

Japan, RI unveil Project 2045 details

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T. Post

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Japan and Indonesia have officially unveiled the details of Project 2045, a three-pronged partnership platform for a collaboration on political, economic and social issues that was launched as part of the 60th anniversary of Indonesia-Japan ties.

A high-level seminar was held on Saturday in Jakarta in which a report of Project 2045 was handed to Vice President Jusuf Kalla.

The event was also attended by Japanese parliament members Fukui Teru and Ito Tadahiko, Japanese Environment Deputy Minister Akimoto Tsukasa and National Development Planning Minister Bambang Brodjonegoro.

Project 2045's announcement caps off a busy year for the two countries that are celebrating the 60th anniversary of the establishment of diplomatic ties this year.

Japanese and Indonesian experts had drafted a report that contains a list of recommendations on how to best promote cooperation under the project.

The report disclosed that in the partnership, the programs would be divided based on political, economic and social fields.

In the political sector, both countries aimed at holding a ministerial-level multilateral forum to promote free and safe shipping routes and flights in the Indo-Pacific region, as well as establish trilateral cooperation with countries in the Middle East, Africa and South Pacific.

Tokyo also pledged to support the soon-to-be flagship Indonesia International Islamic University, currently being built in line with the Indonesian government's objective of being a role model for promoting peaceful Islam.

In regard to the economic field, the two countries promised to "promote free trade", enhance joint research on strategies in expanding Indonesia's exported and imported products, as well as infrastructure development, according to the report.

Meanwhile, programs under the social affairs pillar include the drafting of a master plan on smart city development and on-site trials in select cities in Indonesia's outermost islands.

Kalla took the opportunity at Saturday's event to propose a periodic review of the programs under Project 2045 so the part-

Programs under Project 2045 to focus on political, economic, social spheres, report says

VP Kalla suggests mechanism for periodic review of programs under scheme

nership's aims could be reached properly.

"The year 2045 will be completely different than today. Therefore, I suggest that there should be a periodic review [for any] necessary adjustments," he was quoted by Antara news agency as saying on Saturday, in his speech of an event that was also held to mark the 10th anniversary of the Economic Research Institute for ASEAN and East Asia.

He further said that through Project 2045, Indonesia and Japan could prepare a bright future for the people of both countries. The programs are also projected to give Indonesia and Japan a more prominent role in development on the global scale.

With a periodic review toward the 2045 Project programs, existing cooperation between Indonesia and Japan could be adjusted to fit and overcome recent challenges of global economic and political developments, the elderly statesman said.

On the same occasion, Bambang said Indonesia's economy was expected to equal Japan's by 2045, putting it on a course to become the fifth largest economy in the world. To achieve the goal, he said, Indonesia would have to work together with Japan in all fields.

"In 2045, Indonesia and Japan will be together in the top five world economies. It means that the center of economic activity will be in Asia. Therefore, Indonesia and Japan need to strengthen cooperation, especially in the manufacturing industry," the minister said.

Japan has the third largest economy this year at US\$5.1 trillion, but it is expected to fall to eighth place by 2050, professional services firm PricewaterhouseCoopers predicted in a report. In the same report, Indonesia is expected to climb up the ladder of G20 member countries to fourth place with an economy of \$10.5 trillion.

In addition to the manufacturing industry, the minister said Indonesia and Japan needed to

collaborate on the environment, which includes climate change and disaster management.

Japanese Ambassador to Indonesia Masafumi Ishii said his country would continue to advance ties with Indonesia so that their shared values, including the protection of human rights and support for a free market economy, could be passed down to and continued by younger generations.

Mining service firms complain of supply, engine issues

Stefanno Reinard Sulaiman

THE JAKARTA-POST/JAKARTA

The government seemingly cannot get a break when it comes to the implementation of its mandatory 20 percent biodiesel (B20) mix policy.

After reports of logistic problems and a lack of raw material, the mining services sector, one of the main consumers of diesel, came forward with another set of problems, namely uncertainty over supplies and engine issues.

The Indonesian Mining Services Association (Aspindo) said the industry was the second biggest consumer of diesel, second only to state electricity firm PLN, adding that it made up 30 percent of a mining contractor's total operational costs.

of B20 biodiesel.

