

Jokowi vows to hunt down Papua killers

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JAKARTA

As a team of police and military personnel attempted to recover bodies of road construction workers killed in a massacre in Nduga, Papua, President Joko "Jokowi" Widodo has vowed that the government would hunt down and arrest the perpetrators.

In one of the bloodiest attacks in the restive easternmost province during his administration, more than a dozen were shot dead on Sunday when an armed group linked to the Free Papua Movement (OPM) in the regency attacked workers who were building a section of the trans-Papua road network that will connect cities and regencies in the province.

The President conveyed his condolences to the families of the victims on Wednesday, calling the deceased "heroes" for constructing roads expected to accelerate development in the region.

"I have ordered the Indonesian Military [TNI] commander and National Police chief to hunt down and arrest the perpetrators of the barbaric act. [There is] no place for these armed criminals in Papua or the rest of the country," Jokowi said at the Presidential Palace.

A joint team of the Nation-

al Police and the military has been deployed upon initial reports that dozens of workers of state-owned construction firm PT Istaka Karya had been attacked by a rebel group led by Egianus Kogoya in Yigi district following the commemoration of the anniversary of the National Liberation Army of West Papua.

At least 20 people shot dead, authorities confirm

OPM claims responsibility for mass killing

Authorities could not immediately confirm the reports and victims were not immediately found, because of the remoteness of the area, which Jokowi has declared a "red zone" due to security threats caused by the presence of the armed group.

The Jakarta Post could not independently verify the reports.

On Wednesday, the National Police confirmed that 19 workers and one soldier had been killed, after authorities had claimed earlier that at least 28 people had reportedly been killed.

Papua Police chief Insp. Gen. Martuani Sormin Siregar stated in the evening that 15 bodies had been found but would only be recovered on Thursday.

"Our joint force has found 15 bodies and will continue the

search tomorrow," Martuani told the *Post* on Wednesday.

Cendrawasih Military Command spokesperson Lt. Col. Dax Siburian said the joint military-police team in Yigi district had found the bodies and a survivor named Johnny Arung in the area of Tabo hill. Johnny was rescued and taken to the Mbua TNI post.

"The bodies have not yet been identified, so we cannot confirm whether the 15 victims are all PT Istaka Karya workers," Dax told the *Post*.

He added that 13 other civilians had been rescued from the area. "Twelve people were rescued yesterday and one today, consisting of five Istaka Karya workers, six Mbua community health center workers and two Mbua junior high school workers," he said.

Jokowi said the attack would not discourage the government with regard to the road project. "This only makes us more determined to continue our great duty to develop Papua," he said.

"I have also told the public works and housing minister that the construction of the Wame-na-Mamugu road must continue and that the 4,600-kilometer trans-Papua road must be quickly completed."

The road is one of Jokowi's flagship projects, and the government has claimed that it was approved of by the local populace.

The attack, however, is not the first time workers on the construction project have been targeted. In 2016, three workers were shot dead by an armed group in Puncak Jaya district.

A member of the Egianus group has confirmed that the group was responsible for the Yigi attack.

"Yes, we conducted the operations in Kali Aworak, Kali Yigi and at the Mbua TNI post and we are ready to take responsibility," OPM spokesperson Seby Sanbom said in a written statement on Wednesday.

Seby denied, however, that the workers killed were civilians, claiming that they were members of the Indonesian Army Corps of Engineers.

"We did not ask for the trans-Papua road or development. The solution to the problem of Papua is independence and sovereignty as a civilized nation."

The National Commission on Human Rights (Komnas HAM) said it would form a fact-finding team to investigate the massacre.

"We usually depend on information from officials in our investigations. In this case, we want other elements of data from civilians," Komnas HAM commissioner Beka Ulung said at his office in Jakarta on Wednesday.

The commission also said the government should pay more attention to this case, because killings in Papua happened so often. (ggg)

Govt directs army to compile data on foreign workers

Marguerite Afra Sapiie

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The Indonesian Army will soon carry out President Joko "Jokowi" Widodo's instruction to compile data on the number of foreign workers across the country, in a move that has sparked concern the military's role may creep into areas beyond defense.

The President, the highest ranking Indonesian Military (TNI) commander, recently called for the army's territorial units to compile data on the number of foreign workers in the areas they are assigned to, following allegations of a massive influx of Chinese workers.

