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BI eyes 20% market share for sharia

JAKARTA: Bank Indonesia (BI) plans to see the market share of sharia finance rise to 20 percent by 2023 from its current share of 8 percent.

"The market share of sharia finance was long stuck at 5 percent, but with developments in various sectors in addition to sharia banking, like the issuance of sukuk [sharia bond] and other instruments, its share now touches 8 percent," said BI governor Perry Warjiyo in Surabaya, East Java, on Monday.

Perry said the 20 percent market share target could be reached through diversifying sharia financing instruments in the banking sector, the stock market and also the social religious sector such as *zakat* (alms) and *waqf* (charitable endowment).

The BI governor said that the issuance of sukuk to finance various infrastructure projects in the country had also helped boost the market share of sharia finance.

"Diversifying sharia financing instruments to finance economic development would help the sharia economy grow in the next five years," said Perry at a press conference on Indonesia's Sharia Economy Festival as quoted by *kompas.com*.

The central bank would soon issue the sharia financing instrument Sukuk Bank Indonesia to provide alternative financing in the sharia financial market, said Perry. — *Kompas*

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Govt to boost projects, except for railways

Riza Roidila Mufti

THE JAKARTA POST/JAKARTA

President Joko "Jokowi" Widodo has vowed to wrap up a number of ongoing infrastructure projects before ending his term next year, but businesspeople and experts have questioned the seemingly lack of will from the government to prioritize the development of railway networks that would help further cut logistics costs.

In a major event on Tuesday, Jokowi told hundreds of various stakeholders that there would be more projects to be completed by the end of this year and early 2019. For instance, the trans-Java toll road to connect Jakarta and Surabaya, East Java, which is scheduled to be fully built by the end of this year. Several dams have also been completed and are awaiting their official openings, he said.

Seventy-nine national strategic projects to be completed by September 2019

Railway projects see slower progress compared to other infrastructure

Other major projects include the Kuala Tanjung Port in North Sumatra and the Makassar New Port in South Sulawesi that are scheduled for completion and opening at the end of 2018 and early 2019.

Some of those are among the national strategic projects, with at least 79 construction projects to be completed before the end of the third quarter of 2019, according to data cited by Coordinating Economic Minister Darmin Nasution.

As of November, 36 national strategic projects had been completed out of a total of 223 listed, ranging from toll roads and airports to sea ports and dams.

The concept of a national strategic project was mandated by Presidential Regulation No. 3/2016, but the list has been adjusted several times with eliminations and additions. The current 223 national strategic projects and two programs need a total estimated investment of Rp 4.1 quadrillion (US\$285.04 billion).

While the government seems to be actively accelerating project development, industry players said the railway networks should not be left behind as businesses across the archipelago would need all available modes of transportation to help reduce the high logistics costs.

During a separate occasion re-

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cently, members of the Indonesian Employers Association (Apindo) expressed their hope the government would pay more attention to railway development. Wisnu, a member from Central Lampung, said that freight movers across Sumatra needed a railway network just like on Java as all commodities were still transported by road.

"The presence of toll roads would definitely help us, but is it possible that the logistics across Sumatra could be also accommodated by railway? So then we can shift from road to railway," he said.

According to government data, ongoing railway projects were 64.64 percent complete as of October, lower than other types of infrastructure, such as all sea transportation projects, which were 81.09 percent complete, and air transportation projects, which

were 65.36 percent finished.

Several ongoing railway projects include networks connecting Makassar and Pare-Pare in Sulawesi and Bandar Tinggi and Kuala Tanjung in Sumatra and the southern Java double track system.

Sulistyo Wimbo Hardjito, a member of the Indonesian Chamber of Commerce and Industry (Kadin), revealed cases in which freight delivery used railway networks in some areas where there were non-supportive bylaws. A case in point is Jebres Station in Surakarta, Central Java, which halts the unloading of freight from trains as the local administration prohibits the activity.

Another case of a railway project not being a priority, he said, occurred at the Merak train station in Banten that has to be relocated from the Merak Port be-

cause of a local bylaw.

Bhima Yudhistira, an economist at the Institute for the Development of Economics and Finance, concurred with industry players that the current infrastructure development was still oriented to improving people's mobility, rather than creating better logistics.

