

Global risks burden on RI's trade deficit

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The government has vowed to ensure that its current policies will help reduce the country's trade deficit, which reached a record-breaking US\$2.05 billion in November, the highest since 2013.

Finance Minister Sri Mulyani Indrawati told reporters on Monday that the government would keep on intensifying the implementation of its current policies in combating the trade deficit, such as Finance Ministerial Regulation No. 110/2018, which imposed higher import taxes for 1,147 consumer goods.

"As for other sectors in both oil and gas and non-oil and gas, we need to take into account the domestic capability to come up with [import] substitutions, so we will focus on it," she said in Jakarta.

Sri Mulyani argued that the trade deficit was caused by external factors, saying that the economic slowdown in some of Indonesia's trade partners, such as its largest one, China, had affected their demand for Indonesian products.

"We have to look at it carefully. China's economic growth is being adjusted both because of its internal policies and the trade war [with the United States]," she said. "New markets [such as Latin America

Govt to intensify monitoring of new import tax rate, among other policies

Ballooning deficit largely due to external factors: Minister

and Africa], meanwhile, in this current economy, probably tend to be sluggish, so they have limited capability to absorb exports as well."

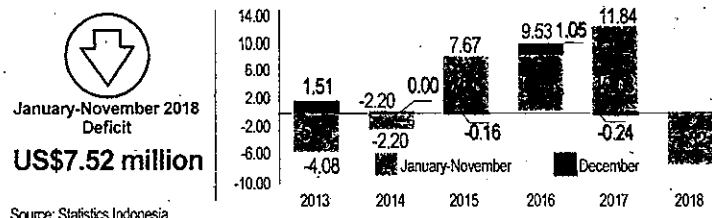
Her claim is backed by Statistics Indonesia (BPS) data showing that Indonesia's non-oil and gas exports to China had dropped by \$153.8 million in November, whereas in October, the figure increased by more than \$243 million.

Nevertheless, the Asian giant remains Indonesia's main export destination with year-to-date (ytd) exports reaching \$22.7 billion in November, along with the US and Japan at \$16.2 billion and \$15.1 billion, respectively.

The BPS announced on Monday that the November deficit had surpassed other big blows to the trade balance, such as in July and October when the balance hit negative \$2.03 billion and \$1.82 billion, respectively, bringing the ytd deficit to a staggering \$7.52 billion as of last month.

The oil and gas balance is also taking blame for the deficit de-

Balance of Trade January-November 2018 (In billion dollar)



spite the decline in global oil prices, BPS head Suhariyanto said in a press briefing.

He pointed out that in line with the global oil price indexes, Indonesia Crude Price (ICP) was recorded at \$62.98 per barrel in November, much lower than \$77.56 per barrel the month before.

While month-to-month (mtm) oil and gas imports declined 2.8 percent to \$2.84 billion, ytd oil and gas imports had increased by 22.16 percent to \$173.3 billion compared to last year.

"The cause of the deficit is not much different [than the previous months], because there was a ytd oil and gas deficit of \$12.21 billion, whereas non-oil and gas actually recorded a \$4.6 billion ytd surplus," Suhariyanto said.

The deficit is likely to put more pressure on Indonesia's current account deficit, which has swelled to 3.37 percent against gross domestic product (GDP) at \$8.85 billion in the third quarter of 2018, the highest for four years.

The heavy depreciation of the rupiah over the past few months had worsened the swelling current account deficit. On Monday, the rupiah strengthened slightly to Rp 14,580 per US dollar, from Rp 14,581 per US dollar a day earlier.

Overall, imports decreased 4.47 percent mtm to \$16.88 billion, while mtm exports declined 6.7 percent to \$14.83 billion last month. Year-on-year, meanwhile, exports declined 3.3 percent and imports went up 11.7 percent.

Bahana Sekuritas economist Satria Sambijantoro said in a research note on Monday that the latest trade deficit was mainly export-driven, rather than import-caused, adding that Indonesia might need higher interest rates to lure inflows and recover the current account deficit as well as the balance of payment.

However, he expected that Bank Indonesia (BI) would keep its interest rate unchanged at 6 percent this week.

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POLITICS

Security issues loom over 2019 elections

The Jakarta Post
JAKARTA

With four months left of the campaign period for the 2019 presidential election, Coordinating Political, Law and Security Minister Wiranto has given an assurance that security will be maintained nationwide in the midst of the political process.

"There have been some political incidents recently, which have disturbed the country's security and given us cause for concern, but we're here to fix all of these," he said on Monday.

Among the incidents referred to was the discovery of thousands of discarded e-ID cards in several areas across the country. Home Minister Tjahjo Kumolo has asked law enforcers to immediately destroy invalid and damaged e-ID cards.

