

# Halal tag upsets industry players

Dec 19, 2018  
JPST

Rachmadea Aisyah  
THE JAKARTA POST/JAKARTA

Players in food and beverage manufacturing, one of the fastest-growing industries in Indonesia, have expressed concern over mandatory halal certification that will be applied across sectors and goods next year, claiming that the policy would disrupt businesses.

Their concerns emerged following the issuance of Law No. 33/2014 on halal product guarantee, which was signed by former president Susilo Bambang Yudhoyono. It stipulates that all businesses in the food and beverage, medicine, chemical product, biological product and genetically modified product sectors should sign up for halal certification.

Following the issuance, all the aforementioned industries have to complete their certification process within five years after the law was issued, meaning that they have less than 11 months left to be certified.

Rachmat Hidayat, the vice chairman for public policy at the Indonesian Food and Beverage Producers Association (GAPM-MI), said on Tuesday that the government should take into account the fact that there were over 3.5 million food and beverage producers in Indonesia, many of whom were small and medium enterprises (SME), that have been queuing for months to obtain the halal certificate.

"These SMEs are burdened by the cost of the certification that they have to pay themselves, even though the government is the one who mandated it," Rachmat said.

He questioned why the certification law was imposed without exception on all industries, regardless of whether they were looking to claim their products as being halal and Muslim-friendly or not.

"That makes this halal certificate a license to operate, which means that people who do not have it are not allowed to do business," Rachmat said. "Then, only bigger companies that can afford the certification can run their business because smaller manufacturers will not be able to market their products."

He added that the idea of applying the certification without exceptions could actually defy the intended purpose of the law itself, which was to boost Indonesia's presence on the global halal supply chain map by offering more halal products.

"Foreign [food and beverage] companies that enter Indonesia are ready and able to afford the certification, whereas it is not always the case for local SMEs [...] this could lead to asymmetrical competition," said Rachmat.

The Indonesian Ulema Council's (MUI) Assessment Institute for Food, Drugs and Cosmetics

Mandatory halal certification to be applied next year

SMEs burdened by costs to obtain certificate

(LPPOM MUI) introduced an online halal certification service (CEROL-SS23000) in 2012.

According to the council, as of Dec. 18, the CEROL-SS23000 had issued almost 50,000 halal certificates to 46,217 companies from Indonesia and 47 other countries for 527,571 products.

The council claims that the efficiency of the certification process has also improved because now it only takes 41 business days to obtain a certification, compared to 79 last year.

The 2014 law on halal product guarantee mandates that the government establish a Halal Certification Agency (BPJPH) no later than three years after the enactment of the law and issue implementing regulations two years after its enactment.

The BPJPH was set up in October last year to oversee the halal certification process, which was previously handled solely by the MUI. However, none of the implementing regulations had been issued until now. According to the law, the regulations should have been issued in mid-October this year at the latest.

Despite the problems, National Development Planning Agency (Bappenas) head Bambang Brodjonegoro said the government remained optimistic about the prospect of a halal industry, adding that his office would issue a national master plan as a reference to boost the competitiveness of Indonesian halal products.

As a Muslim-majority country, Indonesia makes up around 10 percent of global halal product consumers, which reached 1.8 billion last year and is expected to grow to 2.2 billion in 2030.

Bappenas cited data showing that the annual global consumption of halal food reached US\$817 billion last year, with \$170 billion of it coming from Indonesia.

However, Indonesia was not even included as the top five halal product exporters, even in simpler sectors like food and cosmetics, compared to countries like Brazil, which is the largest poultry exporter to the Middle East, and Australia, the world's biggest halal beef producer.

"The halal industry has actually been trending among Indonesian manufacturers but because we [the government] have never really prepared a strategy nor encouraged them, we end up becoming net importers [of halal products] instead," Bambang said. "With more attention through this master plan, we hope to remedy it soon."

## PLASTIC TAX

# Excise plan to resume despite opposition

**Riska Rahman**

THE JAKARTA POST/JAKARTA

The government expects to finalize a regulation draft on single-use plastic bag excise before year-end so that it can be implemented next year, an official has said, but industry players insist the move will disrupt businesses and create extra production costs.