He said railway development could solve bottlenecks in logistics efficiency better than toll roads, as transportation by train could be connected directly with special economic zones and ports, such as those that focused on natural commodities, which still had weak transportation links.

Bhima said the main causes for the slower progress of railway development remained land clearing and a lack of adequate raw materials to support the projects across the country.

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ConocoPhillips, Pertamina, Repsol

eye mega gas block Corridor

Stefanno Reinard Sulaiman

THE JAKARTA POST/JAKARTA

Three energy giants, namely the current operator United States-based energy firm ConocoPhillips Indonesia (COPI), state energy holding company Pertamina and Spanish energy company Repsol, are eyeing the operations of South Sumatra's Corridor Block, the contract of which is set to expire in 2023.

The block's new contract will see the cost recovery scheme converted to the gross split scheme.

Newly appointed chairman of the Upstream Oil and Gas Regulatory Special Task Force (SKKMigas), Dwi Soetjipto, said on Tuesday that his team was evaluating

the proposals and would come up with a final decision next week. "Three energy firms have shown big interest [in the Corridor Block] and hopefully next week we will have the decision," he said.

The Corridor Block is one of the three blocks with contracts that the government has vowed to finalize before year-end, said Deputy Energy and Mineral Resources Minister Arcandra Tahar on the same day.

"[By year-end] we will close the deals for the Jabung, Rimau and Corridor blocks," he said. The contract of all three blocks are set to expire in 2023.

During his inauguration as the new chief of SKKMigas on Dec. 3, Dwi pledged to speed up a number of pending matters, including the

finalization of expiring contracts, which is under the authority of SKKMigas.

The former Pertamina president director also received a special instruction from Energy and Mineral Resources Minister Ignasius Jonan to ensure the smooth transition from the cost recovery to gross split scheme.

As of Tuesday, the contracts of at least 30 blocks have been converted to the gross split scheme, which was introduced in January 2017. The latest blocks that have had their contracts converted to the gross split scheme are East Sepinggan Block in East Kalimantan and Sengkang Block in South Sulawesi.

However, it is still unclear whether Repsol is proposing to be

the sole contractor or whether it would draw up a partnership with COPI, a scenario that was previously revealed by the Energy and Mineral Resources Ministry's director general for oil and gas, Djoko Siswanto, in September.

"Pertamina wants to be the single operator of the Corridor Block, while ConocoPhillips and Repsol have agreed to set up a partnership," he said at the time.

Repsol is not a new player in the block. It holds 36 percent participating interest in the Corridor Block, along with Pertamina at 10 percent and COPI at 54 percent.

Data from SKKMigas made public in June shows that gas lifting at the Corridor Block averaged 841 million metric standard cubic

feet per day (mmscfd), exceeding its full year target of 810 mmscfd.

Corridor's gas lifting was only below Pertamina's Mahakam Block in East Kalimantan averaging 916 mmscfd and British energy firm BP's Tangguh gas project in Papua at 1,049 mmscfd.

SKKMigas forecasted in June that until year-end, Corridor Block's gas lifting will stand at an average of 798 mmscfd.

According to ConocoPhillips' official website, the block is located in South Sumatra and covers a contract area of 2095 square kilometers. The production sharing contract was awarded in 1983 and expires in 2023, a 40-year contract under the cost recovery scheme.

The block comprises two on-

stream oil fields and seven natural gas fields. The oil-producing fields are Suban Baru and Rawa, and the principal gas fields are Suban, Sumpal and Dayung.

Furthermore, natural gas production from the block is mostly sold under long-term contracts to Singapore as well as the domestic market, to companies such as Singapore's Gas Supply Pte. Ltd., PT Chevron Pacific Indonesia and state-owned PT Perusahaan Gas Negara, according to Repsol and ConocoPhillips' official websites.

Djoko assured that Corridor Block's new contract would not affect existing gas sales and purchase agreements, saying that all agreements will be honored until the end of each contract.

Prabowo moves onto Jokowi's home turf

The Jakarta Post

JAKARTA

With the odds stacked against them, Prabowo Subianto and Sandiaga Uno have come up with a grand strategy to win April's presidential election — by focusing the fight in the one province where the incumbent candidate and his political party are virtually invincible: Central Java.

The province, with a population of more than 34 million, is the third-largest constituency after West Java and East Java.

