

Indonesia to appeal US duties on biodiesel

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DAILY NEWS

Indonesia plans to file an appeal against the United States' recently-set countervailing duties on biodiesel to revive exports of the palm-oil based fuel to the world's largest energy market.

The Trade Ministry's foreign trade director-general, Oke Nurwan, said on Monday Indonesia might challenge the measure either in a US court or at the World Trade Organization (WTO).

The government is scheduled to meet with local biodiesel producers to discuss this issue soon.

"We want to counter the US measure through court action or even the WTO, but we need to decide on a strategy first," he said.

The US Commerce Department decided to charge countervailing duties on Indonesia's biodiesel as its investigation found that the country's commodity producers had accepted government subsidies.

The final anti-subsidy duties would range from 34.45 percent

Anti-subsidy duties to range from 34.45 to 64.73 percent

RI to appeal US duties

Plans to open new export line to China

to 64.73 percent, lesser than 41.06 percent to 68.28 percent set as preliminary duties in August.

The measure is a follow-up to the petition filed by US biodiesel producers grouped under the National Biodiesel Board (NBB) Fair Trade Coalition, which claimed that the surge of biodiesel imports from Indonesia, along with Argentina, had taken 18.3 percent of their market share.

The board said like the Argentinian government, the Indonesian government provided subsidies to domestic biodiesel producers and therefore caused unfair competition and violated international trade rules set by the WTO.

"The [US] biodiesel industry has been hamstrung over the past several years due to unfair-

ly traded imports from Argentina and Indonesia. We appreciate that these unfair subsidies are being addressed, so we can fix this particular obstacle to continued growth in the domestic industry," NBB's chief operating officer, Doug Whitehead, said.

According to US Commerce Department data, the country imported around US\$268 million and \$1.2 billion worth of biodiesel from Argentina and Indonesia, respectively, last year.

The US International Trade Commission (USITC) will hold a final injury vote on Dec. 5 to allow the countervailing duties to become effective.

In addition to countervailing duties, the US also imposed preliminary anti-dumping duties of 50.71 percent on Indonesia's biodiesel since late October.

Oke said the government and domestic producers would wait for the final statement from the USITC while preparing a back-up plan, such as opening a new export line to China.

Aprobi secretary-general Stanley Ma said entering alternative markets was important for local

biodiesel producers because the domestic market could only take 3.2 million tons of biodiesel annually, or 26.67 percent of the total 12 million tons of biodiesel made each year. "Actually since early 2017, none of our 23 members have exported biodiesel to the US because the country lightened its renewable fuel standard [RFS]. It has been a loss for us and currently, our plant utilization rate is just around 25 percent."

In a separate development, Indonesia plans to review existing regulations on horticulture and animal imports from the US following a recent WTO ruling in favor of the latter, along with New Zealand. In the ruling, the global trade governing body said Indonesia's regulations affecting meat, fruit and vegetable imports breached its trade rules.

The government would review existing regulations to see if any needed to be adjusted to WTO's most recent ruling, Trade Minister Enggartiasto Lukita said on the sidelines of the Asia-Pacific Economic Cooperation (APEC) Summit in Danang, Vietnam, on Saturday.

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SOUTH CHINA SEA

ASEAN, China to start negotiations in early 2018

Tama Salim

THE JAKARTA POST/MANILA

ASEAN and China are finally launching negotiations on a long-delayed sea code that will govern how countries will interact with one another in the disputed South China Sea (SCS), officials revealed during a summit.

Jose Tavares, the Foreign Ministry's director general for ASEAN affairs, said that both sides would earnestly begin with negotiations on the code of conduct (CoC) for the SCS, even though the specific timeline was still under discussion.

On the sidelines of the 20th ASEAN-China Summit on Monday, Jose told to *The Jakarta Post* that the start of the negotiations would be reflected in several ASEAN statements, including the chairman's statement, which had not been released by press time.

The Indonesian delegation was led by President Joko "Jokowi" Widodo, who underscored the importance for both parties to begin negotiations and work toward a fast conclusion.