Army spokesperson Brig. Gen. Candra Wijaya has confirmed the instruction. "The army will order the military's subdistrict commands [Koramil] and district commands [Kodim] to compile data on foreign workers in their respective regions," he told *The Jakarta Post*.

The army, Candra said, would coordinate with relevant authorities, including the Immigration Directorate General and the Manpower Ministry, which had together formed a task force in May to supervise foreign workers.

Order follows rumors about influx of Chinese workers

Bucks earlier policy trend of relaxing requirements on foreign workers

The President's order was first heard from his aide, Coordinating Maritime Affairs Minister Luhut Pandjaitan.

Luhut, who relayed the instruction both during a recent seminar and through a statement posted on his Facebook account, said the issue was related to addressing continuing rumors about an influx of Chinese workers into Indonesia.

In the instruction, he said Jokowi also called for the army's territorial and intelligence units to investigate whether or not the now-defunct Indonesian Communist Party (PKI) still existed.

Jokowi requested the army to submit reports on the findings to Army chief of staff Gen. Andika Perkasa by January next year, who would then submit them to the President.

The recent controversy around foreign workers comes after the issuance of more lenient policies

toward expatriates.

Earlier this year, the government issued Presidential Decree No. 20/2018 on foreign workers that, among other things, no longer requires companies to include foreign employees recruited for high level positions in their Expatriate Placement Plans. It also eases requirements for obtaining limited stay permits.

The decree has been opposed by local labor unions.

Allegations that Jokowi has allowed an influx of 10 million Chinese workers into Indonesia and that he is affiliated with the PKI are among the rumors that have plagued his administration for the last four years.

The government has repeatedly rebuffed rumors about a foreign worker invasion, which officials have labeled a hoax aimed at discrediting the current administration as well as a political tool ahead of April's presidential election, in which Jokowi will seek reelection.

According to Manpower Ministry data, the total number of foreign workers officially employed in Indonesia stood at 85,974 in 2017, 24,804 of whom are Chinese.

Al-Araf from think tank Im-

parsial regarded Jokowi's order as political, as it addressed views held within the TNI about the supposed influx of Chinese workers and the PKI, which were amplified by former TNI commander Gatot Nurmantyo during his tenure.

"The President's instruction can be interpreted as his way of rebuilding trust with the TNI, as if he is saying to [the TNI] "just verify it by yourself" [regarding the rumors]," Al-Araf said.

The call for the army's involvement in monitoring foreign workers, however, was not in line with the goals of military reform, especially as it would put the TNI's professionalism at risk, Institute for Defense and Security Studies executive director Mufti Makarim said.

"Naturally, [military] personnel may think they have a dual function, which is no longer part of our democracy," Mufti said, referring to the TNI's dual function during the New Order era that allowed the TNI to become involved in politics, which ended in 1998 with Soeharto's downfall.

Candra rebuffed the concerns, saying that the army would not return to its New Order era stance.

Double trouble ahead for oil and gas industry

Stefanno Reinard Sulaiman
THE JAKARTA POST/JAKARTA

The global oil price, which is predicted to be far lower than US\$100 per barrel, and a small fund for exploration are two challenges the oil and gas industry would face next year, according to the Indonesia Petroleum Association (IPA) on Wednesday.

The statement came after the association gathered for its 17th annual general meeting on Wednesday to elect a new president for a one-year term and to review its work in 2018.

Despite the challenges, the association's newly elected president Tumbur Parlindungan said the association was still upbeat and would work closely with the government to overcome the problems, especially on the exploration issue.

"Next year we will strive to make our industry much more attractive [than other countries], after what has actually been a great year for us," he said at a press conference.

The need for exploration to find oil and gas reserves in the country was voiced two days ago by Energy and Mineral Resources Minister Ignasius Jonan during

IPA will work with government to increase exploration activities

Oil price expected to hover around \$65 to \$70 per barrel

the inauguration of Dwi Soetjipto as the new head of the Upstream Oil and Gas Regulatory Task Force (SKKMigas).

The message was timely considering around 77 percent of 89 onstream oil and gas blocks have seen declining production. Indonesia is a net oil importer because domestic oil output can only supply half of oil demand.

Aside from the low oil price and the exploration issue, IPA will also deal with Government Regulation No. 27/2017 on tax incentives for exploration activities and implementation of the gross split scheme.

Throughout 2018, the association, which consists of 37 oil and gas companies and 116 services firms, has solved at least four government-related issues, says Ronald Gunawan, the former IPA president director.