For decades, it has been a stronghold of the Indonesian Democratic Party of Struggle (PDI-P), of which President Joko "Jokowi" Widodo is a member. It is also where the President started his meteoric political career as mayor of Surakarta.

The opposition announced its strategy as Jokowi appeared to have intensified his campaign in provinces outside Java such as West Nusa Tenggara (NTB), East Kalimantan and South Sumatra — the destinations of some of his working visits in recent months.

To challenge Jokowi on his turf, Prabowo and Sandiaga are planning to move their campaign's headquarters from Jakarta to Jokowi's hometown, Surakarta, said Nizar Zahro, a member of Prabowo's campaign team.

"The campaign headquarters will be moved to Surakarta along with all the staff. We want to be closer to the public so that we can disseminate our vision and programs swiftly."

Jokowi served as Surakarta mayor for two terms. The man

Prabowo camp moves base to Jokowi's hometown, Surakarta

Prabowo went on offensive after Jokowi attacked his strongholds: Analyst

is so popular in the city that he gained more than 90 percent of the vote to clinch his re-election as Surakarta mayor in 2010.

In Surakarta, the Prabowo camp has set a modest target: closing the gap with Jokowi.

The campaign, however, said it was confident it could take over the province from Jokowi and also from the PDI-P, citing its ability to give Central Java Governor Ganjar Pranowo a good fight in the June regional elections.

The opposition parties — the Gerindra Party, the National Mandate Party (PAN) and the Prosperous Justice Party (PKS) — and the National Awakening Party (PKB) joined forces to back former energy minister Sudirman Said to challenge incumbent Ganjar in the gubernatorial election.

Despite entering the race at the eleventh hour, Sudirman managed to secure 41 percent of the vote, beating the prediction of many pollsters he would only get less than 20 percent of the vote given Ganjar's popularity.

"We are confident we can gain more votes in Central Java if we move our home base to Surakarta. This is the most effective and revolutionary way," Nizar said.

Sudirman, who campaigns for the Prabowo-Sandiaga tick-

et, said that from now on, there would be more interactions, especially from Sandiaga, with people in Central Java.

The pair would go to various groups in the area, ranging from farmers, fishermen and laborers to teachers, housewives and youngsters, to hear their complaints, he said as quoted by *kompas.com*.

"If we look at the public atmosphere in Central Java, people want a change," he claimed.

Prabowo, however, is facing an uphill battle to take Central Java from the incumbent.

According to a Saiful Mujani Research and Consulting (SMRC) survey conducted shortly before the regional election in June, Prabowo's electability in Central Java was only 17 percent, a distant second to Jokowi's 74 percent.

It is unclear if Prabowo has been able to narrow the gap.

The latest survey conducted by *Kompas* daily only shows that Jokowi took the lead on Java island with 51 percent of the vote, followed by Prabowo with 31 percent. The rest of the respondents, about 21 percent, are undecided.

Nationwide, Jokowi has also remained in the lead.

An Indonesian Survey Circle (LSI) survey released in November showed that around 53 percent of voters said they would vote for Jokowi, while only 31 percent of them would vote for Prabowo. About 15 percent of voters remain undecided, the survey said.

SMRC executive director Djayadi Hanan said he believed the Prabowo camp was launching an offensive at the Jokowi camp's strongest defense by moving their

home base to Surakarta.

This move alone, he argued, was not necessarily going to be effective.

"They believe not all people in Central Java vote for Jokowi, considering the small vote gap between Sudirman and Ganjar [in the gubernatorial election]. Keep in mind that Said was paired with Ida Fauziah of the PKB, it cannot be claimed that it belongs to Gerindra and Sudirman himself," Djayadi said. Besides the PDI-P, he further explained, the PKB is also strong in Central Java.

"This is a strategic response to Jokowi, who has attacked Prabowo's strongholds, such as West Sumatra, Aceh, West Java, NTB, Riau, South Sumatra, Banten, South Kalimantan and Gorontalo. So, this is normal."

The Jokowi-Ma'ruf Amin campaign team responded coolly to its rival's strategy, saying that Central Java voters were loyal and politically and culturally closer to Jokowi than to Prabowo.

"Voters in Central Java share close political and cultural relations with Jokowi, who was one of the former mayors of [Surakarta] in Central Java," said PKB secretary general Abdul Kadir Karding. PDI-P executive Hendrawan Supratikno, meanwhile, said the opposition's move had energized them in facing the presidential and legislative elections.