Aspindo executive director Bambang Tjahjono said not all biofuel producers had Pertamina's courage and only supplied regular diesel, as a fine of Rp 6,000 (40 US cents) per liter was in place.

"Pertamina can supply B0 if there is no FAME, but what about other fuel distributors?" he said.

In terms of engine issues, Aspindo concluded that fuel filters in heavy machinery should be replaced three to four times when using B20, which basically shortened the filters' lifespan.

"Aside from that, our fuel cost is now 2 to 5 percent higher compared to using regular [diesel]. And then there is also the issue of warranties from our renters or vehicle sellers, who only uses B7,"

"We need a guarantee on the supply of [biofuel] [because without it] our operational activities, which are crucial for any construction project, will be hampered," Aspindo's secretary-general, Bimantoro Adisanyoto, said.

A lack of supplies in some regions is one of the crucial issues in the implementation of the B20 policy, especially after the government decided to expand the use of biofuel in September.

The association's statement was made during a forum discussion on the B20 implementation in the mining sector, which was attended by, among others, state energy holding company Pertamina and the Energy and Mineral Resources Ministry.

Responding to the complaint about supply issues, Gema Irian-

dus Pahalawan, Pertamina's supply chain operational manager, explained that delays from producers to their refineries caused it.

"However, we guarantee that the supply of fuel will be available, at least for B0 [regular diesel] anyway," he said, adding the issue of biofuel supply distribution would be solved in January.

The government recently decided to reduce the number of drop spots of fatty acid methyl ester (FAME) — the raw material for B20 biodiesel — from more than 100 points to only 25, three of which are refineries.

Gema urged mining service firms to speed up their fuel procurement submissions to at least a month before the fuel was needed.

Pertamina is the main supplier

Bambang said.

He added that biodiesel tended to shorten the lifespan of spare parts that were made of rubber.

"Therefore, looking at these issues, we urge the government not to increase the use of biodiesel to 30 percent blending next year," Bambang said, referring to the government's plan to implement a B30 policy in 2020, but only after a successful trial run next year.

The Energy and Mineral Resources Ministry's technical committee for bioenergy, Abdul Rochim, said the effect on fuel filters was one of the immediate impacts of using B20.

"However, it will only last for some period of time because [biofuel cleans dirty fuel tanks]. So once the tanks are clean, it should be OK," he added.

The ministry's bioenergy director, Andriah Feby Misnah, said the government should conduct a specialized study on the implementation of the B20 policy for the mining services sector.

"However, we know that other countries, like Malaysia, have already started using green diesel [full palm oil-based], while we're still debating B20," she added.

Earlier this year, the government expanded the use of B20 to non-subsidized fuel, which is commonly used by ships or to fuel electric generators and mining equipment in a move to save billions of rupiah in oil and gas imports annually.

By 2025, government aims to absorb 13.8 million kiloliters of biofuel, or double the 2019 target at 6.2 million kl.

House takes another shot at curtailing KPK wiretaps

Nurul Fitri Ramadhani
and Kharishar Khafi

THE JAKARTA POST/JAKARTA

The House of Representatives has begun deliberation of a wiretapping bill in another move to limit the surveillance powers of the Corruption Eradication Commission (KPK), a body that has jailed hundreds of elected politicians for corruption.

The new bill proposes that all law enforcement institutions, including the KPK, the National Police and the Attorney General's Office (AGO), be required to get a court warrant before conducting wiretaps.

According to article 10, paragraph 3 of the bill, a draft of which has been obtained by *The Jakarta Post*, all wiretapping activities would have to get prior high court approval. Article 11 of the bill stipulates that wiretapping to investigate specific crimes may be excluded from this requirement, without further elaboration.

The House's Legislation Body (Baleg) deputy chairman Supratan Andi Agtas of the Gerindra Party said these crimes might in-

New bill proposes all wiretapping activities should require court permit

KPK opposes bill given that many judges implicated in graft cases

volve corruption or drug trafficking, but added that further discussion was needed.

However, Baleg member and United Development Party (PPP) lawmaker Arsul Sani said it was better for the KPK to have the same wiretapping authority as the AGO, police and intelligence bodies.

