

# RI-Oz ties begin new chapter with CEPA

Mar 5, 2019  
J Post

Dian Septiari

THE JAKARTA POST/JAKARTA

Indonesia and Australia's complicated relationship entered a new phase on Monday as the two countries signed a long-awaited trade deal after years of negotiation that survived, among other things, espionage, executions and a major change in Middle East policy.

Indonesian Trade Minister Enggartiasto Lukita and his Australian counterpart Simon Birmingham inked the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) in Jakarta on Monday after months of diplomatic tensions following a mooted plan by Australia to move its embassy to Jerusalem.

In a joint press briefing after the signing, Birmingham said the multibillion-dollar agreement would take Australian and Indonesian relations to a new level.

The deal sees Indonesia gradually eliminating 94 percent of tariffs on goods, giving Australia preferential treatment on inbound products including sugar, beef and dairy products. The deal will also allow Australian service providers in education, mining and health easier access to Southeast Asia's largest economy.

In exchange, Australia will scrap 100 percent of its tariffs on Indonesian products, allowing Indonesian textile and wooden furniture makers easier access to the Australian market.

"Economic relations will be much deeper, stronger and richer for both our nations, and in doing so will ensure our people-to-people ties, cultural diplomacy and understanding of one another will be reached, thanks to that enhanced business cooperation and trade activity," Birmingham said.

Bilateral trade was worth US\$8.6 billion last year, according to official figures.

Currently, Indonesian products entering Australia account for only 1.2 percent of the country's total global imports, while exports from Australia to Indonesia amount to just 3.1 percent of Indonesia's global imports share.

Under the new deal, the two countries will be able to combine their huge potential to transform their partnership into "an economic powerhouse", Enggar said.

The agreement will increase Indonesia's gross domestic product by 0.23 percent from the baseline scenario, according to a feasibility study conducted in 2008.

After the signing on Monday, the two countries aim to get the trade deal into force next year, pending ratification by the legislatures of both countries.

Vice President Jusuf Kalla, who witnessed the signing ceremony, remarked how the CEPA took nine years to complete.

"It's a very long time, we hope that [it will be a] very high-quality agreement between Indonesia and a win-win solution for both countries," he said in his speech.

Indonesia, Australia overcome years of tensions to sign FTA

CEPA expected to be ratified by end of year

In this extended period of time, Indonesia and Australia have had to endure a number of diplomatic spats, which involved issues that various pundits have summed up as "beef, boats and Bali".

Then prime minister Julia Gillard suspended live cattle exports to Indonesia amid domestic pressure in 2011. Australia had also "pushed back" boats full of asylum seekers to Jakarta's dismay.

Under President Joko "Jokowi" Widodo's administration, Indonesia also executed two Australians involved in the Bali Nine drug-smuggling ring in 2015, which caused indignation across the Arafura Sea.

Negotiations on the CEPA, which had started in November 2010, were effectively put on ice until they were revived again in March 2016 by Jokowi and then prime minister Malcolm Turnbull.

Even after negotiations were concluded in August last year, the deal was not immune to another last-minute delay. It was postponed again over a proposition made by current Australian Prime Minister Scott Morrison that Canberra might move its embassy from Tel Aviv to Jerusalem, sparking protest from Jakarta — a loyal supporter of Palestinian statehood and capital of the world's largest Muslim-majority country.

Morrison, who is due to face elections in a few months, first floated the proposal ahead of a by-election in Sydney in a constituency with a relatively large Jewish community, but the plan was delayed "until practical".

Experts have described the trade deal as good news as it opens up significant trade and business opportunities for both countries.

One prominent aspect of the deal is a commitment by both sides to complement their economies.

"This agreement will be unique in including special sections covering 'Non-Tariff Measures' aimed at initiatives to enhance capacity and build on the complementary aspects of our economies. This will enable Australia and Indonesia to be true partners in many ways, striving for the joint economic prosperity of both countries," said the Australia-Indonesia Business Council industry group in a statement.