"The PDI-P as the largest party in Central Java welcomes [the move]. We are given a boost to face the elections. All organizations affiliated with the party will be mobilized to carry out the party's assignments," he said. (ggq)

Govt rejects rebel group's demands

Marguerite Afra Sapiie

THE JAKARTA POST / JAKARTA

The government said on Wednesday that it would not respond to demands made by the separatist group believed to be responsible for a recent massacre in Papua.

An armed group linked to the Free Papua Movement (OPM) is thought to have killed some 17 workers employed by state-owned company PT Istaka Karya engaged in road construction in Nduga regency on Dec. 2.

In an open letter written on Dec. 10 the group demanded the government stop infrastructure projects in the province and grant the people of Papua the right to self-determination.

In the letter, which was signed by the commander of the National Liberation Army of West Papua (TPNPB), Teryanus Satto, the group claimed that Papuans did not need infrastructure development in the country's easternmost provinces of West Papua and Papua.

They demanded the right to self-determination and separation from Indonesia. The group told the government to stop infrastructure development in the region and withdraw security forces from Nduga. They also rejected any idea of holding a dialogue between Jakarta and the Papuans.

Cabinet Secretary Pramono Anung said the government regarded the welfare of the Papuan people as its highest priority at the moment and any group opposing infrastructure projects in the province was rejecting better

Govt says those who reject infrastructure in Papua, reject people's welfare

Local leaders, rights activists warn about violence in security operation

welfare for the people.

He said Papua needed infrastructure development to improve the livelihoods of the people of the region and anyone who thought otherwise did not want to see Papuans have a better quality of life.

"[Those who] claim that the people of Papua don't need better welfare, do not want Papuans' welfare to be improved," he said at the Presidential Palace.

The letter came as authorities continued to hunt down the gunmen from the TPNPB faction led by Egianus Kogoya, which claimed responsibility for the killing of the construction workers, who were assigned to work on a section of the trans-Papua road project.

"The war will not stop until TPNPB's demands and requests are fulfilled by the Indonesian government," the letter said.

Pramono said President Joko "Jokowi" Widodo was aware of the open letter demanding the right of Papuans to self-determination, but expressed doubts over who had sent it.

"[Jokowi] knows about [the letter]," said Pramono. "But we don't know the identity [of the writer] and pretty much anyone could

have written it."

Coordinating Political, Legal and Security Affairs Minister Wiranto said the government would not respond to demands from the rebel group, including accusations that the construction workers were members of the military.

"I don't discuss with criminals. They can claim anything. I will not respond," he said.

Wiranto said the government had the responsibility to protect Papua's residents and would not engage in discussions with the OPM.

"It is clear that they are criminals who have committed outrageous crimes against humanity. We must fight," he said.

Separately, local figures have voiced concerns over the security of residents fleeing their villages amid a security crackdown in the hunt for the rebel group.

Human rights activists have also reminded the government that a militaristic approach would not break the cycle of violence in the region, but would put civilians in danger both at the hands of the security forces and armed groups.

A joint police-military task force has been deployed to hunt down the perpetrators of the attack. The attack and the number of victims were not initially confirmed given the remoteness of the location, which has long been known as an area prone to separatist violence.

The team has so far recovered the bodies of 17 of those who were killed in the attack, while another four workers have been found alive. Another four workers remain unaccounted for. (gga)

Japan ready to help rebuild C. Sulawesi

PALU: The Japanese government, through its Liberal Democratic Party controlled parliament, has offered assistance to Central Sulawesi and its efforts to recover from the earthquake and tsunami that devastated Palu, Donggala and Sigi.

Central Sulawesi Governor Longki Djanggola said he had received the Japanese parliament's delegates, Teru Fukui and Tadahiko Ito, and a team from the Japan International Cooperation Agency (JICA) at his official residence on Sunday.

"We have cooperated with JICA to create the Palu city masterplan," Longki told *The Jakarta Post* Wednesday, expressing hope that the visit would result in a solution for the province to rehabilitate and recover from the disaster.

He said every country had experienced disaster, but what happened in Central Sulawesi was different, especially with the land liquefaction in Palu and Sigi. "This needs to be studied by experts," said Longki, adding that there was no mitigation system for land liquefaction.

