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## Unemployment numbers fall to 6.82m

JAKARTA: Indonesia's open unemployment rate slightly dropped to 5.01 percent in February this year from 5.13 percent in the same month last year thanks partly to an increase in employee recruitment by the trade sector, according to the latest unemployment data released by Statistics Indonesia (BPS) on Monday.

The number of unemployed people fell by 50,000 to 6.82 million in February from 6.87 million in the same month last year. However, the unemployment rate in rural areas was 6.3 percent, almost double the rate in urban areas, which was only 3.45 percent.

Based on the level of education, graduates of vocational high schools contributed the most to February's unemployment with 8.63 percent, followed by associate degree (Diploma 3) holders with 6.89 percent.

BPS head Suhariyanto said the informal sector remained an important part of the workforce, accounting for 57.27 percent, 74.08 million people, of nationwide employment, despite a decline by 0.95 percent year-on-year. The BPS data also showed that the trade industry hired the most people in February last year with 920,000 workers, followed by the food and beverage sector with about 700,000.

On the other hand, in terms of business sectors, agriculture lost 590 workers or 1 percent within a year despite making up most of the national human resources with 29.46 percent. The workforce in government administrations, as well the information and communication sector, also decreased by 0.43 percent and 0.06 percent, respectively.

"We published a report on unemployment twice every year in February and August, but we avoid comparing the current figures with the ones from last August as there are seasonal changes, like the difference in crop seasons, affecting the workforce employment [in agriculture]," Suhariyanto said. — JP

# Reshuffle may take place in June: Palace

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Marguerite Afra Sapiie and Nurul Fitri Ramadhani

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The State Palace has given a strong indication that President Joko "Jokowi" Widodo — who is predicted to win a second term based on quick count results of the April 17 election — will reshuffle his Cabinet next month.

Presidential spokesperson Johan Budi confirmed on Tuesday that a Cabinet reshuffle may take place "sometime after the Idul Fitri holiday in June". Idul Fitri is expected to fall on June 4.

"There is a possibility [of a Cabinet shake-up]. After Idul Fitri. There is a possibility," Johan told *The Jakarta Post*.

Jokowi, who will end his first term in October, is believed to be planning a reshuffle for a number of reasons: to address concerns about a number of Cabinet members currently under investigation by the Corruption Eradication Commission (KPK), to accommodate members of the opposition camp who wish to join the ruling coalition and to provide a glimpse of his new Cabinet.

If the reshuffle did take place, it would be the fifth over the course of four-and-a-half years of Jokowi's administration.

Reorganizing his Cabinet members was the President's own prerogative, Johan asserted, adding that the reshuffle would be based on the result of evaluation of each minister's performance.

"If [Jokowi] concludes that a number of his ministers are not capable or are caught in criminal cases, the President would not even consider the fact that his administration would end within months to decide [on a reshuffle]," said Johan, a former KPK spokesman who is also seen as a

Presidential spokesman says reshuffle may take place after Idul Fitri

Parties asked to submit names to President

Jokowi could be trying to deflate opposition by taking Dems, PAN: Analyst

potential Cabinet member.

Speculation has been rife that a reshuffle would likely happen ever since the KPK delved into graft cases implicating three members of Jokowi's Cabinet.

They are Youth and Sports Minister Imam Nahrawi of the National Awakening Party (PKB), Religious Affairs Minister Lukman Hakim Saifuddin of the United Development Party (PPP) and Trade Minister Enggartiasto Lukita of the Golkar Party, all of whom are suspected of being involved in bribery, though in three separate cases.

Johan said that whether or not the ministers ended up being shown the door depended on the progress of investigation into their respective cases, particularly if the KPK had decided to press charges against them.

The President may also consider removing some of the six Cabinet members running for legislative seats in the recent election, raising further speculation that a cabinet shake-up would likely happen after the General Elections Commission (KPU) announced the final national vote tally of the presidential and legislative elections on May 22.

