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Seven regions declare dengue emergency

Gemma Holliani Cahya
and Eva Aruperes

THE JAKARTA POST/JAKARTA/
MANADO

The Health Ministry has recorded a sudden spike in dengue fever cases in the last four weeks, with the death toll rising to 145 by Thursday afternoon.

Peak dengue transmission typically occurs during the rainy season, when the dengue-bearing *Aedes aegypti* mosquito is most active.

The figures have increased rapidly in the five days from Jan. 25 to 29, from the 9,634 cases and 110 dengue-related deaths the ministry recorded across 372 municipalities and regencies up until Jan. 25.

The ministry's data shows a total of 15,132 reported dengue fever cases from Jan. 1 to 31.

The highest number of deaths has been recorded in East Java with 52 deaths from 3,074 cases followed by West Java with 14 casualties from 2,204 cases, East Nusa Tenggara (NTT) with 13 deaths from 1,092 cases and North Sulawesi with 13 deaths from 1,071 cases.

"The number of cases could

Dengue death toll
reaches 145

This year's rainy season
to peak from January to
February

still rise," the ministry's director for vector-borne and zoonotic diseases, Siti Nadia Tarmizi, told *The Jakarta Post* on Thursday. "But hopefully, the increase will not be significant."

Siti said seven regions had declared a dengue emergency: North Minahasa, Minahasa and Tomohon regencies, as well as Manado and Kotamobagu cities in North Sulawesi; and Kupang city and West Manggarai regency in NTT. Kapuas regency in Central Kalimantan removed its emergency status on Thursday.

This was double the figure on Jan. 25, when only four regions had declared a dengue emergency.

Dengue emergency measures focus on intensifying vector control, including fogging and the use of larvicide.

The total number of dengue-related deaths this January is relatively high compared to the

43 deaths among 6,167 cases recorded in January 2018 and 87 deaths among 12,675 cases in January 2017.

Yet, January 2019's fatality number is lower compared with the 338 fatalities from 29,672 dengue cases recorded in the same period in 2016.

"Looking at the total number of cases [so far], everything is still under control. Even so, we are now on the alert," said Siti.

She said that controlling the adult and larval population of the *Aedes aegypti* mosquito was pivotal to preventing transmission of the dengue virus. She encouraged communities to stay alert and to use larvicides and the 3M "drain, cover, bury" method to eliminate standing water that was essential to the mosquito's life cycle.

The Meteorology, Climatology and Geophysics Agency's (BMKG) head of climate and air quality information, Siswanto, said that the rainy season could last into March.

"This year's rainy season will peak from January to February [nationwide], but high-intensity rainfall could continue until March," he told the *Post* on

Thursday.

In North Sulawesi, 1,071 dengue fever cases were recorded in 15 regencies and cities, including in the capital of Manado, where eight people were killed.

"We continue to coordinate with local health agencies and hospitals in 15 regencies and cities, and have opened dengue monitoring posts in certain areas," North Sulawesi Health Agency head of disease prevention and mitigation Steven Dandel said.

The agency has also distributed 10,000 larval traps to lower the mosquito population, while the military had provided folding cots for Kandouw General Hospital and Teling Hospital, according to Steven.

Marthen Sorongan, a parent of a child with dengue fever, said he took his son to a doctor after he showed a common symptom of dengue: a high fever for more than three days.

"The blood test results came back positive for dengue," Marthen said. "According to the doctor, the critical phase for dengue occurs from the fourth until sixth day of the first sign of illness."

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BANKING

RI set for mega bank shake-up in bid to create champion

Cindy Silviana

REUTERS/JAKARTA

Indonesia will finalize in May a plan to put four state banks under a holding company, marking the sector's biggest shake-up since the Asian financial crisis as authorities try to create a lending powerhouse in Southeast Asia's biggest economy.

PT Danareksa, a government-owned financial company, will be set up to act as a holding company, State-Owned Enterprises Minister Rini Soemarno told reporters on Wednesday.

