

Capital inflows boost forex reserves

Marchio Irfan Gorbiano

THE JAKARTA POST/JAKARTA

The country's foreign exchange reserves continued on an upward trend in March on the back of an increase in foreign exchange receipts from the oil and gas sector and foreign portfolio investment, Bank Indonesia (BI) reported on Monday.

The foreign exchange reserves rose by US\$1.2 billion from \$123.3 billion at the end of February to \$124.5 billion by the end of March. The figure was the highest since the end of April, when the country's foreign exchange reserves totaled \$124.9 billion.

The central bank said March's foreign reserves were equal to seven months of imports, or 6.8 months of imports and payment of the government's short-term external debt, both of which are well above international adequacy standards of around three months of imports.

"BI estimates the foreign exchange reserves will be able to support the resiliency of the external sector while maintaining the stability of the macroeconomic and financial system," said BI spokesman Onny Widjanarko in a statement.

Going forward, the central bank believed the foreign exchange reserves would remain at an adequate level on the back of a positive outlook for the domestic economy, Onny added.

Center of Reform on Economics (CORE) Indonesia research director Piter Abdullah said the increase in the foreign exchange reserve level in March was owed, in particular, to the fact foreign exchange receipts, particularly from exports in the oil and gas sector, were larger than the amount of foreign currency spent to pay for government's short-term external debt.

He also attributed the increase in the foreign exchange reserves to a surge in the inflow of the foreign capital, which had begun returning to Indonesia at the end of last year thanks to the more dovish stance of the United States' Federal Reserve. In addition, he said, with the rupiah stable during the month, BI would not need to spend a large amount of its foreign exchange reserves to defend the currency.

"This condition will continue in line with the slowdown of the global economy, which encourages central banks, particularly the Fed, to tilt toward more dovish [monetary policy]," said Piter.

The Institute for Development of Economics and Finance (Indef) Bhima Yudhistira Adhinegara said the increased foreign capital inflow into the country, particularly to the sovereign bonds (SBN) market, had also helped boost the foreign exchange reserve level.

Forex reserves rose by US\$1.2 billion to \$124.5 billion in March

Forex reserves were equal to seven months of imports

Foreign investors attracted by high SDN yields: Indef

"There were significant foreign capital inflows [as foreign investors] eyed high SBN yields of around 7 to 8 percent," said Bhima. "The government has aggressively issued SBNs with high yields despite inflation remaining stable at around 3 percent. This is a strategy to build-up foreign exchange reserves."

Around 38 percent of rupiah denominated bonds are owned by nonresidents, according to Finance Ministry data, reflecting both the dependency of the country on external financing as well as the high demand of foreign investors for Indonesia's debt papers.

Bank Central Asia (BCA) chief economist David Sumual said the consistent build-up of foreign exchange reserves in the first quarter of this year could reflect a positive outlook for Indonesia's balance of payment position.

"Usually, when foreign exchange reserves increase the balance of payments is also positive," he said.

Indonesia recorded a \$5.4 billion balance of payments surplus in the fourth quarter of last year as inflows of foreign capital helped to cover for a widened current account deficit over the same period. The foreign exchange reserve level was also up to \$120.65 billion by the end of the fourth quarter last year.

David added that the imposition of Government Regulation (PP) No. 1/2019, which requires exporters of natural resource commodities to deposit their foreign exchange earnings in local banks — with added incentives in place if the earnings are converted to rupiah — had not significantly affected the country's foreign exchange reserve level.

In February, foreign exchange reserves were recorded at US\$123.3 billion, higher than the \$120.1 billion that was booked in January.

The increase of foreign exchange reserves was driven by the issuance of global *sukuk* (sharia-compliant bonds), as well as by foreign exchange receipts from the oil and gas sector, BI said in a statement.

The government had issued \$2 billion in global *sukuk* in February, which comprised a \$750 million green global *sukuk* with 5.5 years maturity and a \$1.25 billion *sukuk* with 10 years maturity.

Tax to take center stage in debate

Marchio Irfan Gorbiano

THE JAKARTA POST/JAKARTA

Taxation is expected to be one of the topics that could take center stage in the last presidential debate on April 13.

Among the expected issues to be raised during the fifth and last round of the presidential debates could be the separation of the Taxation Directorate General from the Finance Ministry.

Incumbent Joko "Jokowi" Widodo and his running mate Ma'ruf Amin, as well as presidential hopeful Prabowo Subianto and his partner Sandiaga Uno, will likely use most of the last debate to unveil their vision on how to use taxes for the maximum benefit of the people.

During the debate on Saturday, the presidential and vice-presidential candidates are to put forward their views on the economy, social welfare, finance, investment and industry.

At a recent campaign event in West Kalimantan, Sandiaga promised to separate the Taxation Directorate General from the Finance Ministry once elected to drive up state income from taxation.

"We will establish a special in-

Special tax body expected to bring greater flexibility, autonomy

Upgrade of tax office would allow greater flexibility in several key areas

stitution that will report directly to the president to increase state revenue," said Sandiaga as quoted by *kompas.com*, expressing hope that such a move would improve the tax to GDP ratio.