"[The President] stressed that ASEAN and China must prove their commitment to the early conclusion of the CoC," Jose said in a short message.

Beijing's delegation, led by Premier Li Keqiang, reportedly insisted that China honored freedom of navigation, saying that the East Asian giant was "ready to speed up the CoC."

"Together we can uphold peace and stability in the South China Sea," Li told his ASEAN counterparts, as quoted by an official close to the discussions.

At the outset of the meeting, Li said that China was committed to working with ASEAN as good neighbors, friends and partners and that they would get together "rain or shine."

"[Beijing is] committed to working with ASEAN to build a community with a future featuring common ideals, prosperity and responsibility," he said.

The show of goodwill on China's side was muddled by the fact that a fixed timeline had not been determined.

"The summit just finished. ASEAN-China leaders agreed on a start of talks on CoC. The chair's statement to reflect this agreement to be issued soonest. No specific timeline was agreed upon. We will announce these details in due course," said the spokesman of the Philippine foreign affairs department, Robespierre Bolivar.

However, another source told the *Post* that negotiations could begin early next year.

Foreign Minister Retno Marsudi hinted on Sunday evening that ASEAN and China would focus on the SCS dispute and would eventually announce the start of CoC negotiations.

In the draft of the ASEAN chairman's statement for the ASEAN-China dialogue, a copy of which was obtained by the *Post*, leaders announced that "as a next step," both sides will "officially commence negotiations on the CoC."

The push for earnest talks on the CoC comes 15 years after the adoption of the 2002 Declaration of Conduct (DoC) by ASEAN and China, which stipulates that both parties must demonstrate the good will to engage in trust-building activities that aim to lessen the rivalries among claimant states.

China has made sweeping claims over the SCS, through which a significant amount of sea trade flows each year.

The claims are contested by ASEAN members Malaysia, Brunei, Vietnam and the Philippines.

Indonesia is a non-claimant in the dispute, but has an overlapping claim with China in the exclusive economic zone (EEZ) in the North Natuna Sea.

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LABOR MARKET

Govt upbeat on reducing unemployment

Marchio Irfan Gorbiano

THE JAKARTA POST/JAKARTA

The government says its efforts to reduce unemployment are still within the target outlined in the medium-term development plan, despite recent statistics showing an increase in absolute numbers.

The latest data from the Central Statistics Agency (BPS) show that 121.02 million people were employed as of August this year, an increase of 2.61 million, or 2.2 percent, from the same month of 2016.

That has helped reduce Indonesia's open unemployment rate to 5.5 percent from 5.61 percent a year earlier, as BPS data show.

In absolute numbers, however, there was an increase of 10,000 people within a year, as the number of unemployed people rose to 7.04 million in August 2017 from 7.03 million in August 2016.

Despite the increase in absolute

numbers, National Development Planning Board (Bappenas) head Bambang S. Brodjonegoro insisted the figures remained on track with targets set in the National Mid-Term Development Plan (RPJMN) for the 2015-2019 period.

"Despite the small increase [in the latest data], it is still within our target of creating 10 million new jobs by 2019, which means an average of 2 million new jobs per year," he told reporters in Jakarta on Monday.

The national mid-term plan also tasks the government with pushing the open unemployment rate below 5 percent by 2019.

Ahmad Heri Firdaus, an economist with the Institute for Development of Economics and Finance (Indef), said the increase in absolute unemployment was due to the dwindling contribution of the industrial sector to Indonesia's gross domestic product (GDP).

The manufacturing sector con-

tributed 19.93 percent to Indonesia's GDP in the third quarter of this year, slightly down from 20.25 percent in the preceding quarter, according to BPS data.

Ahmad argued that the decrease of the manufacturing sector's contribution was a symptom of "early deindustrialization," in which the economy was shifting too quickly to the services sector while the manufacturing sector had yet to mature.

He said industries in the country needed to increase their efficiency to compete with imported goods penetrating the domestic market.

"To combat deindustrialization, we need to become more efficient, so that our products can become more competitive, especially in the domestic market," he said.