The four banks are Bank Mandiri, Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI) and Bank Tabungan Negara (BTN). State pawnshop PT Pegadaian and state small business financing firm PT Permodalan Nasional Madani will also be under the holding company, she said.

Rini did not provide further

details on the holding company, which would oversee 40 percent of Indonesia's banking assets, worth hundreds of billions of dollars.

Officials have previously said that the aim of the holding company was to support the government's development agenda, including by encouraging infrastructure and lending for homes.

According to Deputy State-Owned Enterprises Minister Gatot Trihargo, Danareksa would help allocate capital amongst the lenders, either from dividend payments or from fund raising.

This could prove especially important for banks with tighter liquidity, such as BTN, Gatot said.

He told Reuters the government expects the holding company to be able to raise funds more successfully and improve its competitiveness versus its privately owned rivals.

Since 2017, the state-owned lenders have put their ATM and

EDC (electronic data capture) operations under one company called PT Jalin Pembayaran Nusantara.

"It's positive and would especially streamline their decision making process and give them better capabilities in terms in raising capital," Franky Rivani, an analyst at Kresna Securities, said of the holding company plan.

Some analysts, however, expressed worries it would come at the expense of private banks.

"Ultimately it might also make the Indonesian banking sector less attractive to other foreign banks to come here and invest in the Indonesian banking industry if they feel that perhaps the state-owned banks are too strong," said one financial adviser, who declined to be named because of the sensitivity of the matter.

Indonesia's banking industry offers some of the highest returns in the region with a net in-

terest margin, a key indicator of bank profitability, of around 5 to 6 percent. Peers in countries like Malaysia, Thailand and the Philippines have margins of between 1.5 to 3.6 percent.

Discussions on integrating state banks in Indonesia have gone on for years and previous plans touted have included directly merging the lenders, or their sharia banking units.

Banking shares were muted on Thursday in reaction to the announcement of the holding company. Some analysts highlighted Indonesia's mixed track record in creating regional powerhouses in various sectors from resources to cement.

"It's still too early to comment until it's formed and we see how the banks differentiate themselves under the holding company," said Bharat Joshi, a fund manager at Aberdeen Asset Management.

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FISCAL POLICY

More measures needed to manage current account deficit

**Riska Rahman and
Marchio Irfan Gorbiano**

THE JAKARTA POST/JAKARTA

The rupiah may have overcome its toughest period last year, but a problem still persists in the current account deficit, which could haunt the exchange rate if it is not managed this year, an analyst has warned.

The country's current account deficit swelled to US\$8.85 billion or 3.37 percent of gross domestic product (GDP) in the third quarter of 2018, its highest in four years.

The government's recent efforts to reduce the current account deficit by limiting imports and offering fiscal incentives were not enough, said Budi Hikmat, chief economist and investment strategist at Bahana TCW Investment Management.

Another key move was to boost the production of value-added products rather than merely relying on raw material exports, he said.

"We should start focusing our exports on producing more finished goods instead of exporting raw materials like coal and crude

palm oil," said Budi, adding that finished goods would always be in high demand despite the lower growth in global trade projected for this year.

Another way would be to boost the country's services sector through vocational training and tourism, he said. Vocational training programs could expand the skilled worker market and thus help drive the manufacturing sector.

As for tourism, Budi said improving the sector would attract more foreign visitors to the country and help increase foreign exchange earnings.

These combined efforts should contribute to managing the current account deficit in order to stabilize the rupiah and increase foreign investor confidence, he said.

"[Foreign investors] pay close attention to currency stability," he said. "So if the rupiah is stable, I am sure we will see more capital inflows in the future."

The rupiah exchange rate breached the psychological barrier of 15,000 per US dollar in October 2018 due to rising pressures on emerging markets. Neverthe-

less, the currency strengthened earlier this year as a result of better capital inflows.

The rupiah strengthened to 13,968 against the US dollar on Thursday, compared to 14,131 seen a day earlier, according to Bloomberg.

Budi said the rupiah would most likely regain its strength this year, as the greenback might be affected by slowed growth in the world's biggest economy, which recently experienced a prolonged government shutdown.