In addition, a man was arrested for allegedly selling official blank e-ID cards earlier this month. The police said the advertising of the blank cards online turned out to be a prank.

"As facilitators of the election process, government bodies are doing their best to facilitate the polls. There's no need to speculate otherwise," Wiranto said.

Wiranto also highlighted the finding of 25 million duplicate voter names registered on the temporary voter list, which had been reported by the coalition supporting Gerindra Party chairman Prabowo Subianto. The coalition currently has a list of 137 million voters, fewer than the 185 million voters previously declared by the General Elections Commission (KPU).

"Now we have 192.8 million voters on our final voter list," Wiranto said.

On Dec. 11, individuals from the Prabowo-Sandiaga Uno campaign team posted the trending hashtag #TolakDPTSiluman on Twitter, which demanded that the government correct the voter list.

Supporters of the President Joko "Jokowi" Widodo-Ma'ruf Amin ticket responded coolly to the issue. "We should work together, supporters of both sides,

to encourage the KPU to guarantee our constitutional rights," secretary-general of the Indonesian Democratic Party of Struggle (PDI-P) Hasto Kristiyanto said, as quoted by *kompas.com*.

Wiranto also cited the vandalism of flags and banners of the Democratic Party in Pekanbaru, Riau, on Saturday, just as chairman Susilo Bambang Yudhoyono was visiting the city.

The Pekanbaru Police have named two suspects, identified as KS and MW.

Police apprehended the two suspects on Sunday after they were allegedly found tearing down flags in Tenayan Raya district.

Wiranto said he believed that the vandalism was carried out by individuals, without the knowledge of any political party leadership.

He added that President Jokowi had reminded state officials and law enforcers to remain impartial.

Djayadi Hanan, chief researcher at Saiful Mujani Research and Consulting said it was unlikely there would be security issues as long as the election commission and other election organizers worked professionally. So far, he said, no matters of serious concern had arisen.

"The scattered e-IDs and the questions surrounding the voter list have happened in Indonesia several times before. I think those issues have been resolved already. We have held elections thousands of times and have been relatively safe," he told *The Jakarta Post*.

A member of the campaign team for the Prabowo-Sandiaga ticket, Nizar Zahro said, however, that an election could be considered successful only if it passed off fairly and provided there were no more such issues.

"This is the responsibility of the government because if these cases are left unchecked, it could trigger dissatisfaction," Nizar said, adding that all these issues were a serious threat to democracy and the government should not finish the investigation until it found out who was behind them. (ggg)

West Java to depend on nonrenewable energy

Arya Dipa

THE JAKARTA POST/BANDUNG

Oil- and coal-based energy will remain the main energy resources in West Java according to the provincial administration's energy plan 2050, which has been passed into a bylaw. The bylaw stipulates that the province's energy consumption will include 26 percent oil and 29 percent coal.

The West Java Energy and Mineral Resources Agency forecast that by 2050, energy supplies will stand at 138 million tonnes of oil equivalent (mtoe), of which 28 percent will be renewable energy while the remaining 17 percent natural gas.

The agency's energy and mineral division head Tubagus Nugraha cited the limited number of clean-energy power plants as one of the main reasons for the rather slow shift to higher use of renewable energy.

"We have to continue increasing the use of clean energy because the existing oil wells will only last for 12 years," Tubagus told a discussion forum held in

Energy consumption to include 26 percent oil, 29 percent coal

Official said limited number of clean-energy power plants among reasons for slow shift to renewable energy

Bandung, West Java, recently.

He went on to say that, without development of new petroleum wells or other sources of alternative energy, the country's current nonrenewable energy sources will continue to decline and eventually run out. It is predicted that coal reserves will last 82 years while natural gas 35 years.

Indonesia's crude oil lifting continues to decline from the initial target, with the latest data from the country's upstream oil and gas regulator SKKMIgas revealing that Indonesia produced 771,000 barrels per day (bpd) in the first half of 2018, below the full-year target of 800,000 bpd.

Meanwhile, gas lifting fell 0.08 percent to 1.13 million barrels of

oil equivalent per day (boepd) within the first three months of this year.

Throughout 2017, Indonesia's oil lifting decreased by 2 percent to 803,847 bpd, while gas lifting plummeted by 5 percent to 1.14 million boepd.

Tubagus further said that based on 2015 data, energy use in West Java stood at 26 MTOE, including 35 percent of fossil fuel, 27 percent coal, 28 percent natural gas, and 10 percent renewable energy.

According to West Java's 2017 energy plan, renewable energy potential in the province includes water (2,861 megawatts), micro hydro (647 mw), geothermal (5,924 mw) and bio-mass (2,544 mw).