The Indonesian workforce increased to 128.06 million people as of August this year, up 2.09

percent from 125.4 million in the same month of 2016.

Bappenas' Bambang remained optimistic about the government's efforts to reduce the number of unemployed people, explaining that the current unemployment rate of 5.5 percent was the lowest since the 1998 economic crisis.

He said Bappenas was conducting research to study the impact of the current boom of the digital economy on the labor force on the back of rising concerns about whether digitization and automation would negatively affect employment opportunities.

Based on preliminary conclusions of the study, he said, vocational education remained the key to combat unemployment resulting from digitization. There were still plenty of jobs that could not be automated, he added, citing barbers and housekeepers as examples.

Setya swaps questioning for birthday visit to orphanage

Kharishar Kahfi,
Djemi Amnifu and
Nurul Fitri Ramadhani

THE JAKARTA POST/KUPANG/JAKARTA

Hundreds of children from the Sonaf Maneken orphanage in Kupang, East Nusa Tenggara (NTT), eagerly waited on Monday morning to welcome a guest of honor who was planning to celebrate his birthday with them.

"Happy birthday, Pak Setya Novanto!" they cried out in unison, as they greeted the House of Representatives speaker and Golkar Party chairman, who had turned 62 on Sunday.

The children continued by singing "Happy Birthday" for Setya, who had made a donation to the orphanage as part of his birthday celebration.

"Thank you, Pak [Setya], for the visit and the donation. We feel honored to celebrate the birthday of a state official here at the orphanage," Sonaf Maneken coordinator Blasius Uumbu Manu told *The Jakarta Post*.

The event was part of Setya's work visit to his constituency in the NTT capital. However, it also coincided with a questioning session the Corruption Eradication Commission (KPK) had scheduled for Setya.

The Golkar politician was supposed to be at KPK headquarters in South Jakarta to answer questions as a witness against suspect Anang Sugiana Sudihardjo in the e-ID card graft investigation.

Setya is also suspected of playing a significant role in the case.

The KPK announced on Friday that it had renamed Setya a suspect in one of the biggest graft cases the country has seen, as it incurred Rp 2.3 trillion (US\$169 million) in state losses.

In response to the summons, Setya sent a letter to the KPK explaining his absence and insisting



JPI/Djemi An

Packed schedule: House of Representatives Speaker Setya Novanto (center) and East Nusa Tenggara Agriculture Agency head Yohanes Tay Ruba (left) participate in a rice harvest in Noelbaki village Kupang regency, on Monday. Setya was on a working visit when he was summoned as a witness in the e-ID card corruption case.

Setya Novanto visits Kupang instead of attending KPK questioning

Activists urge KPK to detain Setya for being uncooperative

that the antigraft body must first obtain permission from President Joko "Jokowi" Widodo to question him.

KPK deputy chairman Laode Muhammad Syarif hit back by saying there was no such requirement.

"He made up the reason. We summoned him before without anyone's permission. Why do we suddenly need to ask the President?" he told reporters.

This was the third time Setya has dodged a KPK summons for questioning as a witness in the e-ID graft case. He previously failed to

show up on Oct. 30 and Nov. 6.

Laode said the antigraft body had the authority to forcefully bring Setya in for questioning, but the move would have to be the KPK's last resort.

"[We will do it] only if we're forced to. I still believe that [Setya] will come; it's just an interview as a witness," he said.

As written in his letter, Setya has sought protection under the Constitutional Court's (MK) verdict in 2014 related to Article 245, Point 1 on the Legislative Institution (MD3) Law, which ruled that law enforcers required approval from the President should they wish to question lawmakers as part of their investigation into legal cases.

However, former Constitutional Court chief justice Mahfud MD said Point 3 of the same article stipulated that the requirement did not apply to extraordi-

nary cases, including corruptic-

"There is no other interpretation of the article," he said.

He added that the KPK could forcefully bring Setya in for questioning and even detain him, cause as a suspect, the House speaker is considered uncooperative and could possibly be tried to eliminate evidence.