The current dovish stance of the United States Federal Reserve also influenced the rupiah's appreciation against the dollar, as global markets expected less monetary uncertainty in 2019, he added.

Under these circumstances, Budi believed the rupiah would hover at 14,000 to 14,800 per US dollar, well below the government's assumption of 15,000 per US dollar in the 2019 state budget.

Bank Indonesia (BI) Governor Perry Warjiyo also expressed his optimism for the rupiah given a favorable projection for the

Fed rate, which was expected to be raised only twice this year.

Another factor that could further strengthen the rupiah was rising investor confidence in the Indonesian economy, as seen in the influx of foreign funds in the portfolio and real sectors since the fourth quarter of 2018, said Perry.

BI recorded capital inflows of Rp 19.2 trillion (\$1.37 billion) in the equity and sovereign bond markets this year to Jan. 24. The bulk of the inflows helped boost the country's foreign exchange supply, he said.

Perry also said that the improved forex market — through the central bank's November 2018 introduction of domestic non-deliverable forwards (DNDF) — would positively impact the rupiah this year.

He stressed that Indonesia's macroeconomic indicators would continue to improve and positively affect the current account deficit.

BI projects the current account deficit to narrow this year to 2.5 percent of GDP, significantly lower than the 3 percent of GDP estimated in 2018.

Offline retailers call for equal treatment

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Winnie Tang

THE JAKARTA POST / JAKARTA

Offline retailers have called on the government to create an even playing field with their online counterparts as dwindling demand has had an impact on their sales, resulting in the closure of some big retail giants.

The newly announced e-commerce tax for online platforms was not sufficient to be classed as equal treatment with offline retailers, despite the government arguing so, said Tutum Rahanta, deputy chairman of the Indonesian Retailers Association.

"We think that the government has made an effort to support us. However, the e-commerce tax will only serve as an 'antidote'; it won't be enough to create equal

Government to tax transactions on e-commerce platforms

Offline retailers focus on better customer experiences, collaboration with e-commerce platforms

treatment [between offline and online businesses]," he told reporters in Jakarta on Wednesday.

The government will tax transactions on e-commerce platforms starting from April this year, as stipulated in Finance Ministerial Regulation No. 210/2018, in an effort to boost tax revenue and improve tax compliance.

Tutum said to ensure fairness, any rule that the government ap-

plies to offline stores had to also be applied to online platforms as well. For example, if products sold in offline stores needed to comply with Indonesian National Standards, then the same requirement must also be applied to products sold online, he said.

Another problem sounded out by the association was that many e-commerce businesses gave massive discounts to customers. As a result, products were often priced below the cost of manufacturing.

"Those kinds of practices [selling products below the cost of manufacturing] are dangerous," Tutum said. "If we as retailers, for instance, sell eggs in supermarkets below prices in traditional markets, the Business Competition Supervisory Commission will approach us. It is considered

predatory pricing according to government regulations."

Aggressive competition between online and offline retailers has caused retail giants to suffer huge losses. Recently, publicly listed retailer Hero Supermarket closed 26 of its stores and laid off 532 employees as part of its efficiency measures.

PT Central Retail Indonesia, the local operator of Thai retail giant Central Department Store, also announced the closure of its store in Neo Soho Mall in West Jakarta, which the company said was underperforming.

Sogo Indonesia CEO Handaka Santosa concurred that offline retailers were facing big challenges because of unequal treatment with online stores from the government.

✓ However, he emphasized that PT Panen Lestari Internusa, which operates Sogo department store, Seibu, Galeries Lafayette, Alun Alun Indonesia and other upscale brands, had still booked double-digit sales growth.

Handaka was confident that the company would achieve 15 percent sales growth this year compared to 2018, as it continues to provide a better customer experience in its stores as well as through collaborating with e-commerce platforms.

He believed that the opportunity to expand the offline retail business still existed because Indonesia had a population of over 260 million with increasing purchasing power.

"We will open a new Sogo department store in Medan [North Sumatra] in September this year,"

Handaka said, adding that the company managed 18 Sogo department stores.