"First, a partnership with SKKMigas and the Finance Minis-

try on gross split implementation and second, a revision of the Trade Ministry's decision to include the oil and gas sector in the letter of credit policy," said Ronald, who is also the chief operating officer of publicly listed energy company Medco Energi.

The remaining two issues were the simplification of a state audit into the sector — from three times by different auditors to only one time — and cooperation with the Corruption Eradication Commission (KPK) on business ethics compliance.

Tumbur said the government's decision to simplify the production sharing contract from cost recovery to gross split was seen as a "non issue" inside the association.

"Whether it is cost recovery or gross split, we think it would be no problem for us. For example, just yesterday ENI S.p.A [an Italy-based energy firm] has approved the conversion of their contract," he added.

It was the contract in East Sepinggan block, offshore East Kalimantan that, according to Deputy Energy and Mineral Resources Minister Arcandra Tahar, needed to be switched to avoid debates about the cost of the project.

Tumbur, who is also the president director of Saka Energy, added that IPA was set to hold a strategic meeting in January 2019 to discuss other common issues in the upstream sector

Saka Energy is an upstream subsidiary of state gas firm PT Perusahaan Gas Negara.

Data from SKKMigas show that investment in the upstream sector until September only reached \$7.9 billion, or around 56 percent of the full year target of \$14.2 billion.

Therefore, SKKMigas has predicted investment realization in the upstream sector to only reach \$11.2 billion, or 78 percent of the full year target.

The global oil price, which is crucial for an oil and gas contractor to decide whether exploration is commercially viable or not, has been predicted to hover at a stable rate of around \$65 to \$70 per barrel, said global energy think tank Wood Mackenzie recently.

Mackenzie believes the stable price is predicted to occur with the lower global oil supply due to the ongoing United States trade sanctions imposed on Iran, which will be complemented by the increasing oil production from the US.

ENI S.p.A converts to gross split

JAKARTA: Rome-based energy company ENI S.p.A has agreed to change its contract in the East Sepinggan block, offshore East Kalimantan, from cost recovery to gross split scheme, the first existing contractors that voluntarily turned its contract into the new scheme. Deputy Energy and Mineral Resources Minister Arcandra Tahar on Tuesday announced also ENI S.p.A preferred to immediately change the contract, to avoid a long-debate with the government about the cost of its project in Merakes gas field.

"The decision shows that the gross split scheme gives investors simple process, which is certainty more efficient," he told the press, adding that with the decision, Italian company is required to change its plan of development for Merakes gas field and to reveal the amount of its investment.

"The company are committed to increase the local content requirement [TKDN] in the project. If the local content level reaches 30 to 50 percent, the company will get a reward in the form of 2 percentage of additional split."

ENI S.p.A's contract in East Sepinggan started in July 2012 and would end in 2041. The block's Merakes gas field is targeted to go onstream in 2021 and set to deliver 391 million standard cubic feet per day (mmscfd) of gas in its peak production.

In East Sepinggan block, ENI S.p.A holds the 85 percent of participating interest and the remaining stake holds by Pertamina Hulu Energi, the upstream subsidiary of state energy holding company Pertamina. — *JP*

Pertamina looks into producing batteries for electric vehicles

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After a Chinese investor announced a plan to produce batteries for electric vehicles in Indonesia, state energy holding company Pertamina expressed interest in investing in batteries so as to diversify its business.

Herutama Trikoranto, Pertamina's senior vice president of research and technology, said recently that the company wanted to start producing lithium batteries commercially in either 2020 or 2021, as it had thus far only produced them for research purposes.

"For now, we have been producing [lithium batteries] for research purposes only," he said in

the company's energy discussion forum in Jakarta recently.

Pertamina has yet to lay out details for its long-term plan to build a factory for commercial purposes.

The company may be planning to build a factory on its own, but it also has the opportunity to partner with a foreign investor that is more experienced in producing batteries for electric vehicles.

Herutama said Pertamina was open to the possibility of teaming up with a Chinese investor that recently announced a plan to produce batteries in North Halmahera, North Maluku.

"It [partnering with the Chinese investor in North Halmahera] is one of the strategies to divide the [investment] risk," he said.

"We have also talked about this with the coordinating maritime affairs minister [Luhut Pandjaitan] and he responded positively."

Herutama was referring to an investment worth around US\$10 billion between Chinese stainless steel giant Tsingshan Holding Group and French mining and metallurgy company Eramet SA to build a special industrial zone called Weda Bay Nickel in North Halmahera.