"Corruption, drugs and terrorism, are all extraordinary crimes. In the Terrorism Law, even the intelligence bodies have to get a court warrant before intercepting suspected terrorists. We can't treat drugs and corruption in any different way," Arsul said, while citing the right to privacy as another reason for the policy.

The KPK's wiretapping procedures are in line with Article 12 of the 2002 KPK Law, which allows

the antigraft body to wiretap conversations during all phases of its investigations.

The KPK hopes its wiretapping authority will remain unchanged. KPK commissioner Laode Muhammad Syarif said it would be difficult for the KPK to conduct investigations if it was required to get court approval first, particularly if the objects of the interception were court officials.

"It's a bit difficult here in Indonesia, to implement [court approval for interception]. We all know that many law enforcers and court officials, including prosecutors and judges, are involved in graft cases," Laode said in a hearing with Baleg to deliberate the bill.

"We don't mean to be exclusive, but we really need to be concerned about it and discuss it again," he added.

Data from the KPK's Anticorruption Clearing House (ACCH) shows that as of Sept. 30, two judges had been arrested for corruption cases, and a judge in South Jakarta District Court was named a suspect in an alleged graft case in November.

The wiretapping bill is not the

first effort by the House to seek a way to strip the powers of the KPK, which has jailed at least 229 members of various legislative institutions since 2007.

In 2015, House lawmakers proposed an amendment to the KPK Law, including limiting the antigraft body's wiretapping activities, also demanding that the antigraft body should wiretap only with court permission.

Indonesia Corruption Watch (ICW) activist Tama S. Langkun told the *Post* the new bill should be in line with other prevailing laws, including the KPK Law.

"It should refer to the KPK Law when it comes to the antigraft body's powers. This bill should strengthen the KPK's power, not weaken it," Tama said.

Criminal law expert Abdul Fickar Hadjar from Trisakti University said there must be wiretapping flexibility for criminal acts that could severely damage society, such as corruption, narcotics and terrorism.

"However, there also must be monitoring and evaluation tools to protect the right to privacy and the misuse of wiretapping by the authorities," Abdul said. (gga)

Corruption still haunts infrastructure projects

Kharishar Kahfi

THE JAKARTA POST/JAKARTA

The President Joko "Jokowi" Widodo administration's drive to build infrastructure across the country may be hindered by corruption surrounding such projects, the Corruption Eradication Commission (KPK) has warned.

The administration is known to be prioritizing infrastructure development. In 2018, the government allocated Rp 410.4 trillion (US\$28.2 billion) for infrastructure development — the second largest budget allocation after defense.

Such a figure is more than twice the budget allocation in the 2014 state budget under then-president Susilo Bambang Yudhoyono's administration, which stood at Rp 177 trillion.

The number is expected to rise in next year's state budget to Rp 420.5 trillion, as the President — who is seeking reelection next year — is promoting infrastructure development in his election campaign. "Whenever a huge amount of money is involved, there's always the chance of misuse," KPK deputy chairman Laode Muhammad Syarif said dur-

Government to raise infrastructure spending next year amid general election

ICW says 241 graft cases related to infrastructure in 2017

ing a discussion on Sunday.

He added the risk of graft was almost equal in every part of the country, with the potential for it to be higher in regions located far from the central government. "Projects located faraway tend to receive less attention and supervision from central authorities as well as third party watchers, including the media and civil society organizations."

Infrastructure projects are prone to corruption, as shown by the high number of cases investigated by the antigraft body each year.

According to graft watchdog Indonesian Corruption Watch, there were 241 graft cases related to infrastructure projects in 2017 — about 27 percent of the total number of graft cases investigated that year.

One of the common modus

operandi of corruptors in infrastructure construction was participating in tenders for public projects by using a fake company, said Indonesian Builders Association secretary-general Andi Rukman Karumpa.

Once the project is won by the fake company, the work will be carried out by an actual construction company, although some of the money allocated for the project will be skimmed by the people behind the fake company.

"Apart from state losses, such modus operandi could also affect the quality of the infrastructure, as some of the money has been stolen," Andi said.

Conflict of interest has also been deemed a driving factor behind graft in such projects, as government officials handling the tender for infrastructure projects prefer to allocate the project to corporations related to them.

