

Exports key to resilience

Rachmadea Aisyah
THE JAKARTA POST/JAKARTA

The World Bank has suggested that Indonesia take a more serious look at export orientation to help protect its economy from external shocks, some of which have been caused by monetary tightening in developed nations.

World Bank lead economist for Indonesia Frederico Gil Sander said in a press briefing on Thursday that, while the government had done a lot to curb imports, pushing exports would better impact the economy.

According to the bank's assessment, improved export orientation would help attract foreign direct investment to where it is needed, which would, in turn, help prevent any widening in Indonesia's current account deficit, he said.

"[It will be useful] for the government to be able to make some important announcement about how it's actually open to foreign investment," Gil Sander told reporters in the briefing. "That confidence can also start helping with the performance of the [rupiah] currency."

In a statement quoted by Bloomberg on Wednesday, World Bank country director for Indonesia and Timor Leste Rodrigo Chaves said the rupiah's weakness could become a source of strength as exports were cheaper, which could help to reduce the current account deficit.

Indonesia's current account deficit swelled to US\$8 billion in the second quarter of 2018, from only \$5.7 billion a quarter earlier. A deficit in the current account means the country is spending beyond its means, adding to currency vulnerabilities as it needs foreign capital to fulfill demand in the domestic foreign exchange market.

While more than three quarters of Indonesia's export commodities comprise industrial products, the overall manufacturing sector remains highly dependent on foreign-made materials and machinery to support its production.

A decline in non-oil and gas imports was seen in August after surging a few months earlier, overshadowing achievements in exports. The category saw an 11.79 percent month-to-month (mtm) decrease in August to \$13.79 billion because of reduced imports in consumer goods, raw materials and intermediary goods, data from Statistics Indonesia (BPS) show.

However, oil and gas imports rose 14.5 percent to \$3.05 bil-

Boosting exports may benefit economy: WB

Improving investors' confidence crucial for rupiah's performance

lion mtm in August, bringing the year-to-date deficit in oil and gas trade to \$8.3 billion, far higher than \$5.4 billion in 2017, the data show.

In an effort to curb imports, the government has set out a string of policies in recent months — it mandated the use of 20-percent palm oil-based diesel (B20) and increased import fees for 1,147 consumer goods.

Gil Sander expressed his optimism on the recovery of Indonesia's oil sector, which if it could receive the proper amount of investments and updated technology, would actually be able to benefit from the rising global oil prices instead of exhausting state budget funds to subsidize fuel.

In its latest report, titled "East Asia Pacific Economic Update, October 2018: Navigating Uncertainty", the World Bank adjusted its gross domestic product prediction for the East Asia and Pacific region in 2018, including Indonesia.

The region's growth was revised to 6.3 percent from 6.6 percent, while the figure is expected to further contract to 6 percent from 6.1 percent in 2019, the report said.

"The regional and global integration of most economies in the region intensifies their vulnerability to external shocks," said Sudhir Shetty, the bank's chief economist for the East Asia and Pacific region, in a video conference, aired from Manila. "The main risks to continued robust growth include an escalation in protectionism, heightened financial market turbulence, and their interaction with domestic fiscal and financial vulnerabilities."

Indonesia's economic growth this year is expected to lie far beneath the average at 5.2 percent, with its five-year high in growth recorded at 5.27 percent in the second quarter, the report said.

The prediction for Indonesia's growth is also lower than the bank's projection in March at 5.3 percent.

Shetty urged the region to further reap the benefits of regional cooperation and comprehensive trade partnerships, as they would be able to help it become economically independent as "some parts of the world are to close their markets".

F&B industry

calls for more investment

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Stakeholders in the food and beverage industry are calling for more upstream investment as it still greatly depends on imported ingredients for manufacturing.

Analysts say that while the industry can never fully let go of the imported products it cannot produce itself, such as wheat, it is rich in other raw ingredients required in production, like spices, fish and seaweed.

However, Indonesian Food and Beverage Producers Association (GAPMMI) chairman Adhi S. Lukman pointed out that the industry needed raw materials for processing ingredients to a certain degree before they were us-

Raw material import volume deemed too high

More investment seen in extraction, albeit small

GAPMMI confident over 2018 targets

able, and thus had to export them for processing before they were imported again. For example, food manufacturers imported a huge amount of omega-3 and carageenan from foreign producers, which are extracted from domestic fish and seaweed products.