The industrial area would be designed specifically for the production of nickel, carbon steel and lithium batteries.

Tsingshan is the owner of investment firm Shanghai Decent Investment Group, which, along with Indonesian mining company Bintang Delapan Group, jointly

developed the 1,664-hectare Indonesia Morowali Industrial Park (IMIP) in Morowali, Central Sulawesi, in 2009.

However, it is unclear what kind of partnership Pertamina wants with Tsingshan and Eramet in building the battery production facility.

Aside from considering the option of partnering with Tsingshan and Eramet, Pertamina said it was also keen to partner with fellow state-owned enterprises, with state mining holding company PT Indonesia Asahan Aluminium (Inalum) as an option.

Heru said raw material for lithium batteries could be sourced from Inalum, which is the holding company of state-owned mining company and major nickel miner

Aneka Tambang (Antam).

"It is possible for us to strike a deal with Inalum and then we would become the off-taker [of the facility]," he said.

Data from Inalum show that it has an estimated 11.9 million tons of nickel resources and 3 million tons in reserves.

As of September 2018, Antam had produced 3.51 million wet metric tons (wmt) of nickel with a sales volume of 4.1 million wmt.

Pertamina's interest in producing the battery came after Luhut's statement at the company's recent energy forum about how Indonesia should play a role in the global trend of producing electric vehicles, which would soon take over the automotive market.

"Indonesia should become a

leader in lithium batteries, [...] By doing so, we will control the [automotive] market," Luhut said, citing data that Indonesia was home to 16 percent of the world's nickel laterite ore resources.

Luhut said such resources would strengthen Indonesia's standing in the industry and that it would use the latest technology to absorb more nickel, which makes up 80 percent of all lithium batteries.

Meanwhile, Energy and Mineral Resources Minister Ignasius Jonan said he hoped that Indonesia could depend less on fossil fuels and shift toward electric vehicles as soon as possible. Failing to do so, he said, would double imports for fuel products in the next decade.

Industry calls for Manpower Law revision

rec D. 2013
J. Post

Riska Rahman

THE JAKARTA POST/JAKARTA

The Indonesian Employers Association (Apindo) is calling for the government to reform the 2013 Manpower Law to keep up with new employment problems in the digitalization era, mainly concerning the waging system and protection for partnership-based employees and freelance workers.

Harijanto, Apindo chair for employment and social protection, said on Wednesday that Law No. 13/2013 on manpower had yet to regulate employer obligations, including on wages and protection, to their workers who worked under a partnership-based contract.

He said the prevailing law was limited to employer obligations and a monthly minimum wage for their full-time employees, hinting that it was somehow outdated compared to current changes in the market.

Prevailing law yet to accommodate changes in digital era: Apindo

More companies use output-based waging system

"What we need right now is a regulation that can help standardize the hourly, daily and weekly minimum wages and the protection for our freelance workers, as the relationship between employers and their employees has shifted in the era of Industry 4.0," Harijanto said in a press briefing at Apindo headquarters in Jakarta, referring to the technological revolution in industries.

The reform, he said, was necessary given that more companies hired freelance workers and partners without set working hours as they often worked for multiple employers at once.

One example is a scheme used by online ride-hailing apps Go-Jek and Grab Indonesia, where motorcycle and car owners work as their partners rather than employees. This kind of relationship, he said, not only disrupted the traditional relationship between employers and employees, but also the waging system.

Such a new scheme had changed the waging system from a monthly wage to an output-based wage that might not comply with the prevailing law, which uses a minimum wage. "So, as the workers become more productive, the more money they will earn," Harijanto said.

In order to catch up with the changes, Apindo suggested that the law be amended to include the minimum wage system for companies that employ their workers as partners and using an output-based system, as well as a protection scheme to facilitate companies to fulfil their obligations and

protect freelance workers at the same time.

A number of advanced countries implement a time-based waging system in which governments regulate an hourly minimum wage companies must pay their workers.

Based on data compiled by *The Jakarta Post*, the minimum wage in Japan ranges from 761 yen (US\$6.73) to 985 yen per hour, which is set on a prefectural and industry basis. State minimum wage rates in the United States, meanwhile, range from \$5.15 per hour to \$11.50 per hour as of July 1.

As of 2017 there were 31.9 million part-time workers in Indonesia, or 23.8 percent of the total workforce, data from Statistics Indonesia show. Meanwhile, 10.2 million people, or 7.64 percent of the country's total workforce, were categorized as semi-unemployed.