"The [national] potential may reach 441.7 gigawatts but we only produced 9.07 gigawatts, or about 2 percent," Tubagus said.

West Java is predicted to be able to produce 210-280 terawatt hours annually by installing 2,000 square kilometers of solar panels.

"It is enough to cover our energy consumption," he said, believing that in about seven years the

production cost of a solar power plant would be much lower than it is now.

Moreover, Energy and Mineral Resource Ministerial Regulation No 49/2018 allows the possibility for customers of state-owned electricity company PLN to install solar panels with the capacity of producing energy equivalent to the current installation at home.

A staff member at the Bandung Institute of Technology's Center for New and Renewable Energy Studies, Isnain Aliman, likewise said the energy source with the most potential in Indonesia was oil palm bio-mass, which could provide as much as 32.6 gw, but only some 0.4 percent has been exploited.

"The only problem is that oil palm [plantations] reduce forests," Isnain said.

Meanwhile, Meiki Pawendong of the Indonesian Forum for the Environment's (Walhi) advocacy and campaign division called on the government and local administrations to not only focus on material benefit when designing energy policy.

Beer pricier next year as tax raised

Marchio Irfan Gorbiano and Winny Tang

THE JAKARTA POST/JAKARTA

Beer drinkers will have to spend more to enjoy their favorite beverage next year as the government has issued a new excise rate for that particular alcoholic drink, while the levy for other categories of liquor remains unchanged.

The Finance Ministry recently issued Finance Ministerial Regulation (PMK) No. 158/2018 on the excise rate for ethyl alcohol as well as beverages and concentrates that contain ethyl alcohol that will come into effect on Jan. 1.

The new policy will increase the excise rate for class A beverages, or those that contain up to 5 percent of ethyl alcohol, including beer. The rate was raised by 15.3 percent to Rp 15,000 (US\$1.03) per liter for both local and foreign-made drinks, from Rp 13,000 per liter stipulated in a 2013 regulation.

On the other hand, the government has maintained excise rates for class B beverages, or those that have an ethyl alcohol content of between 5 and 20 percent, such as wine. There is also no change for class C beverages, or those that have a 20 percent ethyl alcohol content, like whiskey and vodka.

Nirwala Dwi Heryanto, the director for excise technicalities and facility at the Customs and Excise Directorate General, said on Monday that the decision to raise the excise for class A beverages was to adjust it with the annual inflation rate, pointing out that there had been no adjustment over the past few years.

Excise rate for class A alcohol, including beer, raised by 15.3%

No change in rates for wine, whiskey, other liquor

"[The class A excise hike] is only to adjust to the inflation rate. Meanwhile, beer producers have increased their retail prices every year," said Nirwala in Jakarta. "If the [excise] rate was maintained then the excise payment ratio to [producers'] revenues continue to dip, that is why we raised it."

As for the unchanged rate of class B and C beverages, he added that the government had increased import duties for the categories five times between 2016 and this year.

The government's decision was criticized by Bambang Britono, the executive committee member of the Indonesian Malt Beverage Producers Association (GIM-MI), who said it was untimely as the domestic industry had been struggling to recover from Trade Minister's Regulation No. 6/2015 that bans the sale of the class A beverages in minimarkets in almost all parts of the country, except several tourist destinations.

"The addition of the excise hike would create a double shock to the local beer industry, which of course will also have an impact on the demand [for beer]," added Bambang.

According to data from GIM-MI, the contribution of class A beverages, including local and imported ones, to alcoholic drinks' excise revenue had been steadily

decreasing.

Class A beverages contributed some 65 percent to the realized excise revenue from alcoholic drinks in 2014, or equal to Rp 3.41 trillion. Last year, the contribution only reached 58 percent, or equal to Rp 2.86 trillion, the data show.

Over the same period, the contribution of class B beverages to the total realized alcoholic drinks' excise revenue fell from 28 percent in 2014 to 34 percent last year. Meanwhile, the contribution of class C beverages also increased from 7 percent in 2014 to 12 percent last year.

The government has collected excise revenue worth Rp 5.86 trillion from alcoholic beverages from January to Dec. 14, or 90.21 percent of its Rp 6.5 trillion target as outlined in the 2018 state budget.

As distribution of goods remained the main problem for the industry, Bambang suggested that the government should regulate official beer retailers so as to ease the supply of beer on the market, while also maintaining control over the commodity.

The Finance Ministry's customs and excise director general, Heru Pambudi, said on Monday that it would continue joint efforts with the National Police and Indonesian Military (TNI) to curb illegal imports of alcohol into the country, which would also help local producers to fill the market demand.

He claimed that such a strategy had benefitted local alcoholic beverage producers, particularly those in the class B and C categories, by strengthening their foothold in the domestic market.