Among the ministers are Coordinating Human Development and Culture Minister Puan Maharani, Manpower Minister

Hanif Dhakiri and Lukman.

Members of the ruling coalition have confirmed that a reshuffle would take place before Jokowi's inauguration.

Three sources from three political parties within the ruling coalition — Golkar, the PPP and the PKB — said the President was waiting for the KPU to officially announce the results of the presidential election before reshuffling his Cabinet. Despite quick count results from credible pollsters concluding Jokowi was the election winner, his contender, Prabowo Subianto, has refused to concede defeat, citing massive and systematic election fraud.

A Golkar Party politician, who declined to be named due to the sensitivity of the matter, said the coalition members had been asked to submit several names to replace some serving ministers. Currently, Golkar holds three ministerial posts in the Cabinet, comprising party chairman Airlangga Hartarto as Industry Minister, Agus Gumiwang Kartasmita as Social Affairs Minister and senior politician Luhut Binsar Pandjaitan as Coordinating Maritime Affairs Minister.

"We have yet to prepare any names. It's Jokowi's prerogative."

A PPP politician who also requested anonymity said the Islamic party had yet to settle on a single name as a potential replacement for Lukman, but party acting chairman Suharso Monoarfa could be on the list.

"Besides him, we still have a number of prominent figures within the party," the politician said.

The sources said it was possible that Jokowi wanted to reshuffle his Cabinet to maintain "political stability" as several of his ministers had been implicat-

ed in corruption cases. They also did not rule out the possibility of Jokowi wanting to make way for members of the opposition camp to join the ruling coalition.

Jokowi has held meetings with high-profile members of the Democratic Party and the National Mandate Party (PAN), which backed Prabowo in the recent presidential election.

The meetings came amid calls from opposition figures to reject the election results by staging massive protests in Jakarta.

According to the sources, one post may be granted to Agus Harimurti, son of Democratic party chief patron and former president Susilo Bambang Yudhoyono. Last week, Agus met with Jokowi at the State Palace.

Other than Agus, among the new figures that may fill in the Cabinet positions are Jokowi's campaign chief Erick Thohir and former West Nusa Tenggara governor Muhammad Zainul Majdi, also known as Tuan Guru Bajang or TGB.

It is unclear if PAN would get a Cabinet seat, they said, because its chief patron, Amien Rais, is an outspoken critic of Jokowi who has called for "people power" to fight against what he has claimed was "election fraud".

Centre for Strategic and International Studies (CSIS) researcher Noory Okthariza said that a reshuffle in the near future would be a strategic decision for the stability of Jokowi's Cabinet since the ministers were currently in the "wait and see" state as they wondered whether or not they would continue to work with the President or not.

"If Jokowi could make a decision [on the reshuffle] immediately, it would create certainty for the cabinet members themselves," Noory said.

He went on to say that Jokowi's move to approach PAN and the Democrats appeared as a tactic to deflate rival Prabowo and his supporters, who have prepared to challenge the election results.

"Whether or not [PAN and the Dems] will join the coalition is yet to be decided, but the most important thing is to create a signal that there is friction in Prabowo's coalition," he said.



JP/Wendra Ajisetyatama

Muhammad Zainul Majdi



JP/Wiendra Parwitasari

Erick Thohir



JP/Seto Wardhana

Agus Harimurti Yudhoyono

# The challenges awaiting President Jokowi in second term

Dendi Ramdani

JAKARTA

There is little doubt that President Joko "Jokowi" Widodo will be reelected, as quick counts by credible political survey institutes, such as Indo Barometer, LSI Denny J.A., Charta Politika, Poltracking and Median, suggest that Jokowi and his running mate, Ma'ruf Amin, won the recent presidential election with 55 percent of the vote against 45 percent for Prabowo Subianto and Sandiaga Uno.