The company also has its own online platform *mapemall.com*, although the contribution to its overall business was relatively small. Sogo department stores recorded sales of Rp 3.9 trillion (US\$279.1 million) last year, Handaka said.

Commenting on the call for equal treatment from offline retailers, Tatum Ona Kembara, vice president of growth at online retailer *blibli.com*, said the company had always followed the government's regulations, including the requirement for online sellers to provide their taxpayer or identity number.

"Offline retailers should make use of our online platforms to collaborate and expand their sales channels," she suggested.

KPU lists corruption convicts

Nurul Fitri Ramadhani
THE JAKARTA POST/JAKARTA

Golkar saddled with most former graft convicts
Candidate list for House of Representatives free of former graft convicts

Voters can now identify all graft-tainted legislative candidates as the General Elections Commission (KPU) has revealed a total of 49 corruption convicts who have served their sentences, but are running for public office.

Of the total number, 40 are running for regional legislative councils (DPRDs) at the provincial, regency and city levels, while the remaining are running for the Regional Representatives Council (DPD). None of them are running for any seats in the House of Representatives.

KPU commissioner Ilham Saputra said the commission published the list to fulfil the voters' right to know.

"We refer to articles 182 and 240 of the 2017 Elections Law, which require legislative candidates who have previously been convicted to announce [that fact] to the public," Ilham said on Thursday.

The 49 corruption ex-cons are members of 12 of the 16 political parties participating in the general election. The Golkar Party, the oldest political party in the country, has the most with eight candidates.

The leading opposition Gerindra Party, whose chairman Prabowo Subianto is running to be president, has six ex-con candidates, including Mohamad Taufik, who is a Jakarta city councilor and the chairman of the party's Jakarta chapter. He is believed to have wanted Jakarta's deputy governor position, which has been vacant since Sandiaga Uno stepped down last year to run with Prabowo in the presidential election, but the KPU had warned Gerindra to withdraw Taufik's candidacy.

The Hanura Party, led by Oesman Sapta Odang, President Joko "Jokowi" Widodo's close aide and the DPD speaker, has five corruption ex-cons on its candidate list. The Democratic Party, the National Mandate Party (PAN) and the new Berkarya Party back four such candidates each.

The Indonesian Justice and Unity Party (PKPI), the United Indonesia Party (Perindo) and the Garuda Party are each fielding two graft ex-cons, while the rul-

ing Indonesian Democratic Party of Struggle (PDI-P), the Islam-based Prosperous Justice Party (PKS) and the Crescent Star Party (PBB) each have one.

Only the National Awakening Party (PKB), the United Development Party (PPP), the NasDem Party and the Indonesian Solidarity Party (PSI) do not have any released corruption convicts on their lists.

Meutya Hafid, the chairwoman of Golkar's election body, said her party accepted the KPU's decision to publish the list and she was optimistic it would not negatively affect the party's electability.

"We're not worried about that because we don't have former corruption convicts running at the national level. We've got several names at the DPRD level; maybe that's because we did not have enough time to sort them out," she said.

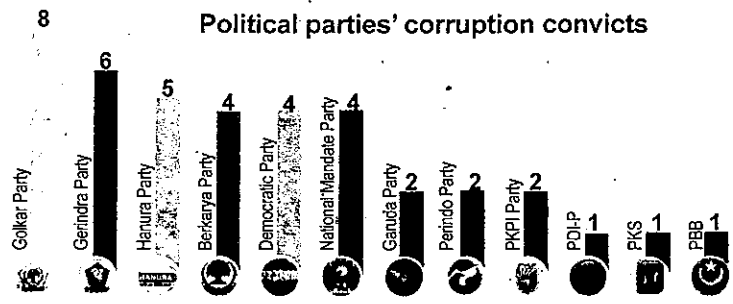
Gerindra, on the other hand, challenged the KPU to also announce which political parties currently have the most members involved in ongoing corruption cases.

"We call on the KPU to announce that so the public can see which parties are really committed to eradicating corruption. I can assure you that Prabowo has promised to send to jail the party members who are proven to be guilty in graft cases," Gerindra executive Andre Rosiade said.