"The KPK has enough reason to forcefully summon Setya to detain him," Mahfud said.

The statement was echoed by activist Febri Hendri from Indonesia Corruption Watch (ICW) who said that it was time for investigators to detain Setya.

"[The case has stirred] much commotion among public, which can hinder [KPK's] investigation," he said.

KPK spokesman Febri Dsyah said the antigraft body sent Setya a summons letter questioning on Wednesday.

Miryam found guilty of perjury in e-ID graft case

Kharishar Kahfi

THE JAKARTA POST/JAKARTA

(CD) Less than an hour before the trial on Monday that would decide her fate in a perjury case related to the ongoing e-ID graft scandal, Hanura Party politician Miryam S. Haryani told reporters that she was optimistic about the final hearing, saying she felt relaxed.

"I hope I will be declared innocent," Miryam with a smile, while waiting for the hearing to begin at the Jakarta Corruption Court.

But Miryam's hopes were quickly dashed when a panel of judges sentenced her to five years behind bars and found her guilty of providing false testimony in the e-ID graft investigation, which has implicated dozens of high-level politicians, including House of Representatives Speaker Setya Novanto.

"We declare the defendant guilty of deliberately giving untruths in a graft case," said presiding judge Frangki Tambuwun

Miryam sentenced to five years in prison

Perjury case centered around claim that KPK investigators had intimidated her

as he read out the verdict.

The false testimony in question refers to statements Miryam made under oath to the Corruption Eradication Commission (KPK). However, she retracted those statements in March, claiming she had given them under duress.

The KPK questioned Miryam as a witness in the e-ID case at least four times from December last year to January.

The politician claimed that she had been intimidated by KPK investigators during questioning, including Ambarita Damanik, Irwan Susanto and Noyel Baswedan.

The latter is currently undergoing medical treatment for his

eyes in Singapore, after two unknown perpetrators threw acid into his face in April.

The three KPK investigators testified before the court on March 30, which was included in the judges' considerations in Monday's verdict, that they had never tried to intimidate Miryam while questioning her.

They added, as judge Anwar cited while reading out the ruling, that they had given her a chance to read and revise her statements at the end of each questioning session.

"There are indications that the defendant had told a lie [...] as her statement contradicts the facts," Anwar said.

The verdict was lighter than the eight-year prison sentence demanded by KPK prosecutors three weeks ago.

Neither Miryam's defense council nor KPK prosecutors have requested an appeal.

Both sides have said that they needed time to decide whether or not to challenge the verdict.

Miryam's testimony was sub-

sequently used by several House members as a reason to launch a political inquiry into the anti-graft body.

The inquiry itself has been criticized by the general public, who sees the move as an attempt to undermine the KPK as it would subsequently hinder the commission's ongoing investigation into alleged embezzlement in the procurement budget for e-ID cards.

A House committee overseeing the inquiry had repeatedly requested the KPK to present Miryam in a hearing so she could clarify her allegations of intimidation.

The KPK, however, continued to reject the request and instead, accused the very same House members of attempting to obstruct justice.

On Monday, the panel of judges also ordered Miryam to pay Rp 200 million (US\$14,760) in fines or serve an additional three months in prison.

KPK prosecutors initially demanded Rp 300 million in fines.

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ELECTRICITY

PLN seeks to boost sales with simpler customer groupings

Viriya P. Singgih

THE JAKARTA POST/JAKARTA

Amid its shrinking profitability, state-owned utility PLN hopes to boost its electricity sales after a planned merge of a number of non-subsidized household customer categories without any price changes.

Between January and September, Indonesia's sole electricity offtaker saw its net profit plummet by 72.2 percent to Rp 3.04 trillion (US\$224.04 million) despite booking a 15 percent increase in revenue to Rp 187.8 trillion.

At present, PLN has 37 groups of customers who subscribe to a wide array of power capacities, ranging from 450 volt amperes (VA) for subsidized customers to more than 30,000 kilo volt amperes (KVA) for industrial clients.