"However, we have been seeing positive developments on investment in the extraction industry [...] the growth is positive even

though it is frankly still small," Adhi told reporters on the sidelines of the opening of the fifth Food Ingredients Exhibition Asia, a regional exhibition on raw ingredients for food and beverages, on Wednesday.

The Industry Ministry has targeted to see a combined investment in the food and beverages sector of US\$4.6 billion, 6.7 percent higher year-on-year (yoy) than investment realization in 2017.

As of the first half, the ministry booked Rp 29.85 trillion (\$1.98 billion) in investment.

GAPMMI's Adhi expressed confidence over this year's target, saying that it was realistic and clearly demonstrated the attractiveness of the industry.

He claimed there were at least

seven new investments in the ingredients extraction industry this year, even those processing recycled products like mangosteen skin.

Adhi said the majority of investment came from Europe. Nevertheless, domestic investors had also started participating more in the industry.

"We see that [...] when this exhibition first started in 2010, almost no Indonesian companies participated. But it has developed as now there are 90 Indonesian exhibitors here," said Adhi.

The Industry Ministry's director for food industry, marine products and fisheries, Enny Ratnaningtyas, said the government had high expectations from the implementation of the fourth industrial

revolution, often dubbed Industry 4.0, which could push manufacturers to use more sophisticated technology for production as well as for the harvesting and extraction of raw ingredients.

"The implementation of Industry 4.0 in the food and beverages sector will hopefully increase exports of food and beverage products fourfold by 2025 from 2014," Enny said.

As of June, exports of food and beverage products reached \$6.2 billion. If the number was combined with exports of food products made from palm oil, it would be much higher at \$14.25 billion, she said.

"It helped [contribute] to the positive trade balance when compared to the imports of food and beverages in the same period of

\$5.4 billion," Enny added.

The ministry recorded 10.63 percent growth yoy in the food and beverages sector in the first half, higher than overall growth in non-oil and gas industries at 4.74 percent. It is also higher than the overall growth in 2017 of 9.23 percent.

However, GAPMMI estimated that this year and next year's growth remains between 9 and 10 percent given the hurdles the industry is facing, especially with the rupiah's depreciation, in part caused by the high volume of imports.

"As we will maintain prices [despite the depreciation], we expect sales to remain high. However, it will be a challenge as our profit margins will definitely decline," said Adhi.

Jokowi to attend ASEAN side talks at IMF-WB meetings

Agnes Anya

THE JAKARTA POST/JAKARTA

President Joko "Jokowi" Widodo is slated to attend various meetings with his counterparts from ASEAN member states as the Indonesian leader hosts the International Monetary Fund-World Bank Group (IMF-WB) annual meetings on the resort island of Bali next week.

On the margins of the major financial and monetary policy forum, Jokowi will also play host to the ASEAN leaders' gathering on Oct. 11, which is to include opportunities for Southeast Asian leaders to meet among themselves and interface with United Nations Secretary-General António Guterres, World Bank president Jim Yong Kim and IMF managing director Christine Lagarde.

"[While the] IMF-WB event is a ministerial forum this year, Indonesia has also invited leaders of ASEAN member states to the ASEAN Leaders' Gathering," Foreign Ministry spokesperson Armanatha Nasih said at a weekly briefing on Thursday.

President Jokowi to host meetings between ASEAN, UN, IMF, WB leaders.

Bilateral meetings scheduled with Singapore, Vietnam

The summit serves as a forum for the leaders to discuss common challenges and opportunities in implementing the UN-backed Sustainable Development Goals (SDG) in the region. To this end, the meeting will run with the theme of "achieving SDGs and overcoming the development gap through regional and global collaborative actions".

"The leaders are also expected to synchronize the UN SDGs and ASEAN's own SDGs [in its Community] Vision 2025," Armanatha said.

According to a report copublished last year by ASEAN and the UN Economic and Social Commission for Asia and the Pacific, the UN 2030 Agenda and ASEAN Vision 2025 share a number of common principles, namely putting people

first, inclusiveness, sustainability, resilience, dynamism and innovation partnership as well as peace, stability and justice.

The leaders are also likely to raise the issue of regional economic and financial measures and ways to speed up development and regional integration.

Southeast Asia is the sixth largest economy in the world and gross domestic product per capita across the 10-member ASEAN region is forecast to rise to more than US\$9,000 by 2030, representing one of the fastest-growing regions in the world.

In addition to the leaders' gathering, President Jokowi is scheduled to meet his neighbors for bilateral talks, including a leaders' retreat with Singaporean Prime Minister Lee Hsien Loong, on Oct. 11.