Sandiaga was highlighting the long-promised plan to establish a special taxation body similar to the United States' Internal Revenue Service, which is expected to bring greater flexibility and autonomy for the new body to chase recalcitrant taxpayers.

The establishment of a special tax institution with equal standing to the Finance Ministry was among the central issues being deliberated in the revision of the General Taxation System Law, which has been sitting with the House of Representative's National Legislative Program since 2015.

The separation of the Taxation Directorate General from the Fi-

nance Ministry was among President Joko "Jokowi" Widodo's campaign promises in 2014 and was included in his campaign's Nawa Cita (nine-point development program), said Jokowi-Ma'ruf campaign team spokesperson Mukhamad Misbakhun.

Misbakhun, who is also a member of House Commission XI overseeing financial affairs, said the relationship between the two institutions would remain strong despite the tax office's proposed elevation from the current directorate general level.

"Obviously there would be a strong relationship between the new [taxation] body and the Finance Ministry as the latter acts as state treasurer," said Misbakhun. "The revenue collected by the new taxation body would be directly deposited into the state treasury account overseen by the Finance Ministry."

Misbakhun argued that elevating the status of the Taxation Directorate General would allow greater flexibility for the body in several key areas, such as in tax collection and administration as well as mobilization and recruitment of its workforce.

Campaign team member for the Prabowo-Sandi ticket Har-

ryadin Mahardika said separately that the upgrade in status to a special taxation body would mean the body could quickly adjust its resources to better respond to the challenges of tax collection.

"The problem now is the lack of tax officials. The ratio between officials and the general population is low," said Harryadin.

He said ideally the number of tax officials could double to 90,000. More tax officials would help the authorities widen the tax base, as opposed to collecting from a narrow tax base colloquially known as "hunting in the zoo", said Harryadin.

The establishment of a new taxation body will be complemented by Prabowo-Sandiaga's promise to lower income taxes to between 7 and 8 percent, Harryadin added.

He also gave assurances that the establishment of a new taxation body would not translate into more bureaucratic hassles for business. "The separation [of the Taxation Directorate General from the Finance Ministry] will serve business interests as it will guarantee better services for taxpayers," said Harryadin.

However, Indonesian Employers Association chairman Hariyadi Sukamdani disagreed, arguing that the establishment of a new taxation body as an entity independent from the Finance Ministry would add another bureaucratic layer that businesses would have to deal with.

He instead argued that the current institutional format worked well for business. "It's already proven that under [Finance Minister] Sri Mulyani Indrawati customs and tax authorities could be synergized," he said. "If a new body will be established, it may complicate matters."

Managing partner of the Danny Darussalam Tax Center (DDTC) Darussalam said the separation of the taxation office from the Finance Ministry would allow greater discretion of the body over its organization, human resources and budgetary needs.

He added that the establishment of a new taxation body would reflect its important status in collecting the majority of revenue for the state's coffers. In the 2019 state budget, the tax office was expected to collect Rp 1.78 quadrillion (US\$125.72 billion) in taxes, or 72.5 percent of state revenue.

PRESIDENTIAL ELECTION

'Exclusive' rally splits Dems, Prabowo

Nurul Fitri Ramadhani

THE JAKARTA POST/JAKARTA

Just over a week before the presidential election on April 17, tensions within candidate Prabowo Subianto's camp have emerged following a rally that was marked by Islamic religious fervor.

The Democratic Party, one of the political parties supporting Prabowo's bid, expressed objections to the run up to and the taglines of Prabowo's campaign event on Sunday in Senayan, Jakarta.

The party's patron, Susilo Bambang Yudhoyono said in a written statement to three senior party officials that the rally was "too exclusive" because it was dominated by Islamic symbolism and activities.

Sunday's rally started early at 3 a.m., with the agenda including mass dawn prayers at the stadium, *zikir* (chanting), *munajat* (whispered prayers) and Quranic recitals. A number of Muslim figures, including chairman of hard-line group the Islam Defenders Front (FPI) Ahmad Shabri Lubis, the leader of the National Movement to Safeguard the Indonesian Ulema Council's Fatwa (GNPF-MUI), Bachtiar Nasir, as well as pro-Prabowo preacher Haikal Hassan had VIP slots in the rally.

The camp also used the tagline *#PutihkanGBK* and *#PutihkanJakarta*, which are calls to make Gelora Bung Karno (GBK) sports stadium and Jakarta white. The color is associated with Islamic attire, and was worn by most of the 100,000 Prabowo supporters who took part in the rally.

Prabowo's rival, President Joko "Jokowi" Widodo quickly used the issue to assert his commitment to religious diversity on his campaign trail in Kupang, East Nusa Tenggara (NTT), on Monday. NTT is a majority-Christian province.

"I agree that in every campaign, we have to emphasize our diversity and pluralism in a bid to maintain our unity," Jokowi said.

He promised that his events would always display the diversity of Indonesian culture. Jokowi's camp will hold a rally on April 13.

