sidewalk this year in different areas of the capital.

Meanwhile, Deputy Governor Sandi — who is in charge of fixing the chaotic Tanah Abang textile market in Central Jakarta — said street vendors occupying sidewalks should not be blamed for the traffic.

He refused to evict street vendors from the sidewalks, arguing that he was still looking for "a fair solution."

"We are facing difficult economic conditions and the street vendors are there [occupying the sidewalks] to make a living. [Instead of evicting them] we will find a fair solution for them," he said.

Sandiaga added that he was still working on the solution for street vendors as well as holding simultaneous meetings with various stakeholders in Tanah Abang.

Ahmad criticized the administration's decision to allow hundreds of street vendors to occupy the sidewalks.

"If the administration wants to accommodate the interest of all parties, they should find a way without violating the law and the rights of citizens," he said.

According to Bylaw No. 8/2007 on Public Order, vendors are prohibited from trading on the sidewalk or else face prison or a fine.