President Jokowi signed in March a presidential regulation on corporate beneficial ownership, which requires business entities to register their beneficial owners' identities with the authorities and update it annually. The availability of such data is deemed to promote good cor-

porate governance and transparency, as it will prevent corrupt officials from rigging a tender in favor of a certain company related to them.

"However, there has yet to be much improvement in the construction sector. There are still a number of businesspeople who hold positions in the administration," Laode said. "Some may have resigned from their company, but the business is still run by their close aides or relatives."

Apart from public projects, the KPK also asserted corruption could occur in relation to projects coming from private companies.

In October, the antigraft body arrested several individuals, including Bekasi Regent Neneng Hasanah Yasin and Lippo Group operational director Billy Sindoro, for alleged bribery related to the issuance of permits for the company's flagship project Meikarta.

The KPK has carried out several attempts to prevent corruption from marring infrastructure development once and for all, including by working together with the Indonesian Chamber of Commerce and Industry by forming a committee to guide corporations in running clean businesses.

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DIVERSIFICATION

Pertamina takes step in transitioning to cleaner energy

Stefanno Reinard Sulaiman

THE JAKARTA POST/JAKARTA

State energy holding company Pertamina is in the process of diversifying its business line to renewable energy, which is more environmentally friendly than its current reliance on fossil fuels.

The transition follows the global trend of oil and gas giants, which have started to embrace clean energy.

Pertamina announced on Friday that its steam and gas power plant in Karawang, West Java, would enter the construction phase this month. The project has a capacity of 1,769 megawatts and will be the biggest of its kind in Southeast Asia.

Heru Setiawan, Pertamina's director of investment planning and risk management, said the project was an effort to provide a cleaner energy supply for the country, pointing out that it was only one of its many other such plans.

"We are also in the process of developing other independent power producers [IPP] and renewable energy projects in order

to stay relevant with the market demand both domestically and globally," he said in Jakarta.

At the same time, Pertamina is also studying the possibility of substituting fossil-based gasoil, or diesel fuel, with a vegetable oil-based gasoil which, in the case of Indonesia, would come from crude palm oil (CPO).

In its study to produce gasoil with 100 percent CPO as its raw material, Pertamina is partnering with Rome-based energy firm Eni S.p.A, which has expertise in biorefinery technology.

Andriah Feby Misna, director of bioenergy at the Energy and Mineral Resources Ministry, which also oversees Pertamina's biorefinery projects, said on Thursday that three refineries in Plaju, South Sumatra; Dumai, Riau; and Balongan, Indramayu, West Java, would be utilized to realize the green energy goal.

"Green fuel will be tested in Plaju, green diesel in Dumai refinery and lastly green avtur will be tried in Balongan refinery," she said. "Bandung Institute of Technology [ITB] already has the catalyst and once the test succeeds,

the commercial production will start in 2022."

When asked about its plan to reduce emissions in its upstream activities, Pertamina Hulu Energi (PHE), Pertamina's subsidiary, said that sustainable operation was one of the main requirements for each of its units. PHE media and relations manager Ifki Sukarya told The Jakarta Post on Thursday that the firm had a directive to lower emissions of greenhouse gas and CO2.

"The head of every unit will have to sign the obligation of sustainable operation from the beginning of production until the end," he said.

Ifki did not further explain the kind of sustainable directive during production, but stressed that "the head of every unit has to understand the kind of green business they are working on."

Pertamina's other upstream subsidiary Pertamina Hulu Mahakam (PHM), which operates the Mahakam Block in East Kalimantan — one of the country's gas-rich units — has targeted to lower greenhouse gas emissions in 2018 to 193 million tons of CO2.

"We have installed a flare gas recovery unit [FGRU] in Senipah [onshore terminal], a low emissions compressor in South Tunu field, optimized our facilities and have a solar-panel to supply electricity during the day," said Kristanto Hartadi, PHM head of media communication and relation support.

Dasrul Chaniago, director for air pollution management at the Environment and Forestry Ministry, said it was likely State-Owned Enterprises Minister Rini Soemarno who pushed Pertamina to diversify into clean energy as the latter had ordered all state-owned companies to go beyond the standard of environment management.