Nirwala Dwi Heryanto, the director of technicalities and excise facility at the Customs and Excise Directorate General, said on Tuesday that the plastic excise was part of the government's efforts to reduce the amount of single-use plastic waste. The excise is planned to be imposed only on single-use plastic with a thickness of less than 75 microns.

The government has planned that about Rp 500 billion (US\$34.5 million) out of the targeted Rp 165.5 trillion overall excise revenue next year would come from plastics.

It sees that applying excise could be a way to deter people from using single-use plastic bags.

A case in point where plastic bag waste had become a problem was at the Bantar Gebang landfill in Bekasi, West Java, which accounted for about 14 percent of total waste and growing, Nirwala said.

However, he denied that single-use plastic bag excise was aimed to boost excise growth in the state revenue.

"We're not looking to increase the state revenue from this excise but merely as a way to make people reduce the use of plastic bags that can harm our environment," Nirwala said during a panel discussion at the Office of the Coordinating Economic Minister in Jakarta.

A researcher from the Fiscal Policy Agency (BKF), Joko Tri Haryanto, agreed that excise could be a way to change people's behavior as higher prices for plastic bags could act as shock therapy for users, which would later force them to reduce or even abandon the use of plastic altogether in the future.

Center for Indonesia Tax Analysis (CITA) executive director Yustinus Prastowo said excising

plastics could also make Indonesia achieve what was called a double dividend, where the country could gain additional income, while saving the environment at the same time.

Before the excise could be implemented, Secretary to the Coordinating Economic Minister Susiwiyono Moegiarsa said related ministries and institutions, in this case the Finance Ministry and its Customs and Excise Directorate General, should create derivative regulations to support the policy.

However, industry players remained wary of the plan, adding that it could hinder economic and industry growth.

The Indonesian Olefin, Aromatic and Plastic Industry Association (Inaplas) said excising plastics would not tackle the problem of plastic waste in the country.

"Our main problem is not the use of plastic, but rather in the waste management system," its secretary-general, Fajar Budiono, said, adding that instead of applying excise for plastics, the government and citizens should practice

a better waste management system by sorting out waste for recycle purposes.

Industry Minister Airlangga Hartarto told *kompas.com* recently that excising plastic could weaken the country's competitiveness and lower national industry growth.

Fajar pointed out that weakening the plastic industry growth could drag down value-added tax (PPN) and income tax (PPH), so that state revenue would eventually be negatively affected.

Imposing excise on single-use plastic bags could also slowly strangle small- and medium-sized plastic industry players to death as they supplied about 60 percent of plastic bags used in traditional markets, he said.

Furthermore, he added, there was no substitute for single-use plastic bags that were as cheap and durable as the current ones. "Even if there is a new compostable plastic made from cassava, it's still very costly for retailers and it doesn't have the same durability as the high-density polyethylene [HDPE] bags."

Dec. 19, 2018

J. Post

## Firms fined for B20 fuel violation

JAKARTA: The Energy and Mineral Resources Ministry has laid a combined fine of Rp 360 billion (US\$24.83 million) against 11 companies for violating the distribution regulation on 20 percent blended biodiesel (B20).

The ministry's oil and gas director general, Djoko Siswanto, said recently that the B20 distribution violations were committed during the monthlong period after the B20 mandatory use policy came into effect in September.

"On Friday, I have signed the letters [fining the 11 companies]. Their combined fines amounts to Rp 360 billion," he said as quoted by *kontan.co.id*.

He said that the amount of the fines was calculated according to the Rp 6,000 per liter of biodiesel for slow or delayed distribution as stipulated in Energy and Mineral Resources Ministerial Regulation No. 41/2018.

Djoko declined to identify the companies, but he said that the violators included state-owned oil and gas holding company Pertamina and another state-owned company.