He also expressed hope that researchers could make the studies a reference to prepare for a recovery action plan for Central Sulawesi and at the same time give protection to people through natural disaster mitigation.

"Hopefully the feasibility studies for the relocation sites prepared by the government, such as in Tondo, Duyu and Talise, can be accelerated so that both determining the location and the permanent housing development master plans can also be speeded up," Longki said.

Fukui said the delegates' visit with the JICA team was intended to collect information from people around the affected regions and collect data for their studies and surveys to prepare for the master plan.

"We have conducted studies to build this city ever stronger than before, aside from providing other aid such as temporary houses," Fukui said. — *JP*

Grab to lock horns with two unicorns next year

The Jakarta Post

JAKARTA

Singapore-based ride-hailing company Grab appears to be taking a more aggressive stance in capturing a bigger slice of the Indonesian market next year as it plans to become the “number one” online food delivery service and introduce an online travel service.

During a recent press briefing in Jakarta, Grab cofounder Hooi Ling Tan said the company planned to leverage its network of drivers and partners in over 500 Indonesian cities to expand its food delivery service.

The company will also partner with Booking Holdings Inc., the owner of online travel booking platforms *Booking.com* and *Agoda.com*, to offer services such as flight and accommodation booking.

Hooi Ling said the company’s food delivery service, GrabFood, was available in 139 Indonesian cities at present.

“Grab needs to be a Southeast Asian solution. We always knew that if we just focused on one country, Grab wouldn’t be what it is today,” she said in reference to the company’s position as the region’s leading ride-hailing company.

Company eyes top position for food delivery, plans online travel service

Ride-hailing app Go-Jek, online booking platform Traveloka two biggest competitors

“For next year, we will focus on Indonesia,” she said.

Indonesia is naturally a prime market for any tech-based company as it is Southeast Asia’s largest and fastest-growing digital economy, which is estimated to triple in value to US\$100 billion by 2025 from \$27 billion this year, according to a recent Google report.

Indonesia’s ride-hailing market, which includes food delivery, is expected to increase to \$14 billion in 2025 from \$3.7 billion this year, while its online travel market is expected to increase to \$25 billion from \$8.6 billion.

Expansion of the two services would pit Grab face-to-face with two Indonesian unicorns: online booking platform Traveloka and ride-hailing company Go-Jek with its equivalent Go-Food delivery service.

Indonesia is also where Grab

experiences the heaviest competition from Go-Jek, which commands an 80 percent market share of the domestic tech-based transportation industry, including food delivery and logistics, according to the Business Competition Supervisory Commission.

Furthermore, as of this year, Go-Jek has taken the battle into Grab territory as the company expanded into Southeast Asian countries such as Vietnam and Singapore. It is also expected to start operating in Thailand soon.

Meanwhile, Traveloka, which also has operations around Southeast Asia, holds over 50 percent of all Indonesian online travel-related purchases, according to a recent *Dailysocial.id* survey.

Grab, which entered Indonesia in 2014, has been expanding its driver network such that it now claims a 60 percent market share of all two-wheeled and 70 percent of four-wheeled app-based bookings, although Go-Jek dominates the overall tech-based transportation service industry.

Grab Indonesia managing director Ridzki Kramadibatra said the logical next step was to diversify the company’s services — becoming an “everyday super-app” — by cater-

ing to the daily needs of average urban-dwelling Indonesians, such as commuting, ordering food, shopping and sending packages.

As such, the company launched its GrabFood delivery service in 2016 and package delivery service GrabExpress in 2015 with considerable success. Grab currently has six submarkets.

Go-Jek, meanwhile, launched Go-Food in 2015 and packaged delivery service Go-Send in 2017. Go-Jek has operations in up to 21 sub-markets, including ultra-niche ones, such as on-demand beauty services and massages. Earlier this year, it launched its coupon marketplace Go-Deal.

Ridzki acknowledged that Grab was late into the food delivery game as it wanted to build an expansive transportation network before diversifying services. He said the new programs were expected to double overall revenue to \$2 billion next year.

Hooi Ling added that Grab also planned to work with Chinese health service platform Ping-An Good Doctor to offer, among other things, pharmaceutical delivery and doctor appointment bookings in Indonesia next year. **(nor)**