Democratic Party secretary general, Hinca Pandjaitan, said on Monday that Yudhoyono's statement voicing his concerns was supposed to be an internal party message. However, he did not deny that from the beginning, Yudhoyono had disagreed with *#PutihkanGBK* and the run-up to Prabowo's campaign event, because they were dominated by a demonstration of only one religion's symbolism.

"The phrase *#PutihkanGBK*

may refer to a certain religion. We believe that such a symbol would not unite us. Therefore [Yudhoyono] reminded us that we could have used another theme, which was not associated with certain religious symbols," Hinca told reporters.

Yudhoyono sent the internal message a day before the rally. He asked his party's senior officials, including Hinca, to deliver his concerns about the rally's preliminary events. Hinca conveyed them immediately to Prabowo, who accommodated the advice by inviting several non-Muslim individuals to speak on the stage, Hinca said. They were Benjamin Daniel Waroka, Haposan Batubara and Erwanto who represented Protestants, Catholics and Buddhists, respectively.

Hinca said Prabowo and his running mate Sandiaga Uno should thank Yudhoyono for the advice to uphold diversity and inclusiveness at the rally, otherwise it would have been dominated by one religion.

Andre Rosiade, a Gerindra Party executive, said that following the dawn prayers, after 7 a.m., the event embraced people from other religions too. He said the campaign really began at 7 a.m. "Representatives from all religions attended the rally. This was not exclusive but inclusive," An-

dre said after the rally. "Prabowo is a candidate for people of all religions, races and ethnic groups in Indonesia," Andre said.

Tension between the Democrats and Prabowo has been palpable on several occasions. Recently, the two sides argued about ministerial slots if Prabowo wins the election. Prabowo's brother, Hashim Djojohadikusumo said Prabowo would give ministerial positions to the National Mandate Party (PAN) and Prosperous Justice Party (PKS).

"The Democrat's [seats] are still not definite," Hashim said.

In response, the Democratic Party said the coalition should not talk about ministerial posts before polling day, because there was no guarantee that Prabowo would win the race.

Separately, Elections Supervisory Agency (Bawaslu) commissioner Ratna Dewi Pettalolo said the agency had found no indication of any violation in Prabowo's campaign rally.

"So far, we haven't found any violation except that a lot of people brought children. But we can understand that because maybe they had no-one to take care of the children at home," Ratna said.

— DJEMI AMNIFU CONTRIBUTED TO THIS REPORT FROM KUPANG, EAST NUSA TENGGARA

Presidential race hovers around religiosity

Marguerite Afra Sapiie and Nurul Fitri Ramadhani

THE JAKARTA POST / JAKARTA

For Nur Aini, voting for a pious Muslim candidate in the upcoming presidential election is important. Although she lives in a democratic country, Nur believes that as a Muslim, her religion serves as a guide for the election.

As her only options in the two-horse race are incumbent Joko "Jokowi" Widodo or challenger Prabowo Subianto — who are both Muslim — Nur said she looked at their backgrounds and supporting parties, among other things, to find out how religious they were.

Nur pointed out that she thought Jokowi's reelection bid was backed by more liberal parties such as the Indonesian Democratic Party of Struggle (PDI-P), while Prabowo's candidacy was backed by Muslim clerics.

"Knowing their track record is necessary, but it's more important to vote for a candidate with piety because a devoutly religious person would carry out the people's will," said the 25-year-old from Bekasi, West Java.

Not everyone, however, concurs with her. Chriseva Ankelita is among those who believes that the religiosity of a candidate does not matter as much as their capabilities, integrity and humanity to lead diverse communities in the nation.

For some, religiosity of candidates key factor in voting

Islamic card played by both Jokowi, Prabowo: Analysts

"There's no guarantee that a religious person can carry out his job properly and is not corrupt," Chriseva said, "I mean, in this country, even haj funds were embezzled."

In the world's third-largest democracy where Muslims account for nearly 90 percent of the country's 260 million citizens, court- ing the support of Muslims is believed to be key to winning the majority of votes in an election.

But rising conservatism among the middle class, especially after Islamist groups led a string of sectarian rallies to oppose then-Jakarta governor Basuki "Ahok" Tjahaja Purnama's candidacy in the 2017 Jakarta gubernatorial election, has turned the presidential race into what analysts call a holier-than-thou battle between candidates.

When Jokowi picked Ma'ruf Amin, a senior Muslim cleric who leads the Indonesian Ulema Council, as his running mate, critics said the incumbent was playing the Islamic card to preempt conservatives who questioned his religiosity.

Prabowo, meanwhile, received

the backing of Muslim clerics and activists united under the National Movement to Safeguard the Ulema Fatwa (GNPF), who also recommended other potential names to be his running mate before he picked Sandiaga Uno. The pair even signed an integrity pact with the GNPF — which played a key role in the sectarian rallies against Ahok — promising to uphold religious values and guarantee the return of Islam Defenders Front (FPI) firebrand leader Rizieq Shihab, who has been in self-exile in Saudi Arabia.