## Australia's special commitments to Indonesia

- Easy access to Australian market for automotive products, especially electric and hybrid-power vehicles
- Increase of annual quota for work and holiday visas for Indonesians to 5,000
- More Australian investments in vocational training and higher education
- Annual internship placements at Australian companies for 200 Indonesians
- Exchange programs for skilled Indonesian workers to upgrade their specialties
- Plan for a mutual recognition agreement for engineering profession
- Various sectors such as agriculture (grain partnership, red meat partnership, food innovation center)

Mar. 5. 2019  
J. Post

## More investors apply for tax holiday

JAKARTA: The Investment Coordinating Board (BKPM) has said that more investors applied for tax holidays after the government relaxed the procedures for obtaining the fiscal incentive.

BKPM investment service deputy Husen Maulana said recently that before the tax holiday feature was included in the Online Single Submission (OSS) system, there had been eight investors — two Indonesians and six foreigners with total investments worth about Rp 45 trillion (US\$3.18 billion).

The two Indonesian investors plan to invest in electricity plants, while the six foreign investors plan to invest in metal manufacturing industries, electrical power plants and the chemical industry that sources its raw materials from oil, gas and coal.

"Meanwhile, there is one investor that had applied for a tax holiday through the OSS system, a foreign company, that runs an electrical power plant," Husen said as quoted by *kontan.co.id*, adding that the company plans to spend Rp 5.5 trillion on the project.

Taxpayers who wanted to apply for the tax holiday, are advised to access the OSS system because since the system was handed over to the BKPM, all licensing arrangements and tax holidays have to be processed through it. — *JP*

## DEMOCRACY

## Pollsters put Jokowi in pole position as election day approaches

Karina M. Tehusjarana

THE JAKARTA POST/JAKARTA

President Joko "Jokowi" Widodo maintains a comfortable lead over Gerindra Party chairman Prabowo Subianto coming into the final stretch of the 2019 presidential election, recent polls have indicated.

Since the presidential tickets were officially announced in August 2018, most polls have put Jokowi at an electability rate of around 53 to 60 percent, while Prabowo has languished in the mid-30s.

Jokowi won the 2014 election by 6.2 percentage points, but his lead over Prabowo has seemingly increased significantly since then. December surveys conducted by Jakarta-based pollsters Indikator Politik Indonesia and Charta Politika have Jokowi up by 20.1 and 19.1 percentage points, respectively.

The most recent poll, released by Australian market research company Roy Morgan on Friday, found that the Jokowi-Ma'ruf Amin pair was leading at 58 percent while the Prabowo-Sandiaga Uno pair was at 42 percent.

"The strong performance of the Indonesian economy over the last five years and the exceptional confidence expressed by everyday In-

donesians over the last year are certainly strong pointers to the success of President Jokowi's political leadership heading toward the April presidential election," Roy Morgan chief executive officer Michele Levine said in a statement.

Levine added that Jokowi was particularly strong in rural areas in Central Java, East Java, and Bali, as well as northern Sumatra.

Several polls also indicate that the Jokowi-Ma'ruf ticket has made inroads in Prabowo strongholds such as Banten and West Java, which the former general won by 19.6 and 14.2 percentage points in 2014, respectively.

Charta Politika executive director Yunarto Wijaya said Jokowi's choice of Muslim cleric Ma'ruf Amin as a running mate had been effective in countering the perception that Jokowi was "anti-Islam" in the two provinces, which are considered among the most religiously conservative in the country.

Although Ma'ruf does not provide much of an electoral incentive, his presence does help in minimizing the attacks against Jokowi," he told *The Jakarta Post* recently. He added that the Jokowi team as a whole had also been more aggressive in fighting back against "hoaxes" and attacks that cast as-

persions on his Muslim credentials.

Jokowi-Ma'ruf campaign team secretary Hasto Kristiyanto said the ticket's electability spiked after the second presidential debate last month.

Jokowi campaign spokesperson and Indonesia Solidarity Party secretary-general Raja Juli Antoni said the campaign was happy about the survey results but that it would not be complacent in the lead-up to election day.

"We hope *Pak* Jokowi's supporters do not become overly confident and get caught off-guard," he told the *Post* on Monday. "In these last 40 days, it's time for everyone to band together and ensure that Jokowi-Ma'ruf wins at every polling station across Indonesia."