This year, Jokowi and Lee plan to discuss ways to improve digital economy cooperation and investment partnership, said the Foreign Ministry's Southeast Asia director Denny Abdi. "Last year, the leaders' retreat placed the digital economy in the spotlight. Both

countries have strong potential in the field," Denny said in Jakarta. "Singapore has strong global connectivity and funding, while Indonesia has a lot of talent to push the industry forward."

The retreat will also be used as an opportunity for Jokowi and Lee to witness the signing of a bilateral investment treaty on investment protection and promotion.

Since 2014, Indonesia has reviewed its bilateral investment treaties with partner countries. The treaty with Singapore, as Indonesia's largest investor, would be the first of its kind to be signed and serve as a precedent for agreements with other countries.

On Oct. 12, Jokowi is scheduled to meet Vietnamese Prime Minister Nguyen Xuan Phuc and focus talks on increasing complementary trade. "Indonesia and Vietnam hope to grow together and not always compete with each other," Denny said.

Last month, Jokowi and Nguyen signed an action plan for the implementation of the Indonesia-Vietnam strategic partnership 2019-2023.

Govt to allow solar energy for industry

Stefanno Reinard Sulaiman

THE JAKARTA POST/JAKARTA

The government is set to include industries as one of the eligible users of energy generated from rooftop photovoltaic power stations in order to speed up renewable energy contributions to the national energy mix and to accommodate the global demand for green industries.

The Energy and Mineral Resources Ministry's director general for renewable energy, Rida Mulyana, told the press recently that the decision to allow industries to use rooftop solar panels was a win-win solution because the policy would be seen as an incentive for investors and at the same time it would also help the government to achieve a higher use of renewable energy.

An earlier version of the draft regulation only allowed residential homes, government offices and social agencies to use rooftop solar panels.

"We will be benefit greatly, starting from having a cleaner environment, higher contribution [of renewable energy] in the energy mix, and will also save our state budget," Rida said, referring to the government's goal to increase renewable energy in the energy mix to 23 percent by 2025.

As of June 2018, the contribution of renewable energy to the total power plants available reached 12.71 percent, or a 0.56 percent increase from 2017 at 12.15 percent.

Rida said the ministry was currently in discussions on whether to impose additional costs to

Solar panels will speed up renewable energy contributions: Govt

Ministry says PLN's income would not be in danger

industries called parallel operations (OP), which comprised connection, capacity and electricity purchase fees.

"[We are currently in discussions] on whether we will exempt [industries from] OP costs as stipulated for households or not," he said

"This is what we will synchronize with [Ministerial Regulation No. 1/2017 on power plant OP costs with state electricity firm PLN's network]."

Rida, however, did not disclose when the new regulation on rooftop solar panels would be issued, only saying that it was still being evaluated by the ministry's legal team.

He added that he was upbeat that the policy would not put state-owned electricity company PLN's income in danger because he estimated that the firm's potential loss due to the operations of rooftop photovoltaic power stations would only be around 1.5 percent.

"If PLN's monthly income stands at Rp 20 trillion [US\$1.3 billion], then the potential loss after the implementation of solar rooftops is less than Rp 300 billion.

"However, we have other benefits, like environmental and investment," Rida said.

Local energy think tank the Institute for Essential Services Reform (IESR) said the installation of 1 gigawatt (GW) of rooftop solar panels would only affect 0.42 percent of PLN's total revenue in 2020.

"With a projected revenue of Rp 348 trillion, PLN's potential revenue loss is only in the range of Rp 1.5 trillion with a 1 GW solar rooftop installed," IESR executive director Fabby Tumiwa said.

The IESR also noted that a number of global firms, such as sports apparel giants Nike and Adidas, both of which operate factories in Indonesia, have started to implement the policy of 100 percent renewable energy factories.

Fabby said at least 150 international companies have pledged to use 100 percent electricity from renewable energy.

In the first semester, PLN's cost for operations in fossil fuel and coal stood at Rp 26 trillion and Rp 23 trillion, respectively, according to international energy think tank the Institute for Energy Economics and Financial Analysis (IEEFA).

PLN has publicly said the existence of solar-based electricity will hurt the firm's revenue, as their electricity sales would decrease.

"We can't say [there should not be solar-based electricity], because it's good to increase the use of renewable energy. But surely [electricity] consumption from PLN will decrease," PLN corporate planning director Syofvi Roekman said.