However, Islamist-based Crescent Star Party (PBB) chairman Yusril Ihza Mahendra — who supports Jokowi's reelection bid — recently revealed that Rizieq himself doubted Prabowo's piety, as the FPI leader allegedly questioned the former general on his knowledge of Islam. In the messages shown in screenshots of a conversation between the two in September 2018, which Yusril claimed to be authentic, Rizieq said he and his allies were in a dilemma because while they wanted to change the president, the alternative choice was PS — referring to Prabowo Subianto — whose running mate was not a cleric.

"We know that PS is weak on Islam and many in his circles are Islamophobic," Rizieq allegedly wrote in the conversation.

Jokowi, however, appears to have gained ground among more Muslim voters this year, as a re-

cent survey by Jakarta-based pollster Indikator Politik Indonesia showed that Jokowi's electability was higher among Muslim voters this year compared to the 2014 election, where Prabowo had the upper hand.

The survey revealed that Jokowi-Ma'ruf's electability among Muslims reached 50.9 percent compared to Prabowo-Sandiaga's 41.6 percent. However, Indikator's exit poll in the 2014 presidential election revealed that Prabowo led Muslim votes with 51.4 percent compared to Jokowi's 48.6 percent, *kompas.com* reported.

Indikator researcher Adam Kamil said the contributing factors to Jokowi's rise was his choice of Ma'ruf, who is also a senior figure of the nation's largest Islamic organization Nahdlatul Ulama, as well as the fact that another Islamist party, the United Development Party (PPP), had joined the ruling coalition.

Responding to the Yusril-Rizieq controversy, Prabowo campaign team official Ahmad Riza Patria said Prabowo himself did not take it too seriously and wanted all people to freely express their opinion.

"Prabowo doesn't care about that. He knows that he's not a *santri* (alumnus of an Islamic boarding school) or cleric, but he wants people to see his commitment to develop the nation and fight for the ummah [Islamic society]," Riza said.

Putting country above politics

Desperate times call for desperate measures. As the presidential election campaign enters its final stage this week, both candidates have redoubled their efforts to move the needle in their favor.

Incumbent President Joko "Jokowi" Widodo, eager to pull ahead in the public opinion polls, which he expects to translate into a wide margin of victory on April 17, has stepped up his campaign based on the achievements of his first term in office. In recent months, Jokowi has also made fresh pledges, including a pre-employment scheme that would provide benefits for job seekers and access to cheap basic commodities for the poor in the country. If implemented, those subsidies would surely add a new burden to the state budget.

The Gerindra Party's presidential candidate, Prabowo Subianto, desperate to play catch-up in the polls (he is now trailing Jokowi by 18 percent according to some pollsters), has in recent weeks ramped up his attacks on the incumbent. There have been efforts to attack Jokowi's performance on the economic front, but most of the time Prabowo and his team have focused on playing the identity and religion cards.

Nothing illustrates better how Prabowo plays the Islamic card than Sunday's open-air campaign at the Gelora Bung Karno Stadium. The event was thick with religious fervor right from the start when tens of thousands performed mass dawn prayers in the early hours, *zikir* and Quranic recitals. Other highlights from the event included the moment when Islam Defenders Front (FPI) leader Rizieq Shihab beamed his video message from Saudi Arabia calling for Muslims not to vote for any candidate who was a supporter of the now-defunct Indonesian Communist Party (PKI) and liberalism, a veiled attack against Jokowi.

In his speech, Prabowo did reiterate his commitment to Pancasila as the state ideology but the tone and theatrics from the campaign have alarmed many. Former president Susilo Bambang Yudhoyono would be the last person we would expect to deliver a criticism of the way Prabowo has played the religion card during this election, given the fact his Democratic Party is part of the opposition coalition and also because many have accused him of doing very little to deal with religious extremism while he was in power.

But on Sunday, Yudhoyono took the moral high ground and delivered a stinging rebuke to Prabowo. In a written statement he delivered from Singapore, where he is tending to his cancer-stricken wife, Yudhoyono called on Prabowo to stand for "unity in diversity" and said the campaign rally on Sunday did not reflect an inclusive national campaign.

In spite of (or perhaps because of) his stake in Prabowo's coalition, Yudhoyono's willingness to call a spade a spade is worthy of our praise. As national politics becomes more polarized and key political figures are forced to take sides, we need politicians who have the courage to stand up for the country's founding principles.

You may not like Yudhoyono's politics, but he did the right thing on Sunday. Any political candidates exploiting religion for a short-term gain should heed his call and start putting national unity above politics.

We may ruin our incredible democratic achievements since 1999

Dear readers, please read again *The Jakarta Post's* editorial of July 4, 2014. Entitled "Endorsing Jokowi", the editorial clearly elaborated this newspaper's reasons for voting against former Army general Prabowo Subianto. The editorial reminded the nation of the *Post's* commitment to democracy since the fall of Soeharto in 1998. The context of five years ago is not very different from that which Indonesia is currently facing.

We made a historic breakthrough in terms of democracy in 1999. In 2004, we held our first direct presidential election. It was won by former general Susilo Bambang Yudhoyono, who was reelected in 2009. The 2014 election divided the nation, up until now.