The Prabowo-Sandiaga campaign team, however, contested the accuracy of the survey results, saying that its own internal polls indicated the race was much closer.

"Our internal surveys show that Jokowi-Ma'ruf's electability is trending downward while Prabowo-Sandi is trending upward due largely to *Pak* Sandi's campaigning," Prabowo campaign spokesman and Prosperous Justice Party executive Suhud Aliyudin said. "The difference is not too large and the race will likely be decided by swing voters."

# Miners call for more government support amid rising problems

**Stefanno Reinard Sulaiman**

THE JAKARTA POST/JAKARTA

A group of top executives of foreign and local mining firms gathered at a forum held at a five-star hotel in the heart of Jakarta recently, expressing their wishes that the government would do more to help their industry as several problems were left unsolved.

Deputy Energy and Mineral Resources Minister Arcandra Tahar gave an opening speech at the forum, saying that he was open to comments about any problems.

However, the CEOs only conveyed their comments after Arcandra left the building.

They mentioned three main hurdles in the mining industry right now: a lack of government attention to mining exploration, regulatory uncertainty and unfair fiscal treatment in terms of royalties for their commodities.

Each year, the government earmarks state funding for mining exploration in the budget of the Energy and Mineral Resources Ministry's Geology Agency.

However, data from the Indone-

incentives for vocational training and R&D activities. And it could be followed with a ministerial regulation, like tax deductions for any money you [private mining companies] spend on R&D," she told the audience at the forum.

MMII is working under state mining holding company PT Indonesia Asahan Aluminium, which officially became a major shareholder of gold and copper miner Freeport Indonesia in December 2018.

Exploration activities in mining remained few compared to other energy sectors, such as oil and gas, due to a number of problems and high level of complexity, said Fahmy Radhi, an energy and economic observer at Gadjah Mada University.

"There are three key barriers that still hamper investment for exploration in the mining sector, namely declining mining resources, regulatory hassle and resistance from environmentalists," he told *The Jakarta Post* recently on a separate occasion.

The government said earlier this year that the investment target for the mineral and coal sector

sian Geologists Association show that the country saw a drop in the amount of overall expenditure for exploration of mineral commodities, such as gold and copper. The number was recorded at US\$113 million in 2015, far lower than \$497 million in 2012.

"We don't have a big budget [for exploration from the government] [...] we have to start discussing with the government to ask for an increase, not only rely on the company [budget]," said Frans Kesuma, president director of local mining contractor firm PT Pama Persada.

Frans suggested that mining companies immediately discuss the issue with the government as relying mainly on the private sector for exploration was not sustainable, especially when a downturn hit the industry.

"If we only rely on [better] commodity prices [to pay for exploration activities], the budget surely will increase when the prices rise, but when the prices are down, the budget will automatically decrease as well," he said.

Boosting exploration in the

for 2019 was around \$6 billion, relatively flat compared to a year earlier. It will also highly depend on the success of mining auctions, which will involve at least 14 mining sites.

Regarding the issue of regulatory uncertainty, executives of mining companies said they often had to deal with problems surrounding forestry-related permits.

Publicly-listed miner Bumi Resources Minerals, for example, has always struggled when dealing with forestry-related permits. Its director Suseno Kramadibrata likened the process to struggles of "blood, sweat and tears".

As for fiscal treatment, Vale Indonesia president director Nicolas Kanter criticized the structure of royalties paid by his company for processed nickel and nickel ore. He argued that nickel miners such as his company were not treated fairly, and that the policy betrayed the government's mission to develop the downstream industry in the mineral sector.

Nicolas hinted that setting a lower royalty rate for nickel ores compared to processed ones would not help create added val-

ue for the commodity. mining sector is important to ensure adequate reserves in the future. Government data show that Indonesia's coal reserves, which stood at 26.2 billion tons as of March 2018, will deplete in about 50 years from now, assuming there is no new discovery of a reservoir.

Coal is expected to be the main energy source for Indonesia for over 30 years from now as the commodity will still be contributing more than 20 percent to the national energy mix.

Beyond coal, Indonesia still has big untapped resources of other minerals, such as nickel ore laterite, which will be an integral part in batteries for electric vehicles. The country had around 6.5 billion tons of reserves of the commodity in 2017.