Dasrul said that usually, the oil and gas industry scored "gold", exceeding the minimum standard.

However, Dicky Hindarto, a clean energy expert from the Indonesian Renewable Energy Society (METI), said it was a necessity for any oil and gas firm to begin leaning more toward renewable energy as the fossil fuel era would soon end.

Dirty energy

still in high demand: IPA

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Stefanno Reinard Sulaiman
THE JAKARTA POST/JAKARTA

The newly appointed top executive at the Indonesian Petroleum Association (IPA) said the transition toward clean energy in Indonesia is unnecessary, as dirty energy is still in high demand.

The IPA's new president, Tumbur Parlindungan, who is also the president director of Saka Energy, a subsidiary of state gas firm PT Perusahaan Gas Negara (PGN), downplayed the need for clean energy.

"Let's talk about it [clean energy] when our society has developed, but who cares about clean energy when our people are still fighting hunger every day?"

Tumbur said Saka Energi was concerned about climate change, but to date have yet to create a specific directive or policy.

New IPA president downplays need for clean energy

Waiting for market to change is old mindset, says expert

"We are still growing in Indonesia, why do we have to think about that [clean energy]? It's different from the crude palm oil industry, which was complained by European market, so of course the industry has to change," he said.

Publicly listed energy firm Medco Energi International's chief operating officer, Ronald Gunawan, who was Tumbur's predecessor at the IPA, recalled that IPA members never brought up climate change as one of the issues that should be addressed.

Tumbur, however, said it was

possible that several IPA members had started to discuss their company's transition to clean energy, adding that it was not the association's duty to do so.

"Regarding climate change, it's the personal interest of the members. We don't create any policies about it," he added.

According to global collaborative forum Institutional Investors Group on Climate Change (IIGCC), energy-related activities contributed to about 70 percent of global greenhouse gas (GHG) emissions, 60 percent of which were a result of activities in the oil and gas industry, mainly attributable to the dependence on fossil fuel production.

Dicky Hindarto, a clean energy expert with the Indonesian Renewable Energy Society (METI), chuckled in amusement when *The Jakarta Post* showed him

Tumbur's statement, saying that it was an old mindset to wait for the market to change.

"We all know that oil and gas is a sunset industry, so with that kind of mindset, obviously we won't go anywhere as a country. The main characteristic of a developed country is definitely the presence of clean energy," he said.

Dicky added that Tumbur's statement was not entirely accurate as at least two companies, namely Medco Energi International and state energy holding company Pertamina, were transitioning to clean energy by establishing subsidiaries on renewable energy.

Tumbur is actually not the first industry player with a rather pessimistic view of clean energy.

Previously, state electricity firm PLN president director Sofyan Basir said the company would

only prioritize the cheapest kind of energy, referring to coal.

"Our policy on energy [to generate power plants] is simple: We will shut down any expensive power supply and alter it to the cheapest one. It's logical," he said, despite numerous studies proving that photovoltaic (PV) solar technology will be cheaper than coal-based power plants.

The Environment and Forestry Ministry's director for air pollution management, Dasrul Chaniago, told the *Post* that the oil and gas industry usually scored gold when it came to environmental management, which means being beyond compliance of the existing standards.

"However, as new technologies [to make production more efficient] are introduced, the demand for less environmental impact will also become higher," he

said, adding that the government would conduct an evaluation on emission quality standards in each sector soon.

It previously set a national target to increase the contribution of renewable energy in the national energy mix to 23 percent by 2025.

However, energy experts expressed doubt over whether the country would be able to reach this goal.

Energy and Mineral Resources Minister Ignasius Jonan said renewable energy was not the perfect option for Indonesia at the moment due to the high social and economic gap. "Many regions in Indonesia have yet to benefit from electricity, but here we're already debating the use of renewable energy," he added, referring to some 5 million Indonesians who have yet to enjoy this benefit.

Kalimantan coal miner ordered to close pit after landslide

N. Adri

THE JAKARTA POST/BALIKPAPAN

The East Kalimantan administration has told mining company PT Adimitra Baratama Nusantara (ABN) to close an operational pit following a landslide that damaged a major road in Sanga Sanga district, Kutai Kartanegara, East Kalimantan.