The Energy and Mineral Resources Ministry plans to simplify the classification by scrapping the 900 VA category for non-sub-

sidized customers as well as the categories of 1,300 VA, 2,200 VA and 3,500 VA capacities.

Customers of the four categories, who enjoy similar electricity rates of Rp 1,467.28 per kilowatt hour (kWh) at present, will then be shifted to the 4,400 VA group.

Meanwhile, customers currently subscribing to 4,400 VA to 12,600 VA capacities will be upgraded to the 13,000 VA group.

PLN business director for the Sulawesi region Syamsul Huda said as the country managed to raise the national electrification ratio to 93.08 percent as of September from 90.61 percent at the end of last year, the company had to adjust the classification with the latest development.

"In the past, a lack of electricity capacity led us to formulate detailed classifications in accordance to the conditions in various regions across the country," Syamsul told The Jakarta Post on Monday. "But now, it's fair to say that we will soon have a sur-

plus electricity capacity, especially considering the government's plan to procure additional 35,000 megawatts [MW] of electricity in years to come."

The government has pinned its hopes on the massive electricity program to jack up the country's electricity reserve margin -- the gap between the capacity and peak demand -- to more than 30 percent.

In its latest electricity procurement business plan (RUPTL) for the 2017-2026 period, PLN expects to push up the reserve margins of at least 16 operational regions to more than 30 percent by 2019. The plan is based on the assumption that its electricity sales volume would climb 8.3 percent each year. However, PLN's electricity sales only climbed by 3.1 percent year-on-year (yoy) to 163.6 terawatt hours (TWh) between January and September, still below the annual growth of 5.94 percent a year earlier.

"By adjusting the classification

of household customers, we also expect there will be a hike in our electricity sales as there will be room for customers to use more electronic devices on a daily basis," Syamsul said.

It is crucial for PLN to boost its electricity sales because excess capacity would choke the company with multibillion-dollar costs.

The Energy and Mineral Resources Ministry's spokesman, Dadan Kusdiana, also said the planned grouping change was expected to expand the use of induction cookers, replacing costly subsidized 3 kilogram liquefied petroleum gas (LPG) canisters. "Induction cooker uses around 300 to 500 watts of electricity with lower cost per calorie compared to the 3 kg LPG canister."

The ministry's data shows that total consumption of LPG rose to 6.67 million metric tons last year, up 1.5 percent from 2015. This prompted imports to jump to 4.42 million metric tons last year from 4.3 million a year earlier.

RI, Japan sign \$1b loan for Patimban Port

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Rachmadea Aisyah

THE JAKARTA POST/JAKARTA

After a four-month delay, Indonesia and Japan signed on Monday a long-awaited development loan agreement worth 118.9 billion yen (US\$1.05 billion) to develop Patimban Port in Subang, West Java.

The move will allow the project to set up Indonesia's new logistics base beginning early next year.

With a 40-year tenure, the loan accounts for 83 percent of the funds needed to develop the first phase of the port project, which will cost in total 144 billion yen or Rp 17.21 trillion (\$1.27 billion).

Both countries, meanwhile,

Construction to begin early next year

RI, Japan in talks on future operatorship

have estimated that it will cost Rp 43.5 trillion to completely finish building the port by the 2023 target.

Japan was represented by Japanese Ambassador to Indonesia Masafumi Ishii, while Indonesia was represented by the Foreign Ministry's director general for Asia, Pacific and Africa, Desra Percaya, during the signing.

Deputy chief of mission at the Japanese Embassy in Indonesia,

Kozo Honsei, told a press conference that the loan was binding for Indonesia, meaning that all prerequisites and procurement related to the construction of the port would be subject to Japan's approval, in addition to its 49 percent shares of the port operatorship.

"Since the beginning, the Indonesian government had asked Japan to use Japanese technology [for the port]. It means that Japan will have the right to put its construction companies up for the port's tenders," Honsei said after the signing.

Japan's loan, nevertheless, would exclude taxes and funds used to acquire land, he added.

With both countries inking the deal, the port's construction will

soon reach financial closure with another agreement slated to be signed by the Japan International Cooperation Agency (JICA) and the Finance Ministry.