The ministry has allowed one week for each company to respond to the letters, and would not enforce the fines if the company could provide strong evidence showing that it had not violated the regulation. — *Kontan*

Dec 19, 2018

J. Post

## RI could go extinct if I lose: Prabowo

**JAKARTA:** In a speech made at the Gerindra Party National Conference in Bogor, West Java, on Monday, Gerindra chairman and presidential hopeful Prabowo Subianto told thousands of party members that Indonesia could go extinct if he did not prevail over President Joko "Jokowi" Widodo in the upcoming election.

"We must not lose. If we lose, this country could go extinct," he said. "Because the Indonesian elites are always disappointing, always failing to carry out the mandate given by the Indonesian people."

He said the country had been heading in the wrong direction for decades.

"If the same system continues, Indonesia will become weak. Indonesia will become even poorer, even more helpless and could even go extinct," he said.

The statement was met with criticism and derision from Prabowo's political opponents who said the former general's speech was an exaggeration and overly negative.

"Prabowo never repents. He's always trying to scare the people," Indonesian Solidarity Party (PSI) secretary-general and Jokowi-Ma'ruf Amin campaign team spokesman Raja Juli Antoni told *The Jakarta Post* on Tuesday. "What can be expected from a presidential candidate that can only spread fear and pessimism?"

Coordinating Political, Legal and Security Affairs Minister Wiranto said the public should not be alarmed by Prabowo's statement. —JP

# Bappenas to act as SDG financing hub

**Marchio Irfan Gorbiano**  
THE JAKARTA POST/JAKARTA

National Development Planning Board (Bappenas) head Bambang Brodjonegoro, offered on Tuesday a forward-looking vision in which the body would play a greater role in harnessing the largely untapped potential of non-government financing to achieve the Sustainable Development Goals (SDG).

Bambang said Bappenas could act as an SDG financing hub, which would coordinate, facilitate and synergize the financing of innovation for SDG-related projects in the country, considering the multiple channels of non-government financing that have yet to be fully tapped into such as crowdfunding, *zakat* (alms) and philanthropic funds, among other sources.

"Considering the various potential sources for [SDG] financing, particularly non-government [financing], Bappenas would like to offer to act as an SDG financing hub," he told a seminar on SDGs in Jakarta. "We would like to give ample room for anyone, both from the government or private sector, to produce new ideas for financing SDG-related projects."

The proposed role would complement Bappenas' current duties, which included deciding which government's projects should be financed with state budget funds and which projects should be financed with private capital under public private partnership (PPP) schemes, Bambang added.

In addition to fostering an environment conducive to developing innovative financing to achieve the SDGs, he said the proposed hub's role would also include matching the mobilized capital to certain projects that were considered in line with the SDGs.

Bambang emphasized the need to mobilize sources of funding from outside the state budget, considering the limited fiscal capability of the government to fulfill its obligations under the SDGs.

For example, the government needs US\$359.2 billion in investment for infrastructure development, which is one of the SDGs,

Bappenas looking at alternative sources for non-govt financing

Alternative sources include crowdfunding, 'zakat', philanthropy

between 2015 and 2019, of which it has only been able to cover \$148.2 billion, or 41.3 percent, according to data from the Center for Private Investment.

Bambang said that Bappenas was currently drafting the next Medium-Term Development Plan (RPJMN), a five-year national development plan that will span from 2020 to 2024, which would also contain the strategy to achieve the SDGs including potential sources of financing for the projects.

"In the [next] RPJMN it will be clear how much [investment] the government can provide to achieve the SDGs until 2024, and how much [investment] will be contributed from non-government [actors] from the private sector, civil society organizations and so on," he said.

Deputy country director of the United Nations Development Program (UNDP) Indonesia, Sophie Kemkhadze, said the "platform approach" was a way forward to achieve the SDGs, as neither governments nor private sector actors or civil society organizations could tackle the challenges independently of each other.

President of non-profit organization United in Diversity Mari Elka Pangestu said the long-term policy direction and certainty from the government would be vital to attract investment for SDG-related projects.

She said development priorities and long-term policy directions should be reflected in the government's budget and in its policies.

Mari said it was also important that the government be able to present to investors details on the impacts investing in SDG-related projects would bring.

"The impacts [from the investments] should be measured because investors also look at that," she said.