Muhammad Faisal, executive director of the Center of Reform

on Economics (CORE) Indonesia, applauded Apindo's suggestion to reform the current labor law to be more inclusive, especially for freelance workers as their number continued to increase.

However, he said, the law should include different types of freelance workers. "In many countries, freelance workers are divided into two types: part-time workers and casual workers," Faisal said.

Part-time workers, he said, were people working for one or more employers for less time than full-timers, who usually worked for eight hours a day. Casual workers, he went on, were those who worked for many employers at the same time or worked on a project-basis, which meant they were not bound by a long-term contract with one employer, he said.

Faisal said these types would help companies to categorize what waging system they should use to pay their workers, whether it was

time-based or output based.

At the same time, Harijanto of Apindo said the law revision should include protection, as freelance workers, such as freelance journalists, graphic designers and content writers, were able to work for multiple employers at a time. Such a situation could create confusion among employers in carrying out their obligation to give protections such as insurance, retirement funds and social security, he said.

Faisal added that companies that hired casual freelance workers should not worry about workers' protection, given that the Workers Social Security Agency (BPJS Ketenagakerjaan) and the Health Care and Social Security Agency (BPJS Kesehatan) enabled freelance workers to join the programs independently.

"In this case, the employers can just include the premiums in their wage," he said.

SUSTAINABILITY

EU tells RI to review ISPO certification

Agnes Anya

THE JAKARTA POST/ JAKARTA

Indonesia should consider reviewing its palm oil standards to make them more widely acceptable, especially in European Union member states after a palm oil shipment was recently disrupted by protestors.

The EU "strongly encourages" the Indonesian government to review the Indonesian Sustainable Palm Oil (ISPO) certification standard and make it more responsible and transparent by involving civil society organizations (CSO), EU Ambassador to Indonesia and Brunei Darussalam Vincent Guérend said.

"When we talk about free markets, it is important to convince consumers that the [palm oil] industry is implementing sustainable practices," he said in a press briefing on Tuesday evening in Jakarta.

The EU, according to Guérend, does not set any specific standards for palm oil. Yet, as the second-largest importer of Indonesian

palm oil after India, the EU is encouraging producing countries to impose credible and strong standards valued by consumers.

He added that instead of the ISPO, which was implemented by 15 percent of palm oil producers in Indonesia, the Roundtable on Sustainable Palm Oil (RSPO) was more globally recognized.

Founded in 2004, about 40 percent of the world's palm oil producers are RSPO members, in addition to many product manufacturers, retailers and NGOs engaged in environmental and social sectors.

Meanwhile, the ISPO was set up by the Indonesian government in 2011 and has often been criticized for the lack of involvement of CSOs in its preparation.

Based on data compiled by the ISPO Secretariat, there were 2.1 million hectares of oil palm plantations that were ISPO certified in Indonesia in 2017.

The RSPO has certified 2.51 million ha and Malaysian Sustainable Palm Oil has certified 518,793 ha.

However, this number is relatively small compared to Indonesia's total size of oil palm plantations that cover 14 million ha.

Guérend further said certification was an important element in the palm oil industry because more and more customers, especially in Europe, had awareness on sustainability in regard to industries that had a major impact on the environment.

He pointed to Greenpeace's protest in November on a tanker carrying palm oil from Dumai, Riau, to Europe as showing the "very strong awareness" and sensitivity on climate change and deforestation among European youth, he said.

The vessel was in the Bay of Cádiz in Spain when activists boarded and unfurled banners that read "Save Our Rainforest" and "Drop Dirty Palm Oil".

"This concern among the youth has to be addressed. We advise [stakeholders] to take this seriously; to explain better to consumers what [the industry

is] doing for responsible and sustainable palm oil," said Guérend.

He, however, maintained that the EU did not condemn nor support the action but acknowledged that the activists had "good materials and stories to tell."

Guérend also revealed the EU's plan in 2019 to conclude and sign a comprehensive air transportation agreement.

Undergoing negotiation for the past two years, the agreement highlights, among other things, joint air transportation safety standards between ASEAN and Europe.

Previously, the EU had signed similar agreements with Turkey and Morocco, he said, adding that the EU also aimed at restarting discussions on the EU-ASEAN Free Trade Agreement in the future.

The EU has also collaborated in defense and security, with a recent four-day seminar bringing both European and Indonesian experts and scholars together to discuss various topics from cybercrime to maritime security.