As construction could begin early next year, Japan expected to see the car terminal at the port commence operation in March 2019, Honsei said.

The port will be situated roughly 70 kilometers from the Karawang Industrial Estate in West Java, where many Japanese automotive companies have built factories.

Once the first phase of the port's development is finished, it will have a container capacity of 1.5 million 20-foot equiva-

lent units (TEUs) and 7.5 million TEUs once the second, which is also its final phase, is completed.

JICA senior representative for Indonesia, Tomoyuki Kawabata, said the port was an exceptional project for Japan.

"[The Japanese government] rarely lends more than 100 billion yen to finance a project, so this one is quite big on that scale," Kawabata said during the same occasion.

Japan and Indonesia are in talks over the port's operatorship, but have yet to reach a deal, said Honsei.

"[Particularly], the Indonesian government is looking out for options to incorporate private firms

into the construction," he said.

Honsei claimed the Japanese government had not been informed about the involvement of state-owned port operator PT Pelindo II in the project, as well as the fact that the latter had disbursed Rp 2 trillion for the port's construction to obtain the right to operate Patimban.

Transportation Minister Budi Karya Sumadi said the port may join forces with Indonesia's busiest international trade gateway, Tanjung Priok Port in Jakarta, and become Southeast Asia's largest container hub, replacing Singaporean ports, which Indonesian cargo ships have relied on until now.

China finds home in Morowali

Viriya P. Singgih

THE JAKARTA POST/MOROWALI

Asbut, 45, a resident of Morowali reGENCY, in Central Sulawesi used to know every person living in his village, Keurea. But lately, it seems like everyone is a stranger.

A multibillion-dollar injection by Chinese investors into the area has turned backwater Morowali into a new economic center almost overnight, luring people from across Sulawesi to sip the honey pot from the development of a giant industrial estate.

For China, Morowali is an epitome of a success story in its push to exert its economic might in Southeast Asia. China strives to turn the reGENCY into the world's biggest center for integrated nickel-content stainless steel production.

"New people are coming here every day to work for the company [IMIP], mostly from the southern part of Sulawesi, including the Torajan or Bugis ethnic groups [from South Sulawesi]," Asbut, the head of hamlet V in Keurea, told *The Jakarta Post* last month.

Keurea and 11 other villages in the Bahodopi district in Morowali are at the epicenter of the development by PT Indonesia Morowali Industrial Park (IMIP), a joint venture between China-based Shanghai Decent Investment Group and local mining firm Bintangdelapan Group, which is linked to several retired military generals.

"As of today, we have invested around US\$5 billion to developing the Morowali industrial complex and its supporting infrastructure, including one for our nickel mines," IMIP chief executive officer Alexander Barus told the *Post*.

IMIP has set a deadline of mid-2019 to complete development in the complex, and it expects to employ nearly 25,000 workers.

After commencing construction of the estate in the third quarter of 2013 from scratch, IMIP now employs more than 15,000 Indonesian workers, more than double the number of registered residents in Bahodopi.

The investment by IMIP has drastically reduced poverty in Morowali from 18.85 percent in 2011 to 15.13 last year, although it remained far higher than the national poverty level of 10.86 percent, according to the Central Statistics Agency (BPS).

The investment has seen the level of unemployment in Central Sulawesi drop to 3.85 percent in August, among the lowest in the country.

"Since IMIP has its operation here, many people come to Morowali for work. This has opened up many business opportunities for us, such as renting out places and opening food stalls," said resident Gazali, a coffee shop owner.

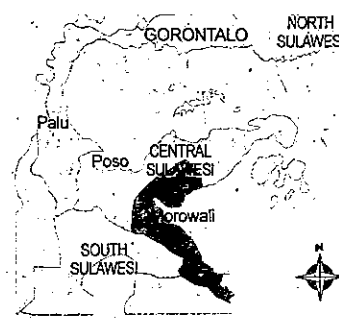
While Morowali residents in general are economically better off than five years ago, anti-Chinese sentiment is growing because IMIP is accused of employing too many illegal Chinese workers.