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FINANCIAL ASSET

Government wants to borrow money from millennials

Winy Tang

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The government is targeting millennials with the latest issuance of retail bonds on Thursday in an attempt to expand the domestic investor base, while using the funds to improve the quality of education in the country.

The government offered retail bond (ORI) 015 during the issuance on Thursday with an affordable minimum order of Rp 1 million (US\$65.90) and fixed coupon rate of 8.25 percent with a three-year tenor, said Loto S. Ginting, the Finance Ministry's government debt paper director.

Loto expected that the younger generation would be interested in investing in the instrument.

"With the launch of ORI015, we hope the funds the government obtains can be allocated to help improve the quality of education in Indonesia," Loto said

at the Indonesia Stock Exchange building in Jakarta on Thursday.

Ahmad Farhat, a student from Indonesia Banking School in Kemang, South Jakarta, said he was really interested in purchasing the ORI015 bond as it offered an attractive return, while also enabling him to contribute to his country.

"I have invested my money in the stock market previously and it was profitable. So, this time, I am planning to collect my pocket money until I have Rp 1 million to buy ORI015," he told *The Jakarta Post*.

The ORI015 can be traded in the secondary market between domestic investors, with the offering period from Oct. 4 to 25.

Loto did not detail the sales target for ORI015, but mentioned that the government had provided a quota of Rp 10 trillion for 17 distribution partners. The number could increase depending on the interest shown by investors

during the offering period, she said.

Of the 17 distribution partners, 15 are commercial banks, namely Bank Central Asia, Bank CIMB Niaga, Bank Commonwealth, Bank Danamon Indonesia, Bank DBS Indonesia, Bank HSBC Indonesia, Bank Mandiri, Bank Maybank Indonesia, Bank Negara Indonesia, Bank OCBC NISP, Bank Panin, Bank Permata, Bank Rakyat Indonesia, Bank Tabungan Negara and Standard Chartered Bank.

The remaining two distribution channels are securities houses Bahana Sekuritas and Trimegah Sekuritas.

Lucky Alfirman, the Finance Ministry's director general for financing and risk management, said the purpose of the ORI015 issuance was to entice more transactions in the financial market, popularly known as market deepening, and strengthen the domestic investor base, especially retail

investors.

"Foreign investors hold 39 percent of government securities in local currency. Therefore, when the market is volatile, they can easily decide to get in or out of the market [and trigger currency volatility]," he said.

The Finance Ministry has issued retail bonds worth Rp 17.7 trillion to date, including a retail sukuk called SR-010 and two saving-retail bonds named SBR 003 and SBR 004.

After issuing ORI015 on Thursday, the government plans to issue sukuk savings called ST 002 in November.

The government is optimistic that millennials will be interested in buying ORI015 as can be seen through the past issuance of SBR 004, which had drawn the interest of 21,672 investors, 45.26 percent of whom are in that age category. From SBR004, the government attracted funds worth Rp 7.32 trillion.

TNI anniversary: For prudent selection of military role, development

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The prevailing mood ahead of the anniversary celebration of the Indonesian Military (TNI) this year will be different from yesteryear's, when the event was typified by a massive show of force and a grand parade.

The commemoration today will instead take place in a simple fashion, not only due to the military headquarters' decision to hold a huge celebration only every two years, but also apparently because the nation is still coping with the impacts of two major earthquakes that hit Lombok, West Nusa Tenggara (NTB), in July and the Central Sulawesi city of Palu, as well as the Sigi, Donggala and Parigi Moutong regencies last week.

The modest celebration this year cannot be separated from the pressing demand for the country to tighten monetary and fiscal policies amid the volatile global economy.

All those unfavorable conditions ahead of the TNI's 73rd anniversary celebration, however, should not give the military an excuse to relax its responsibility and

commitment to national defense from external security threats. In other words, the TNI and its personnel must continue to uphold their professionalism despite all the impediments.

Speaking about professionalism, the TNI as a state institution and its personnel are therefore expected to perform to their utmost ability under any conditions. Besides the individual capacity of its troops in responding to any security conditions and threats, TNI professionalism has oftentimes been associated with sufficient availability of military weapons and equipment, which are crucial for soldiers to perform their tasks as the country's defense force.

After the decline of the New Order, efforts to modernize the military's posture have been devised under a specified arms procurement policy, dubbed the Indonesian Military Modernization Program under the Minimum Essential Force (MEF) scheme. The medium-term 15-year scheme, which has been intended to immediately replace the obsolete

procurement of three 209/1400 Chang Bogo-class diesel attack submarines from South Korea. In general, jet fighters and submarines have largely been considered the backbone of a modern era warfare system.