Next week's election is likely to be peaceful, but Indonesia faces a threat of recurring anti-democratic practices. Although the vast majority of Muslims are tolerant and democratic, the intolerant Islamic movement is feared to be more systemic.

It was a very historic moment for this newspaper five years ago

because the implications could have been very serious for this newspaper if Prabowo had won. Will this newspaper make such an endorsement again? Just continue subscribing if you want to know the answer!

Our editorial just five days before the July 9, 2014 presidential election shocked the public. This newspaper became the first Indonesian media outlet to openly support a presidential candidate in its editorial in a free general election. (Don't count the elections during Soeharto's 32-year rule, when the winners were decided long before the elections took place!)

The *Post's* main reasons for supporting the then-Jakarta governor were his opponent's track record on human rights, including the alleged kidnapping of prodemocracy activists and his close relationship with hard-line Islamic groups.

"We are encouraged that one candidate [Jokowi] has displayed a factual record of rejecting faith-based politics. At the same time we are horrified that the other [Prabowo] affiliates

Joko 'Jokowi' Widodo and Jusuf Kalla as president and vice president in the July 9 election. It is an endorsement we do not take lightly. But it is an endorsement we believe to be morally right," the editorial concluded.

Next week's election will be marked by many more hoaxes on social media, deeper distrust and even hatred between the respective presidential candidates' supporters. We are now strongly divided between pro-Jokowi groups, who tout his achievements while in office, and pro-Prabowo groups who raise new and old allegations against Jokowi and his administration.

Prabowo has also tried to discredit the General Elections Commission (KPU), even though despite its shortcomings the KPU has been very credible since 1999. If Prabowo loses against Jokowi again next week, it will be futile for his supporters to blame others for his failure. They did this in 2014, to no avail.

In countering his opponents, Jokowi, however, has accommodated various people's interests and aspirations, including in

picking his running mate Ma'ruf Amin, who is actually closer to the Muslim supporters of Prabowo.

So will it be an attractive rematch? Could Prabowo win this time? Most pollsters predict Jokowi will defeat Prabowo again. But never rule out the possibility that Prabowo will emerge the winner, no matter how small the chance.

But let's first look back at Indonesia's historic and incredible achievements in rebuilding democracy since June 7, 1999. We held our first democratic elections just one year after we forced an end to Soeharto's authoritarian rule. Historians note our first true elections were held in 1955, which few recall.

The election of June 7, 1999, was a completely peaceful, merry and fair "festival of democracy". At that time, there was global concern that Indonesia would become the next Yugoslavia or Soviet Union because most Indonesians had low education, hence democracy appeared to be too sophisticated for voters. But the world was totally wrong

COMMENTARY



Kornelius Purba
THE JAKARTA POST/
JAKARTA

himself with hard-line Islamic groups who would tear the secular nature of the country apart. Religious thugs who forward an intolerant agenda, running a campaign highlighting polarizing issues for short-term gain," the editorial said.

"Our democracy will not consolidate if people's mindsets remain wedged in a security approach, in which militarism is an ideal. A sense that one candidate tends to regard civilian supremacy as subordinate to military efficacy," it continued.

"Therefore, the *Post* feels obliged to openly declare its endorsement of the candidacy of

about us!

Will the 2019 election be our last democratic one?

I believe next week's election will be fair, democratic and peaceful, whoever the winner is. This will be our fifth general election in the last 20 years.

By April 18 we will know the winner of the rematch, at least from quick counts.

What if Jokowi wins? Those who cannot accept such a fact may still try to destabilize the government. They are not likely to wait until 2024 when Jokowi's term ends. This means democracy is in a danger and the whole nation may regret it one day.

What if Prabowo wins? I'm afraid this nation could return to the old practices of antidemocracy and intolerance. Hopefully I will be wrong.

I also hope neither candidate will repeat Prabowo's odd claim of five years ago when he declared himself the winner. Just a few minutes after his victory declaration, his supporters whispered to Prabowo, "The exit poll results we received were wrong, boss".

Three streams facing Indonesian Muslims: The pull of politics

Andar Nubowo and
Jefferson Ng

RSIS COMMENTARIES/SINGAPORE

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J.N.

Historically Islam in Indonesia has led to the birth of two mainstream Islamic organizations, Nahdlatul Ulama (NU) and Muhammadiyah. Both are considered the spiritual heirs of an inclusive version of Islam shaped by Javanese culture and modernism (in Muhammadiyah's case).

Indonesia watchers have meanwhile noted the re-emergence of Islamism as the third force in Indonesia's Muslim community since the early 1990s under then president Soeharto. These diverse groups share a common goal of instituting sharia in Indonesia and taking a stricter view of religious and cultural differences.

The ongoing presidential election, and the contestation between and within the three streams of Indonesian Muslims, reflect the fundamental divergence in the vision of the Indonesian state stretching back to the 1945 Jakarta Charter. Although the obligation for Muslims to abide by Islamic law was removed from Constitution, the basic contestation over the nature of the Indonesian Pancasila state remains. This historical lens provides a means to interpret the three different tendencies as presented below.