Ratih Amri, executive director of mining think tank Mineral and Mining Industry Institute (MMII), acknowledged that research and development (R&D) was important for exploration activities, saying that the government was preparing an incentive to support that.

"I heard that there is a [proposed] presidential regulation on

ue for the commodity.

Government Regulation No. 9/2012 on types and tariffs for non-tax revenues under the Energy and Mineral Resources Ministry stipulates that each sale of nickel ore per ton is subject to 5 percent in royalties.

Each ton of processed nickel, namely nickel matte and ferro nickel, is subject to 4 percent in royalties from each sale, only 1 percent lower than the rate for ores or unprocessed nickels.

After a previous renegotiation with the government, Vale Indonesia is required to pay 2 percent in royalties.

"Based on the negotiation [with the government], we only pay 2 percent [for processed nickels], while for the ores, we pay 5 percent. So, does our country really encourage the [creation] of value-added [products]?"

Another blow for processed nickel occurred in 2017, when the government decided to scrap the ban on ore exports, including nickel ore. The ban was previously implemented to protect the products of mineral downstream industries.

Mar 5. 2019  
J. Post

## PTBA told to produce LPG substitute

JAKARTA: Energy and Mineral Resources Minister Ignasius Jonan has called on state-owned coal miner PT Bukit Asam (PTBA) to begin development of a downstream coal gasification industry to support efforts to reduce the country's imports of liquefied petroleum gas (LPG).

The minister directed PTBA president director Arviyan Arifin to turn solid coal into dimethyl ether and polypropylene, which can be used as a substitute for LPG.

"Pak Arviyan is smart. If it was only mining coal, that's not Pak Arviyan's job," Jonan said in Jakarta as quoted by *kontan.co.id* on Monday, adding that the government had issued a regulation to support the downstream coal industry.

"We are waiting for Pak Arviyan to become a pioneer in the development of the downstream industry."

He explained that the country imported 4.5 million to 4.7 million tons of LPG annually, which cost Rp 40 trillion (US\$2.82 billion) to Rp 50 trillion.

Jonan called on state-owned oil and gas holding company Pertamina to set a target to reduce LPG imports by at least 1 million tons, as the country had large reserves of coal. —JP

# Court rejects challenge to Batang Toru dam

Apriadi Gunawan  
and Kharishar Kahfi

THE JAKARTA POST/MEDAN/JAKARTA

The Medan State Administrative Court in North Sumatra has rejected a lawsuit filed by environmental group Indonesian Forum for the Environment (Walhi) against North Sumatra administration's decision to issue permits for a hydropower project in the Batang Toru ecosystem.

Environmentalists and activists have urged that the project, which is costing Rp 22 trillion (US\$1.5 billion), be scrapped because of its potential impact on the environment, especially on the critically endangered Tapanuli orangutans that live in and around the ecosystem.

The judges said the issuance of the permit, as well as a revised environmental impact analysis (Amdal) for the project, had passed the proper legal procedures and were in line with existing regulations.

"The judges reject every part of the plaintiff's lawsuit," presiding judge Jimmy C. Pardede said, reading the ruling during Monday's hearing.

In the lawsuit, Walhi argued that the permit issuance was problematic given the lack of dis-

Judges say issuance of permit in line with existing regulations

Walhi to take remaining legal measures available to appeal

cussion and participation from locals, as well as potential ecological problems caused by the hydropower dam. The location of the site is also prone to earthquakes, the group argued.

During previous hearings, local residents testified in the courtroom that the company had never informed them about the project.

Judge Selvie Ruthyaroodh, however, said during Monday's hearing that the bench regarded such testimonies as irrelevant to the case, because the residents lived in Batang Toru district rather than Marancar district, where the dam would be constructed.

Walhi lawyer Padian Adi Siregar lamented the judges' ruling. The residents who testified, he said, would also be affected by the project, as they lived downstream of the river used by the Batang Toru hydropower plant.

The court also rejected expert testimony submitted by the plaintiff that the location of the project

is on an active tectonic fault. The judges argued there were no restrictions on building a structure in the area.