It has been eventually decided that Indonesia will procure 11 Russian-made Sukhoi Su-35 multirole jet fighters, with first delivery slated for next year. Two of the three procured submarines have arrived from South Korea and joined Indonesia's submarine fleet. The third submarine is being constructed at the state-owned shipbuilder PT PAL in Surabaya under a technology transfer agreement.

With all due respect to the already reached agreement on the procurement of such high-tech war machines, it is presumed that the procurement has gone through thorough and careful consideration. The shopping was intended to replace the defense equipment that would soon become outdated or dysfunctional before their supposed life span.

Apart from its warfare capability,

TNI's professionalism could also be measured through its personnel's capacity in performing "military operations other than war", a modern era-defined military role that can be found in many military organizations worldwide. The valuable lessons learned were rescue operations after the last two major earthquakes in NTB and Central Sulawesi.

Both earthquakes have essentially underscored the importance for the country to have such a rapid response disaster mitigation system, with our military personnel forming the backbone. While their skills are sufficient to perform rescue and post-disaster reconstruction operations, they could have performed better had they possessed or been equipped with the necessary equipment to support their tasks.

Perhaps, it is high time for Indonesia to procure the mandatory equipment, like portable Air Traffic Control (ATC) towers and portable mini water treatment devices, two of the most important items in the event of a natural disaster. So far, Indonesia has been borrowing the equipment

COMMENTARY



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arms and weaponry of the TNI, is divided into three five-year terms of strategic planning (Renstra) beginning in 2010 and is expected to be completed in 2024.

Intensive discussions regarding the TNI modernization program have been held within TNI's headquarters and in the form of public discourses involving civilian military observers and policymakers.

While there are numerous items to purchase under the MEF program, particular attention is paid to the planned purchase of jet fighters to replace the aging F-5-E/F Tiger II warplanes after 35 years in service and the ongoing

from friendly countries.

Natural disaster has oftentimes damaged vital infrastructure, including airports, and possessing a portable ATC tower will be pivotal to guide and supervise incoming and outgoing aircraft — the fastest mode of transportation to drop rescue personnel, aid packages and supplies to a disaster-hit region. Meanwhile, water treatment is vital due to the pressing demand for clean water. The equipment is desperately needed because a disaster might destroy water sources and facilities.

One last element to measure military professionalism is its attitude or response to the political dynamics in the country, including the simultaneous presidential and legislative elections in April.

Indeed, TNI commander Air Chief Marshall Hadi Tjahjanto, like previous military commanders, has ordered all soldiers to uphold impartiality in the upcoming political event. We shall see whether the instruction will be implemented in the field when the time comes.

Happy 73rd anniversary TNI!

The real people's army



October, Bono of the prominent Irish band U2 once said, is ominous. For Indonesia, too, this month of October is a moment of grief, as the nation is scrambling to help thousands of survivors and search for those still missing following a devastating earthquake and tsunami that hit Central Sulawesi last week.

In such a mournful state, the Indonesian Military (TNI) will commemorate its 73rd anniversary on Friday. A ceremony to mark the day has been arranged on the premises of TNI's Headquarters in Cilangkap, East Jakarta, to be led by President Joko "Jokowi" Widodo, also the TNI's supreme commander.

This time around the whole nation will observe the TNI anniversary quite differently, perhaps, after seeing the men in uniform contribute significantly to the search and rescue measures and delivery of basic supplies in Central Sulawesi's regencies of Palu, Donggala, Sigi and Parigi Moutong, where the disasters have hit hardest. Previously, the soldiers played a great role in humanitarian efforts, including rehabilitation, in Lombok, West Nusa Tenggara, where a quake demonstrated its destructing force in July.

Indeed, the human face of the TNI is unveiled when a natural disaster strikes. Soldiers were the first to arrive, as others were unable to, to extend a helping hand in Aceh and Nias when a 9.8-magnitude earthquake and subsequent tsunami wrecked the northern parts of Sumatra in December 2004.

A heavy presence of the TNI is badly needed, as evident in a number of major disasters plaguing the country thus far, as it possess the skills and resources required for humanitarian missions. In the events of calamity, the TNI has stood ready as a shoulder to lean on, even though it desperately needs more aircraft, ships and other equipment to expedite its life-saving operations.

That role should earn the TNI due credit and matches its doctrine, which refers to it as the people's army. The TNI is said to be born from and for the people; the armed forces were established to protect the nation from all forms of threat.