Indonesian Parliament Watch (Formappi) researcher Lucius Karus said the new legislative candidates were supposed to bring fresh hope for people to fix the tainted images of the legislative bodies.

"Therefore, we expect that all voters will be wise when choosing candidates and prevent former corruption convicts from winning seats. Voting for candidates with corruption records means we can't get representatives with guaranteed integrity," Lucius said. (ggq)

Political parties' corruption convicts



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Vote against fraudsters



Among the more than 9,000 candidates running for seats in the national and local legislatures in the April elections, 49 are former graft convicts, according to the General Elections Commission (KPU). The KPU disclosed their names on Wednesday as part of its responsibility to inform citizens as much as possible about the track records of those seeking public office.

The 49 names are from 13 of the 17 political parties competing in the elections. They are able to run thanks to a Supreme Court ruling last year that favored former graft convicts aspiring for legislative seats despite public outrage. Former graft convicts are only required to publicly announce their criminal records.

The parties with no former graft convicts running as regional legislative councillors, House of Representatives lawmakers or Regional Representatives Council members are the National Awakening Party, the National Democrat Party, the United Development Party and the new Indonesian Solidarity Party.

The KPU's move to make public the names of legislative candidates with a record of corruption is perhaps a small step toward strict enforcement of the 2017 Elections Law, but a big leap for Indonesian democracy. Rather than public shaming, the announcement is part of much-needed political education — a responsibility that political parties have unfortunately failed to fulfil.

Article 240 of the Elections Law requires legislative candidates who have been convicted of graft to confess their checkered past to the public. The law encourages voters to exercise common sense in choosing the best men and women to represent them in the legislative councils.

Voting for legislative candidates because of sectarian reasons like religion and ethnicity is outdated. Track records, including conviction in graft cases, should be voters' primary consideration when they are about to punch the ballot papers.

Such a public announcement of a criminal record played a part in the defeat of a candidate in the election for the Semarang mayoral post in 2015. At the time, many voters might have believed the candidate had repented, but the majority refused to risk giving their mandate to a person who had served a jail sentence for defrauding taxpayers of their money for personal or other people's gain.

Corruption remains a major war the country has not won yet. Despite many in the executive, legislative and judiciary branches of power who have been brought to justice for graft, Indonesia is still perceived as one of the most corrupt nations. The country scored 38 of a possible 100 in the latest Corruption Perception Index released by the credible Berlin-based Transparency International.

Indonesia can prove the negative perceptions wrong if the nation gives its vote of no confidence to not only former graft convicts, but also other candidates who have been named corruption suspects or are under investigation for graft in the election. April 17 could serve as a test for whether the nation still tolerates, or at least remains silent about, acts of corruption.

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No big revenue from Freeport soon

JAKARTA: State-Owned Enterprises Minister Rini Soemarno has said the government does not expect big revenue from gold and copper miner PT Freeport Indonesia (PTFI) in the next three years, following a US\$3.85 billion divestment deal.

"In the next three years, the company will spend a lot of money. Therefore, the dividends [distributed to shareholders] will drop," Rini said in Jakarta on Wednesday as reported by *kompas.com*.

Under a deal with Freeport McMoRan signed in December 2018, state mining holding company PT Indonesia Asahan Aluminium, a representative of the government, managed to increase its shares in PTFI from 9.36 percent to 51.23 percent.

She said PTFI's profitability was set to drop in 2019, 2020 and 2021 because the company needed large amounts of funds for investments in at least two projects — the construction of a smelter and construction for an underground mining facility.

"We believe in the importance of smelter construction so that the concentrates could be processed domestically," Rini said, adding that the underground mining facility should be constructed because there would no longer be open-pit mining at the mining site in Mimika, Papua.

The minister, however, said that, in 2022, Indonesia would earn significant revenue.

She said a number of state-owned enterprises (SOEs) spent a lot on funding in 2016 and 2017, triggering slow growth in revenue. "Therefore, [the revenue increase] from the SOEs could only be seen in 2019. Freeport will be like that," she added. — *JP*.