On Feb. 21, 2019, the Jakarta chapter of the Indonesian Ulema Council (MUI) organized a mass prayer event ("212 Munajat Night") at the National Monument Square (Monas). Attendees came together to pray and wish for a safe, peaceful, and harmonious general election.

The event was marked by the attendance of political figures from presidential aspirant Prabowo Subianto's coalition, including members of his campaign team and party. In addition, Islamic groups such as the Islam Defenders Front (IFI) and the Presidium Alumni 212, which had made clear their opposition to President Joko "Jokowi" Widodo, turned up.

The event clearly aimed to re-energize the Defending Islam coalition prior to the April elections by harking back to the original mass gathering at Monas known as Action 212 of Dec. 2, 2016). These Islamic activists are openly hostile to Jokowi for implementing "anti-Islamic" policies.

In their worldview, President Jokowi, who is the other presidential contender, had threatened their interests by "selling out" the country to non-Muslims. In that regard, their support for Prabowo is tactical.

The February prayer event underscored the broader phenomenon of the split in the Muslim voter base between Jokowi and Prabowo, with a strong correlation between political orientation and religious identity.

A recent survey by pollster Lingkaran Survei Indonesia (LSI) found that 57 percent of Muslims who saw Indonesia as a Pancasila state supported Jokowi; 54 percent of Muslims who believed that Indonesia should be an Islamic country supported Prabowo. Therefore, voting preferences highlighted the ongoing struggle between the two different visions of the Indonesian nation.

For instance, the nomination of Ma'ruf Amin as Jokowi's running mate was a blow to many of Jokowi's more liberal-minded supporters, who hold Ma'ruf responsible for the jailing of former Jakarta governor Basuki "Ahok" Tjahaja Purnama. Given his conservative track record, Jokowi's supporters also question Ma'ruf's ability to uphold Indonesia's religious diversity and pluralism. Ma'ruf was also deemed by Islamist and conservative groups to have crossed into Jokowi's camp and abandoned their cause.

There is thus a significant element of religious polarization. Yet, the fact that Jokowi also uses the Forum Betawi Rem-

pug (FBR), a pro-Jokowi Islamic group, to counteract IFI's influence and serve as election monitors, indicates that these divisions mainly reflect political preferences than divergences over religion.

Divisions have also emerged within NU and Muhammadiyah. Surveys indicate that Muhammadiyah members prefer the pair of Prabowo-Sandiaga and NU Jokowi-Ma'ruf Amin; but there are also subdivisions within the two organizations.

*Islamic activists
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Islamic" policies.*

For instance, some Muhammadiyah activists are actively developing and contributing to Jokowi's volunteer networks such as Rumah Indonesia Berkemajuan (House of Indonesia with Progress). On the other hand, Muhammadiyah supporters such as Aliansi Pencerah Indonesia (Alliance of Indonesian Enlighteners) work to support Prabowo-Sandiaga. Although Muhammadiyah is institutionally non-partisan, members are becoming more polarized than before.

The same polarization is also unfolding in NU between the "structural" and "cultural" NU clerics. The former group constitutes NU ulema embedded in official positions in the organization led by NU chairman Said Aqil Siradj, while the latter constitutes clerics culturally affiliated with NU but not involved in the actual organizational structure.

In some Central and East Java areas, prominent "cultural" clerics who view Jokowi as a danger to the future of NU, are critical of Said's leadership. Solahuddin Wahid, brother of the late president and NU leader Abdurrahman Wahid, whose lineage gives him influence, also criticized Said for being too deeply involved in the political game of the 2019 elections.

The three examples above indicate that political cleavages associated with the 2019 presidential election and the larger contention over the basic nature of the Indonesian state are widening the cracks within the Indonesian Muslim community. Divisions in NU and Muhammadiyah threaten the very foundation of Islamic moderation as exemplified by the two mainstream bodies — even if the differences are mainly political.

NU's clerics in Surakarta interviewed by RSIS' Indonesia Program stated: "This is a critical

time. If Jokowi-Ma'ruf loses, NU's tradition will be threatened by Islamic ideology seeking to replace the unitary state and Pancasila with sharia. If the time comes, NU will ally with nationalist people to thwart them, including those from Muhammadiyah."

It is interesting that Jokowi has both built a coalition threatened by growing conservatism while seeking to partially accommodate it through the selection of Ma'ruf and courting conservative ulema. Nonetheless, it reflects the basic Javanese disposition to assimilate and avoid open conflict.

The splits within the Indonesian Muslim community are highly likely to reflect both in the electoral voting patterns and the longer-term trajectory of Indonesia.

Muslim voters in this election would likely be swayed to a large extent by the presidential candidate best able to represent their vision of Indonesia.

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Golkar: Old political force stands test of time

Nurul Fitri Ramadhani

THE JAKARTA POST/JAKARTA

Established in October 1964, at the end of the leadership era of founding father Sukarno, Golkar has become the longest-lasting political party in the country. Strongly affiliated with the Army during its establishment, it started off as the Joint Secretariat of Functional Groups (Sekber Golkar), in which the founders gathered multiple civil organizations.