The nation's collective memory of past military abuses against people they were supposed to guard remains intact, unfortunately, despite the TNI's commitment to reform. There have been attempts to heal the nagging wounds, including through a truth and reconciliation mechanism that proved to work in, for example, South Africa, but to no avail, because of resistance from elements in the military and those who glorify and wish to restore the good old days under the authoritarian New Order.

As the nation is moving forward, democracy is taking root and internal reform is changing the face of the TNI, albeit slowly, settling the dark past is mandatory, or else it will stay as a pebble in the shoe in the military-civilian relationship in Indonesia.

No turnaround in the TNI will happen anytime soon, but as we wish them many happy returns on their anniversary, we can remind them of the unfinished business. Our hopes for the TNI to live up to its founding mission as the real people's army are alive.

PUBLIC LIES

Prabowo camp faces repercussions of Ratna incident

Nurul Fitri Ramadhani

THE JAKARTA POST/JAKARTA

Amid campaigning ahead of the 2019 presidential election, the opposition camp led by presidential candidate Prabowo Subianto is under fire for allegedly seeking to capitalize on an assault that never took place.

On Thursday, the campaign team of the incumbent, President Joko "Jokowi" Widodo, reported to the Elections Supervisory Agency (Bawaslu) an alleged violation against an agreement by the two presidential campaign teams to conduct a peaceful campaign.

The team's advocacy and legal division director, Irfan Pulungan, said he had not reported any particular individual but admitted that it was related to a lie created by Ratna Sarumpaet when she was still a member of Prabowo's campaign team.

"We see that [the rival camp] is not serious about the fair cam-

paingning we agreed to," Irfan said. "We don't want to sue any individual. We only want to provide input to the Bawaslu to be more careful with regard to potential hate speech and hoaxes."

Ratna claimed on Tuesday that she had been assaulted by three men in Bandung, West Java, last month, after a photo showing her with a swollen face circulated on social media. Her story attracted the sympathy of Prabowo, who claimed it was a human rights violation and that he would talk to National Police chief Gen. Tito Karnavian about the incident.

A day later, however, Ratna admitted that it was a lie, explaining that her face was swollen as a result of liposuction and that "Satan" had made her "delusional" and create such a lie.

Prabowo has since apologized to the public for having trusted Ratna and dismissed her from the campaign team, but the story does not end there.

Opposition camp members, in-

cluding Prabowo himself and other top politicians, now face criminal charges and sanctions for ethic code violations.

On Wednesday, a group of advocates reported Gerindra deputy chairman Fadli Zon, party member Rachel Maryam as well as Prosperous Justice Party (PKS) lawmakers Fahri Hamzah and Mardani Ali Sera to the House of Representatives ethics council (MKD) for provocation.

All of them had backed Ratna before the latter made her confession and had raised the matter in public statements and social media, saying the "assault" had violated democracy.

Later on Wednesday, the advocate group also reported Prabowo, the Gerindra Party chairman, his running mate Sandiaga Uno as well as Fadli to the National Police's criminal investigation division for hate speech and spreading hoaxes.

"Prabowo should not have jumped to conclusions about what happened to Ratna. He

should have first checked the matter by asking the police for help and seeking confirmation," Saor Siagian of the advocate group said.

Ratna was later dismissed from Prabowo's campaign team. On Thursday evening, she was arrested by the police at Soekarno-Hatta International Airport in Tangerang, Banten, when she was about to depart to Chile.

The campaign team of President Jokowi said Prabowo had accused the Jokowi administration as being responsible for the assault that never took place.

Fadli, meanwhile, claimed he had not spread any hoaxes, saying that he brought up the "assault" before knowing that Ratna had lied to him.

"I don't think I spread fake news. I just actively responded to her story. She told [us] that she had been physically assaulted. If that had been true, it would have been impossible for us to do nothing," Fadli said.

Human capital improves, but not fast enough

Gemma Holliani Cahya

THE JAKARTA POST / JAKARTA

Although the government has committed resources to education and health to improve human development in the past two decades, a study has revealed that the country is not progressing fast enough.

In a study titled "Measuring human capital: A systematic analysis of 195 countries and territories 1990-2016" published by the journal *Lancet*, University of Washington's Institute for Health Metrics and Evaluation (IHME) revealed that Indonesia ranked 131st out of 195 countries in 2016 in human development.

With its expected human capital increasing from six years in 1990 to 10 years in 2016, the country dropped one place from its 1990 position as other countries have experienced faster and more

significant improvements.