The company has been ordered to backfill the mining site, Pit 1, which is located only a few hundred meters from the road and residential areas.

A landslide occurred in the area on Nov. 29, destroying about 50 m of the road section connecting Sanga Sanga and Muara Jawa district.

At least five houses and kiosks belonging to residents of neighborhood unit (RT) No. 09 in Kampung Jawa subdistrict were damaged. No casualties were recorded.

The landslide cut off the electricity and tap water supply. A number of residents living around the site also had to leave the area.

The East Kalimantan Energy and Mineral Resources Agency inspected the location for three days and issued the sanction on ABN after finding that the mine was too close to the road.

The company, a subsidiary of publicly listed PT Toba Bara Sejahtera, was also ordered to repair the road.

The sanction, however, was

criticized by environmentalists and academics, who called it too lenient.

"According to the Mineral and Coal Mining Law, the agency could have banned mining and revoked the company's mining license, to provide a deterrent effect," said Herdiansyah Hamzah, an environmentalist and lecturer at Mulawarman University's School of Social and Political Sciences, last week.

He referred to the law's article 151 point 2, which stipulates that a mining company that violates the law can be punished with a formal reprimand, temporary closure to part of or the whole mining site, or revocation of licenses. Herd-

iansyah also said there was a potential violation in the issuance of the company's mining permit, as it allegedly violated a forestry and environment regulation that requires a mining site to be located 500 m away from residential areas.

"Why was the license issued when the mine is that close to a residential area and the provincial road?"

Company representatives earlier said the mining site was located 200 m from the road.

East Kalimantan Mining Advocacy Network activist Pradarma Rupang said the sanction was in accordance with the law, but it should also have been applied to other mining companies operat-

ing in the area, as many also violate the distance requirement.

"The Energy and Mineral Resources Agency must check it. The safe distance for a mine from residential areas is a kilometer," Rupang said.

Adi Prayitno of RT 09 Kampung Jawa said a group calling itself the Communication Forum of Sanga Sanga Residents for the Environment, in which he is also a member, had long questioned the distance violations.

Adi said the group had sent letters to the Sanga Sanga district head, East Kalimantan administration's licensing division and energy and mineral resources agency.

"All gave no response."

East Kalimantan Energy and Mineral Resources Agency mineral and coal division head Baihaqi said the sanction was firm enough and had been considered thoroughly.

"If the license is revoked, it will cause chaos," he said, adding that many locals work for ABN while others make a living thanks to the company's activities, such as through catering businesses, staple food suppliers, shops or cell phone top-up services.

ABN said it accepted the sanctions.

"We will obey, whatever the sanction is," said the company's external manager Bambang Takariyanto.

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Lotte begins Cilegon plant construction

JAKARTA: Chemical manufacturer PT Lotte Chemical Indonesia, a subsidiary of LOTTE Chemical Titan Holding, which is listed on the Kuala Lumpur Stock Exchange, held a ground-breaking ceremony for the Lotte chemical Indonesia new ethylene (LINE) project in Cilegon, Banten, on Friday.

"The successful implementation of the LINE project will be a significant milestone for the LOTTE Group and the company's plans to be a top tier petrochemical company in Southeast Asia," said Lotte Group chairman Shin Dong-bin in a statement.

The LINE project, which includes a naphtha cracker and large-scale petrochemical complex that produces downstream products, is currently at the planning stage, the statement says, adding that the construction is expected to commence in 2019 or 2020 and be completed in 2023.

Lotte Chemical Corporation, LOTTE Chemical Titan Holding's parent company that owns 76 percent of the company, is a pioneer in the petrochemical industry and a leader in the development of South Korea's petrochemical industry.

"Indonesia imports more than 50 percent of its petrochemical products and hence the additional domestic production from LINE will improve the trade balance significantly," the statement said, adding that the LINE project will create jobs and significantly expand the plastic fabrication industry.

The event was attended by Industry Minister Airlangga Hartarto, Investment Coordinating Board head Thomas Lembong, South Korea Ambassador to Indonesia Kim Chang-beom, Lotte Group chairman Shin Dong Bin and Lotte Chemical Titan Holding independent chairman Abdul Rahman bin Mamat. — *JP*