The group was formed in a bid to challenge the now-defunct Indonesian Communist Party (PKI) that was at that time considered to be gaining more power in the political and social spheres of the country, according to a history of the party published on its official website, *Golkar.or.id*.

It was meant as a non-political forum for 61 organizations that later developed into 291 group members including youth, farmers, laborers and women. The downfall of Sukarno marked by a failed coup attempt blamed on the PKI in September 1965 opened a path for the group to rise into the political arena.

The group, which later turned into the Golkar Party, officially took part in the election of 1971, the first one after Soeharto took over the presidency from Sukarno in 1967. In that election, Golkar came out as a winner followed it with a winning streak under Soeharto's dictatorship until 1997, garnering an average of 60 percent of the vote. The victories were made possible by policies Soeharto issued that benefitted Golkar.

However, Soeharto's fall from power in 1998 and the subsequent waves of demands for political and economic reforms forced Golkar to stand on its own two feet to win votes. In the 1999 general election, the first during the reform era, Golkar's support suffered a significant drop as it came out second behind the Indonesian Democratic Party of Struggle (PDI-P). One major cause of Golkar's electoral plunge was the termination of the Indonesian Military (TNI) and civil service party-membership blocks, which had formed two of the three mainstays of Golkar's membership, in addition to its strong affiliation with Soeharto's authoritarianism.

However, as an experienced political party, Golkar won back the national political crown in the 2004 elections.

The victory came under the leadership of Akbar Tandjung, who was Golkar chairman from 1998 to 2004. Although he took up his post at a most difficult time since he could only rely on the third element of Golkar, the functional group. Akbar managed to restore Golkar's supremacy in Indonesian politics.

As a senior party in the country's political landscape, Golkar has not only birthed prominent politicians, but also other political parties.



Golkar Party

Established Oct. 20, 1964.

Central Board

Chairman: Airlangga Hartarto

Secretary-general: Lodewijk F Paulus

Treasurer: Robert J Kardinal

Number of votes

2009	15 million (14.5 percent)
2014	18.4 million (14.8 percent)

Source: KPU

NasDem, the Hanura Party, the Gerindra Party and the new Berkarya Party are among the parties established by former Golkar officials.

In the December 2015 regional elections, however, Golkar faced yet another test as it suffered its worst political fall in its history, coming ninth out of the 12 political parties that ran candidates.

The first simultaneous regional elections were held in 256 regions, but Golkar only contested 116. All blamed the prolonged internal leadership dispute between two former chairmen, Aburizal Bakrie and Agung Laksono, as the main cause of the problem.

The party is also struggling to repair its reputation because since 2016 a number of its high-level politicians have been involved in graft cases. One of them was former chairman Setya Novanto, followed by former secretary-general Idrus Marham.

Just as it had ruled during the New Order regime, Golkar had always been part of a ruling coalition after *reformasi*. Golkar was in the camps supporting former presidents Abdurrahman Wahid, Megawati Soekarnoputri and Susilo Bambang Yudhoyono. Then, in the 2014 presidential election, Golkar endorsed candidate Prabowo Subianto, who lost to Joko "Jokowi" Widodo.

However, not long after Jokowi was elected Golkar jumped ship to join the ruling coalition led by PDI-P.

Ahead of the 2019 legislative and presidential elections, Golkar has been forced to focus on them without having one of its members contesting for the presidential post. A number of surveys mainly found that Golkar was always among the top three parties for support, after PDI-P and the opposition Gerindra.

Golkar executive Ace Hasan Syadzily said recently that the party had gone all out to attract voters for the legislative elections and expected to at least boost the number of votes it needed to compete against Gerindra in securing parliamentary seats.

"We do a 'micro-targeting' approach and intensive campaigns on social media. The legislative candidates are encouraged to make videos and distribute them through their personal social media accounts," Ace said.

No acquittal for 'adzan' complainer

Marguerite Afra Sapiie
and Apriadi Gunawan

THE JAKARTA POST / JAKARTA / MEDAN

In what seems to be yet another nail in the coffin of religious tolerance in the country, the Supreme Court has upheld the blasphemy verdict against a Buddhist woman who was convicted for complaining about the volume of the *adzan* (Islamic call to prayer).

In a ruling dated March 27 and posted on the court's website on Monday, the panel of justices rejected the appeal by Meiliana, a Chinese-Indonesian resident of Tanjungbalai, North Sumatra, and upheld her 18-month prison sentence.

Supreme Court spokesperson Abdullah confirmed the ruling, although he said that he did not yet know the justices' considerations in the case. "We are still waiting for the process to be completed," Abdullah said.

The case of Meiliana, who is the first person to have been sentenced to jail for complaining about the volume of a mosque's speakers, dated back to 2016 when she reportedly said the *adzan* was "too loud" and "hurt" her ears.

She asked a neighbor to lower the speaker's volume, but her private comment, which became the talk of residents in the following days, enraged Muslims who claimed to have been offended by her remarks.

Rumors quickly spread that a woman of Chinese descent wanted to "ban the *adzan*". It further snowballed and triggered a riot that saw a mob burn and destroy several Buddhist temples in the city.