As of October, it has around 2,500 Chinese workers in the industrial complex, some 1,500 of whom are categorized as experts and already have proper work permits, while the other 1,000 are construction workers with "pending permits."

Three IMIP workers interviewed by the *Post* said the actual number of Chinese workers could reach between 5,000 and 6,000.

They are prohibited from roaming around outside the industrial compound.

The Investment Coordinating



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China investment has reduced poverty in Morowali

Investment has seen influx of illegal Chinese workers

Board (BKPM) has issued a recommendation for 1,072 foreign construction workers to be employed at the complex, far more than the 137 listed in IMIP's latest investment activity report (LKPM) that was submitted to the agency for the period of January to June.

The influx of Chinese workers has heated up anti-Chinese sentiments among the locals because they believe the foreigners have taken their jobs.

"People of Bahodopi stage a rally from time to time outside the industrial complex, demanding equal opportunities. But the company has never listened to us," said Asbut.

IMIP senior vice president for external relations Slamet Viktor Panggabean said the Chinese workers were inevitable because they were employed by Chinese companies that won the bidding rights for many procurements needed by IMIP.

Slamet said the Chinese workers were sent by the winning firms to provide construction guarantees and to supervise the installation of many components, leaving IMIP with no other option but to employ the workers before their permits were cleared.

"It will take at least three months for us to process all of their work permits," he said.

"It is a problem because once you have signed the contract [with suppliers from China], the construction must begin immediately. Otherwise, the investment schedule will be ruined."

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CONFLICT

Freeport Indonesia reopens mine access after shootings

Fergus Jensen and Agustinus Beo Da Costa

REUTERS/JAKARTA

The Indonesian unit of Freeport-McMoRan Inc has reopened the main supply route to its huge copper mine in Papua, the company said on Monday, after the road was closed on Sunday following a shooting incident in the area.

No one was reported injured when shots were fired at an escort vehicle traveling from the lowlands, but Freeport canceled all convoys along the road on Sunday afternoon while the security situation was assessed.

Freeport Indonesia spokesman Riza Pratama said the temporary closure has had no impact on production at the world's second-biggest copper mine.

The incident was the latest in a string of shootings near the mine since mid-August that have killed one police officer and wounded at least six others. Authorities have declared a state of emergency and stepped up security in the area around Tembagapura village, about 10 kilometers from the mine.

The separatist West Papua National Liberation Army (TPN-OPM), a group linked to the Free Papua Movement, has said it is at war with police, military and Freeport. It was not immediately clear if TPN-OPM was behind Sunday's shooting.

Police in Indonesia's easternmost province on Sunday said they would issue a notice to an "armed criminal group" that authorities say are occupying villages in Mimika regency, where Freeport's Grasberg mine is located, and demand that rebels surrender their weapons and turn themselves in.

Timika Police chief Victor Mackbon said they were investigating reports that an employee of PT Freeport had been kidnapped by an armed criminal group.

Freeport spokesman Pratama said he could not confirm the reports of a kidnapping. He also said he could not confirm police



Antara

Victor Mackbon

reports that a Freeport excavator had been used by the group to dig up a road to Banti, one of the villages authorities said was occupied by the rebel group.

Freeport is "deeply concerned" about the escalation of violence, Pratama said, adding that the company was working with authorities to ensure the safety of its workers and the local community.

Grasberg workers have become "uneasy" amid the security concerns, union representative Tri Puspital told Reuters, urging police to handle the matter more carefully.

Despite a long history of shooting incidents in the region, efforts to end the violence had been "sporadic, and not effective," Puspital said, but warned that a "hard" approach could lead to further escalation.

Part of the problem is a perception locally that most of the benefits from Grasberg go to the "political elite," he said.

About 200 officers were standing by to secure the area by force if necessary, police officials said.

Papua has had a long-running, and sometimes violent, separatist movement since the province was incorporated into Indonesia after a widely criticized 1969 UN-backed referendum.