Selvie added that the bench believed there had been sufficient studies on the project's effects on animals living around the dam, including the Tapanuli orangutan, and it was satisfied mitigation measures were in place.

Walhi, however, questioned this assertion as the company had not provided such studies as evidence during the hearings.

The Tapanuli orangutans, whose frizzier coats differentiate them from their Bornean and Sumatran counterparts, are threatened by poaching and illegal logging. The International Union for Conservation of Nature (IUCN) has included the species on its red list, classing it "critically endangered" as scientists have only recorded 800 of the species living in nature.

"We will file an appeal and take any other remaining legal measures available," Walhi's North Sumatra office director, Dana Prima Tarigan, said. He added that the verdict did not reflect justice or fairness for the environment.

Apart from the lawsuit, Walhi was also involved in a protest on March 1 with an international

network of activists against Bank of China, one of several international banks funding the project. The environmental group demanded the bank take concrete action by stopping its funding of the project because of its potential threat to the environment.

"Walhi believes this project is not in line with China's Belt and Road Initiative promoted by President Xi Jinping, as the project won't provide mutual benefit as promised by the Chinese government," the group wrote in a statement.

PT NSHE senior executive for external relations, Firman Taufick, lauded the court verdict, saying the company could now focus more on the construction of the power plant. The project, which will produce 510 megawatts of electricity for North Sumatra, has been touted as "environmentally friendly".

"PT NSHE asks for every element [of society] to support the construction of the power plant as it will provide clean electricity for the province," Firman said in a press briefing in Medan on Monday. He also asked all experts and academics to work together with the company to draft tangible programs to conserve the Batang Toru ecosystem.

# Integration of Dukuh Atas set to run smoothly

Mar 5, 20  
J. Pos

The Jakarta Post  
JAKARTA

The authorities have been readying the capital city's major transportation hub Dukuh Atas in South Jakarta as the MRT will soon be serving residents.

Dukuh Atas has been designated as the main transit point for passengers of six transportation modes namely the MRT, commuter line, airport train Railink, Transjakarta bus service and the future Light Rapid Transit (LRT) services of LRT Jakarta and LRT Jabodebek.

The former *duku* (lanzone) plantation will be the face of transportation integration in Jakarta marked with the operation of the Jakarta MRT, which is scheduled to begin running by the end of this month.

The operators of the services: PT MRT Jakarta, PT Kereta Commuter Indonesia which operates the commuter line, PT Transportasi Jakarta (Transjakarta), PT Railink along with the Jakarta Transportation Agency have forged cooperation to ensure smooth integration for passengers transiting in the hub.

"I hope we can smoothly manage the expected high number of passengers in the area. The first important thing is that we pedestrianize Jl. Kendal," Silvia said on Thursday.

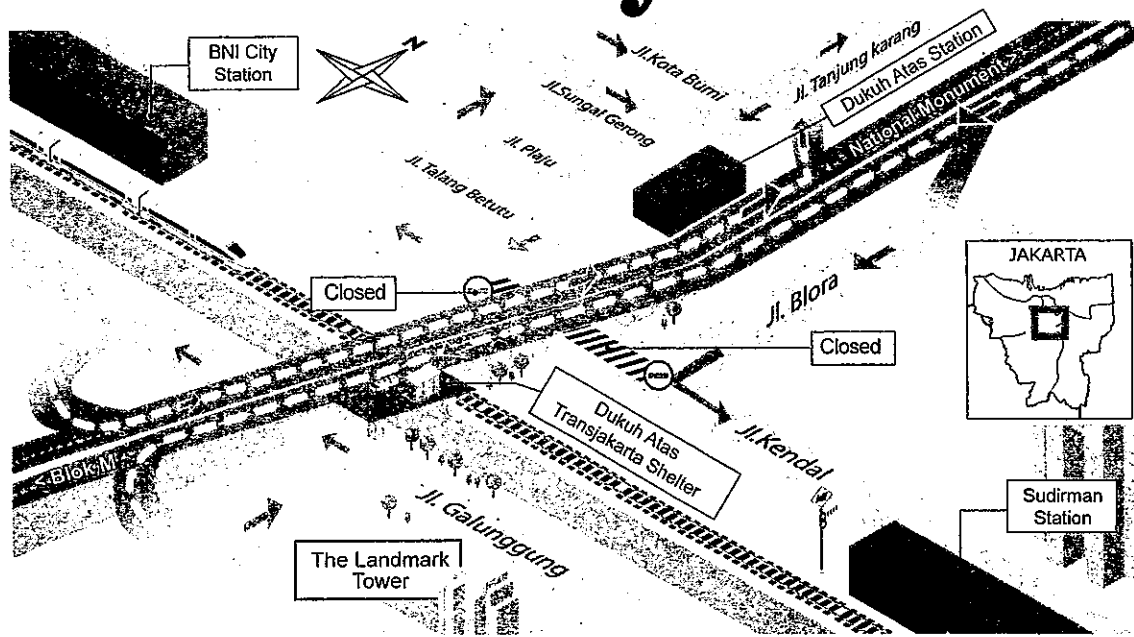
Jl. Kendal in Menteng, Central Jakarta is where Dukuh Atas MRT station is located.