In comparison, Vietnam's expected human capital more than doubled from seven to 14 years and its rank leapt to 85th. Thailand and Malaysia both increased their human capital from just over eight years to more than 15 years, ranking 72nd and 79th respectively.

Finland remained on top over the course of 26 years with expected human capital of 28 years in 2016.

The study measures human capital as a composite of educational attainment, learning, functional health and survival.

The score of expected human capital is defined as the expected years lived from age 20 to 64, adjusted for educational attainment, learning or educational quality and functional health status.

The components correlate to how much a government priori-

tizes and invests in the education and health of its people.

"The evidence we found showed the correlation between investment in health and education in improving human capital and gross domestic product. This is what is often missed the most by policy makers," said IHME director Christopher Murray.

"Because human capital has improved in Indonesia, we can surmise that the country's investment in education and health has improved since the 1990s, but not as much as in many other countries," the institute said to *The Jakarta Post*.

Indonesia has committed 20 percent of the state budget to education over the past decade and 5 percent to health. The 2018 state budget allocated Rp 444 trillion (US\$30 billion) for education and Rp 111 trillion for health.

In the annual Human Develop-

ment Report (HDR) produced by the UNDP, Indonesia continued to improve its performance, but performed worse than other countries.

In 2018, Indonesia ranked 116 out of 189 countries observed, falling one place from its 2016 position. It is categorized in nations with medium progress in human development.

The HDR report observes life expectancy at birth, expected years of schooling, mean years of schooling and gross national income per capita.

The institute said Indonesia continued to lag behind many other countries in terms of the health and education of its workforce.

"It will also be important to examine which Indonesian investments and policies have had the greatest return on investment in terms of human capital improvements — and which have not," the

IHME said.

Education and Culture Minister Muhadjir Effendy said every study, including the one published by the IHME, must be seen with a positive attitude, but also with a critical eye on its methods and limitations.

He said the main challenge for Indonesia in competing in Southeast Asia was the fact that the nation is home to 260 million people, making it the fourth most populous country in the world.

"This is the consequence of having a large population. We cannot move more dynamically. The large population causes high inequality in human development. There is even a population that spatially becomes an outlier [low performance in education], which greatly affects the general results [of any study about expected human capital]," he said.

RI lucrative for satellite launchers

Riza Roidila Mufti

THE JAKARTA POST/JAKARTA

With hundreds of millions of internet users and a high demand for faster telecommunications services; Indonesia is a lucrative market with great potential for the satellite industry.

The managing director of French satellite launch service provider Arianespace, Vivian Quenet, said Indonesia, an archipelago of more than 17,000 islands, had challenging geographical conditions that made satellites crucial for the operation of telecommunications services in the country.

"Geographically, it is very difficult to link all the islands together with [optical fiber cables], because there is always one island that is too remote and hard to connect. To put fiber optic in all those islands is too costly too, so satellites are the right solution for Indonesia," he told the press during a discussion in Jakarta on Thursday.

In addition to the challenges in topography, Indonesia is also prone to natural disasters, such as earthquakes and tsunamis.

Quenet said satellites would continue to work even after disasters strike.

"When there is an earthquake, which is very destructive, [...] everything is [destroyed]. The only thing that does not fall down is the satellite. For that reason, especially the geographic reason, I think Indonesia [is a big market for satellites]," he said.

Quenet went on to say that, in addition to using satellites that specialize in telecommunications support, Indonesia could also use observation satellites to monitor signs of natural disasters, like typhoons and tsunamis, and to monitor post-disaster conditions.

Arianespace commercial director Jacques Breton said observation satellites were useful for various activities.

"It really depends on the application [of the satellites], is it for agriculture? Is it for post-disaster monitoring? There is wide range of services and applications, one links to security, one can be linked to earth monitoring and to give the state of the earth and what is happening to a certain country," he said.

The Aeolus satellite, which the company just launched, is an example of a monitoring satellite, as it serves the purpose of observing and analyzing wind patterns.

"And that can be very interesting if you are in a country like the Philippines, or Hong Kong or Taiwan, which have typhoons every year. Satellites could potentially save lives by predicting when there is new wind being created that will create a typhoon," Breton said.

In Indonesia, Arianespace has helped various companies launch telecommunications satellites for various operators and purposes, but it has yet to launch observation satellites for Indonesian companies or institutions.