The Supreme Court ruling met with immediate criticism from human rights groups, who argued that it further tarnished the reputation of Indonesia, a Muslim-majority country, which used to be beacon of tolerance.

Although the ruling was disappointing, it was predictable because no-one who has been charged with blasphemy in Indonesia has ever been acquitted, Amnesty International Indonesia executive director Usman Hamid said. "We always see

Supreme Court upholds sentence against resident who complained about 'adzan'

No blasphemy suspect ever acquitted in Indonesia: Amnesty

that in a blasphemy case in Indonesia, such as in Meiliana's case, the pressure from the masses usually determines the course of the ruling," Usman said.

He pointed out that the police charged Meiliana with blasphemy amid public pressure following the issuance of a fatwa by the North Sumatra chapter of the Indonesian Ulema Council (MUI), which deemed Meiliana's complaint "demeaning and insulting toward Islam".

Indonesia officially recognizes six religions, however, rising conservatism — coupled with the implementation of the Blasphemy Law — has seen people from minority religious groups fall victim to intolerance.

One of the most high-profile victims of the draconian law to date was former Jakarta governor Basuki Tjahaja Purnama, a Christian of Chinese descent, who was sentenced to jail for blasphemy following a string of sectarian rallies staged by Muslim conservatives.

Institute for Criminal Justice Reform (ICJR) executive director Anggara called the ruling a "bad precedent for freedom of expression and religion" in the country.

When Meiliana was sentenced to jail last year, executives of the country's two largest Islamic organizations, namely the Nahdlatul Ulama (NU) and Muhammadiyah, criticized the verdict, saying that such complaints should not be regarded as blasphemous.

Meiliana's lawyer Ranto Sibarani said he was surprised at the court's ruling as he expected the justices to grant the appeal, saying that there was no evidence that she had committed blasphemy or attempted to ban the *adzan* in Tanjungbalai.

DEBT PAPER

Shipping companies seek public funding

Riska Rahman

THE JAKARTA POST/JAKARTA

Publicly listed shipping companies are seeking extra funding through the issuance of bonds and other capital market instruments to finance their business-expansion projects.

Shipping companies PT Buana Lintas Lautan and PT Humpuss Intermoda Transportasi have each secured approval from their respective shareholders to issue rights shares and bonds to raise additional funds for financing their expansion projects this year.

During a general shareholders meeting on Thursday, Buana Lintas Lautan's shareholders approved the company's plan to issue rights shares to raise fresh funds for an expansion. Commercial director Henrianto Kuswendi said the company planned to issue 3.4 billion new shares, which will account for 31.78 percent of its enlarged shares.

"We expect to rake in Rp 935 billion [US\$66.12 million] from the rights issue, which will later be used to expand our fleet," he said, adding that he hoped the rights issue would be conducted next month after it received the green light from the Financial Services Authority (OJK).

He further explained that the company planned to buy 16 more oil and gas tankers this year as part of its plan to focus more on oil and gas transportation. Currently, the company owns 13 oil tankers, three gas tankers, one floating production storage and offloading (FPSO) unit and one chemical tanker.

He said about 25 percent of the company's total contract came from state-owned oil and gas company Pertamina and its affiliates, which contributed to the majority of the company's revenue.

Buana Lintas Lautan booked \$85.43 million in total revenue last year, up 31.25 percent year-on-year (yoy). Around 39.74 percent of the revenue came from its contract with Pertamina.

The increase in revenue, coupled with its efforts to reduce costs, allowed the company's profit to increase 58.16 percent to \$13.51 million last year.

Although it had set its eyes on expanding its oil and gas shipping business, Henrianto said the company was also open to expanding its business to ship minerals, particularly for coal, in the future.

Meanwhile, another publicly listed shipping company, PT Humpuss Intermoda Transportasi, also secured its shareholders' permission to seek funding through a bond issuance.

Chairman Theo Lekatompessy said his company was seeking Rp 1 trillion from bond issuances that would mostly involve the rupiah and the US dollar.

"Not all our projects are funded in rupiah, so we need to issue the bonds in both currencies," he explained on a separate occasion in Jakarta, adding that the bonds would be issued in stages in 2019 and 2020.

He said that, currently, the company's bond offering was being assessed by credit rating agency Fitch Ratings and hoped that it could be issued in the first half of this year.

Despite the fact that many investors have chosen to wait until the April 17 elections are over, Theo said he was confident that they would seek more investment opportunities this year as more than Rp 90 trillion of corporate bonds were due this year.

Some of the funds the company collected from the bonds, he said, would be used to finance its capital expenditure of \$82 million.

He said the money would be used to buy five new ships, comprising one oil and gas tanker, one chemical tanker, one dredger ship and two floating storage regasification units (FSRUs).

The FSRUs, he continued, would support the firm's liquefied natural gas (LNG) distribution business as it planned to expand to a new line of business of energy distribution in the long run.

The company currently holds a majority market share in the chemical and LNG shipping business in the country and holds less than a 5 percent market share in the oil shipping business.