There are currently three stations in Dukuh Atas. Besides the MRT station, there are also Sudirman Station for the commuter line and BNI City Station for airport train. The distance to walk from one station to another is less than 200 meters.

Acting head of the Jakarta Transportation Agency Sigit Wijatmiko said his agency had started blocking off roads on Sunday as part of traffic engineering for the area. The traffic measures will continue until further evaluation. The traffic management was aimed at facilitating better access for public transportation passengers, he said.

"All public transportation operators support the integration. We are ready to bring the spirit of integration to the community, and we will continue to evaluate it," Sigit said.

With the traffic rerouting, vehicles coming from Jl. Blora can only turn left onto Jl. Latuhar-



Authorities prepare Dukuh Atas as main transportation hub

Pedestrianization, bus feeder prepared to improve integration

hary as the right turn below the Sudirman flyover has been closed, preventing vehicles from making a U-turn under the flyover.

Vehicles passing Jl. Biora heading to the Hotel Indonesia traffic circle can go via Jl. Latuharhary and head toward the Landmark Building on Jl. Sudirman.

Rerouted traffic and sidewalk construction seemed to perplex riders on Monday morning, an online motorcycle taxi driver who often waits in Dukuh Atas said.

"There was congestion below the flyover this morning. I think it's because many people did not yet know about the sidewalk development, but it was normal again in the afternoon," he told *The Jakarta Post* on Monday.

Besides the traffic management, passengers can also rely on feeder buses provided by Transjakarta in the Dukuh Atas transit area.

"We will distribute passengers in three directions, to Kota in West Java and to Blok M and Kuningan in South Jakarta," PT Transjakarta operational director Daud Joseph.

The bus services, the fare for which is set at Rp 3,500 (25 US cents), will be available every 10 minutes.

"TransJakarta will later have a large bus turnout at Sudirman



**Step carefully:** Residents pass through an under-construction pedestrian walkway on Jl. Kendal, Menteng, Central Jakarta, on Monday. Starting from Monday, the tunnel on Jl. Kendal will be closed to vehicles and fully become a pedestrian area.

station," he added.

Sigit said the city administration would also prepare the former Biora Market area, located around 200 m from Dukuh Atas, for motorcycle taxis to wait for passengers.

"This will facilitate drivers and passengers as well as involving motorcycle taxis in the intermodal area," he said.

Both online and conventional motorcycle taxis have been blamed for traffic congestion near train stations, as many of them wait for passengers in groups at the side of the road.

Sandy Apriliansyah, coordinator of pedestrian rights group Pedestrian Coalition, said pedestri-

anizing was not enough to ensure a smooth integration at Dukuh Atas, considering this area would be a gathering point for many passengers of various transportation modes.

"We estimate that hundreds of thousands of pedestrians will overflow the area when the MRT is officially operating," Sandy told *the Post*.

Ideally, Sandy said, the area needed a "pedestrian plaza" to accommodate pedestrians, but he was aware that it was almost impossible due to limited space. Therefore, he suggested that authorities add more entrances to the stations to avoid passenger overcrowding. (gga)