Foreign journalists have in the past required special permission to report in Papua, and once there, have had security forces restrict their movement and work.

President Joko "Jokowi" Widodo has pledged to make the region more accessible to foreign media by inviting reporters on government-sponsored trips, although coverage remains difficult.

Talks cease amid fears of dwindling food supply

Nethy Dharma Somba and Safrin La Batu

THE JAKARTA POST/
JAYAPURA/JAKARTA

Local authorities and security personnel have yet to reach an agreement with the armed group that is holding residents of two villages hostage in Papua, amid fears that the prisoners are facing a dwindling food supply.

Religious and local leaders, as well as heads of tribal groups, have been working with authorities to negotiate with the hostage-takers, who police say are part of an armed criminal group.

Some 1,300 residents of Kampung Banti and Kampung Kimberly in Tembagapura district, Mimika regency, have been held against their will for the past two weeks.

"Negotiations between the armed group and [local figures] have been difficult; the situation is not balanced," Papua Police chief Insp. Gen. Boy Rafli Amar told *The Jakarta Post* on Monday.

Authorities have been reluctant to send in security personnel, fearing the move would only trigger the armed group to open fire.

"We are still prioritizing the persuasive approach," he said.

However, a prolonged negotiation process means that the villagers may be running out of food.

Boy claimed that the armed group had not only barred villagers from leaving, but also prevented them from conducting daily activities.

The Papua administration placed two large containers of food near the Tembagapura police station on Saturday.

Four people picked up a portion of the supplies the same day and on Sunday, but no one has since returned to collect more food, said Papua Police spokesman Sr. Comr. AM Kamal.

Describing the armed group as "radical," Boy claimed its motivation was financially related, as it likely aimed to take control of Kabur River in Kampung Kimberly, which collects the waste of gold mining activities from the Grasberg mine operated by mining giant PT Freeport Indonesia.

Scores of small-scale miners normally work in the river to earn



Courtesy of Papua Police

Assistance: Residents of Banti village receive food packages sent from Mimika to Tembagapura, Papua.

Fears rise over lack of food supply for hostages

Local figure says armed group denies criminal acts

a living.

Police have so far identified 21 members of the armed group and placed them on their most-wanted list. The hostage situation came after a series of attacks by unknown assailants against security personnel in the Tembagapura area in the past few months.

The police's statements differ from those of the Indonesian Military, which previously claimed that the hostage-takers were affiliated with the separatist Papua Liberation Movement (OPM).

Father John Jonga, a Catholic priest who serves as a mediator between the armed group and authorities, said that, based on their communication, he believed Papuan independence was the group's main motivation. Members of the group, he claimed, are

part of the West Papua National Liberation Army (TPN OPM).

"In my communication with their coordinator, they said they were OPM, and their fight was purely for the independence of [West] Papua," John added.

A noted human rights activist who won the Yap Thiam Hien Award in 2009 for his dedication to fighting for the rights of Papuans, John said the group refuted claims made by police that they had burned kiosks, sexually harassed a girl and seized guns from security personnel.

"They denied [the accusations], which were spread to [vilify] the group," John said.

The group chose to operate in Tembagapura because of PT Freeport, which it believes was one of the reasons behind Papua's integration into Indonesia, he added.

Papua was the last province to be part of Indonesia after a referendum was held in 1969. Being rich in natural resources, the easternmost province has witnessed ongoing conflicts between local

people and security personnel, with activists lambasting the government's militaristic approach and limited access to Papua.

President Joko "Jokowi" Widodo's administration has been pushing for faster infrastructure and economic development in Papua, aiming to grant resident greater equality amid the "Java-centric" development paradigm. However, human rights advocates claimed the move did not dampen reports of human rights abuses still taking place in the restive province.

Papang Hidayat, a researcher from Amnesty International Indonesia, said the situation in Papua was difficult to understand, in part because there was no independent monitoring. He called on security forces in the area to respect the principles of human rights when dealing with members of the group.

"Whatever their motivation the government should prioritize the principles of human rights when dealing with them," he said.