From 1996 to 2017, Arianespace launched six satellites for Indonesian companies, from broadcasting and telecommunications to financial services. In 1996, Arianespace sent to orbit a geostationary satellite owned by PT Satelit Palapa Indonesia called Spacecom Ltd. for telecommunications purposes.

The company also launched three satellites for state-owned telecommunications company Telkom Indonesia — Telkom 1, Telkom 2 and Telkom 3S — in 1999, 2005 and 2017 respectively. Telkom 2, for example, was launched to expand the coverage of telecommunications satellites in Southeast Asia and India. Meanwhile, the Telkom 3S satellite was launched to provide high-definition television (HDTV) broadcasting, cellular communications and internet coverage in Indonesia and Southeast Asia.

In 2016, the company launched a satellite for state-owned lender Bank BRI. Claimed to be the first satellite for a financial institution, it was launched to provide faster banking services.

As Indonesia is a lucrative market for the satellite industry, several players have provided satellite launch services that Indonesian companies have utilized. Aside from Arianespace, American space transportation service company SpaceX launched state telecommunications company Telkom's Merah Putih satellite.

Quenet claimed that Arianespace enjoyed a 60 percent market share for commercial satellite launch services in Indonesia. He also said there were few satellite projects in the pipeline for Indonesian companies.

"In terms of projects, there are two upcoming in Indonesia for telecommunications purposes. Hopefully, we can get it all," he said, declining to go into detail.

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TECHNOLOGY

Google to build hub for cloud services in Indonesia

The Jakarta Post

JAKARTA

Tech giant Google will make Indonesia one of the bases of its cloud-computing business in Asia to take advantage of the country's rapid increase in the use of digital technology.

Tim Synan, the head of Google Cloud Southeast Asia, said in Jakarta on Thursday that turning Indonesia into one of the company's hubs in the cloud business was necessary to meet the growing demand from local companies.

"We want Indonesia to become a digital powerhouse in Southeast Asia," Synan said during the second annual Google Cloud Summit.

He said Google provided cloud services to a number of Indonesian companies, such as taxi company Blue Bird Group, diversified conglomerate CT Corp., fashion startup Sale Stock, ride-hailing app provider Go-Jek, media giant Emtel, online retailer Tokopedia and online travel agent Traveloka.

The seven companies currently use the cloud platform based in Singapore, one of Google's 13 cloud platforms in the world.

Research by Google and Singapore-based investment company Temasek show that Indonesia is the fastest-growing internet market in the world, with an estimated 19 percent internet user growth to 215 million in 2020 from 92 million in 2015.

Indonesia is among the largest e-commerce markets in Southeast Asia. E-commerce transactions in the country are projected to increase from US\$1.7 billion in 2015 to \$46 billion by 2025 to account for 52 percent of the total e-commerce transactions in the region.

Cloud technology has become one way for local businesses to cut IT costs, especially for data storage. The technology essentially allows users to store data and programs on remote servers, thereby reducing costs related to, for instance, hardware maintenance, cybersecurity and server assembly.

Tim admitted that the lack of

digital talent in Indonesia was a limiting factor for implementing cloud computing services, echoing the sentiment of many other companies working in the country.

To address that issue, Google said in March it would train 100,000 developers in Indonesia by 2020. This included the Google Developers Kejar program, formerly known as the Indonesia Android Kejar program, which has trained 60,000 developers from 10 cities as of March, and the Udacity program, which trained 13,000 developers in 2017.

Garindra Prahando, the chief technology officer of Sale Stock, a local online fashion retailer, said his company had begun using Google Cloud in 2017. "It's simple, it's robust and it's really easy to build stuff on it," he told *The Jakarta Post* on Thursday.

He added that Google Cloud had allowed the company to cut hardware costs by 50 percent and made hiring easier by absorbing much computer-related work that would have otherwise

required more digitally talented employees.

Bluebird director Sigit Djoko-soetono said his company had switched to Google Cloud in 2017 after having tested other platforms, because they found it the most compatible with their needs.

He explained that BlueBird was experimenting with Google Cloud's machine learning and artificial intelligence functions to spot trends in consumer behavior and thereby predict consumer demand, so they could deploy their fleet more effectively.

"The patterns are starting to become visible, but not enough to rely on," he said.

As reported previously, rival US tech giant Amazon plans a Rp 14 trillion (\$923 million) foray into Indonesia, which Amazon vice president Werner Vogels conveyed to President Joko "Jokowi" Widodo during a visit to Jakarta last month.

Through this planned investment, Amazon is set to introduce its cloud-computing unit, Amazon Web Services, to the Indonesian market. **(nor)**