Meanwhile, according to the official count as of Monday, which now includes 67.7 percent of total votes, Jokowi won 58.4 million votes (56.3 percent) and Prabowo got 45.3 million votes (43.7 percent). With about 13 million votes not yet counted, the final official result will not differ much from the results of the count thus far.

Here, we will outline the key challenges that lie ahead for President Jokowi to take on in his second five-year term. As a continuity of what he has been

## mandiri

doing is an important issue to ensure that the development can be carried out smoothly.

In my opinion, several challenges have to be dealt with to make Indonesia better in the long run. Indeed, we should pay more attention to resolving the long-term structural challenges in the near future. Otherwise, we will face fundamental problems, such as stagnant and low economic growth, the middle-income trap, chronic poverty, severe income disparity between groups and regional disparity.

One of the key challenges for the Indonesian economy is that the demographic bonus will end within 15 years. That means that after that period, a large proportion of the population will consist of old and unproductive people, while young people only make up a small fraction of the population.

ensuring the availability of skilled labor outside Java.

The third challenge is to improve governance and institutional quality in the country, which includes things like the quality of the bureaucracy and regulations, the effectiveness of government, control of corruption and the rule of law.

It is important to improve governance and institutional capacity and to create a more conducive business environment to attract more investment and increase business activities. In the last five years of President Jokowi's administration, Indonesia's ranking in the World Bank's Ease of Doing Business Index has increased significantly, rising from 120<sup>th</sup> place in 2014 to 73<sup>rd</sup> in 2019. Despite the improvement, Indonesia still ranks lower than neighbouring countries, such as Vietnam (69<sup>th</sup>), Thailand (27<sup>th</sup>), Malaysia (15<sup>th</sup>) and Singapore (second place).

The fourth challenge is to continue to develop infrastructure. To date, President Jokowi, in his first term, has developed

infrastructure not only on Java but also outside Java. That is an incredibly remarkable achievement in the relatively short period of time. The infrastructure development program should continue in his second term, but with some improvements to ensure that infrastructure is more integrated with regional development and local economic activities, such as manufacturing, agriculture and tourism. Linking infrastructure and regional development is vital in order to create a strong multiplier effect of the infrastructure on regional economic activity.

The fifth challenge is to boost industrialization. To date, Indonesia's economy is highly dependent on commodities like crude palm oil, coal, copper, rubber, oil and gas, which dominate export revenue. That means the economy is highly vulnerable to commodity price fluctuation.

Since the commodity boom ended in 2015, Indonesia's economic growth has stagnated at 5 percent. It is very difficult for the country to accelerate economic

Accordingly, there will be an increase in the financial burden to take care of the old people who are no longer productive. Extra spending is needed to provide healthcare services, friendly housing and public infrastructure specially built for older people. Ageing is unavoidable, but preparation for it is essential to anticipate problems that could cause a decline in the quality of living.

The second challenge is the income gap and regional disparity. These disparities are a serious problem, because they could generate social problems. To reduce the income gap, the government should continue and improve subsidy programs for the poor. In particular, the government should develop a better database of the poor to ensure allocated subsidies reach the targeted recipients. As for regional disparity, the economy is heavily dominated by Java Island, which accounts for 58.5 percent of GDP. It is important to boost economic activity outside Java, for instance by developing better infrastructure, inviting more investment and en-

growth to 6 or 7 percent without new sources of economic growth. We believe industrialization is the key to speeding up economic growth as well as to create more jobs and generate higher income for the people.

We are aware that the key challenges are quite difficult to cope with, because they are related to structural problems that should be resolved soon. However, we have no time to waste and must proceed quickly.

We expect President Jokowi, together with Ma'ruf as the elected vice president, to keep their long-term view on managing the economy. As the challenges outlined above are of a structural and long-term nature, efforts to resolve them will not produce quick results. This may be hard to accept for people in power, who usually want to see quick results for quick political gains.

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# Report on Shell's Masela exit a 'wake-up call'

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THE JAKARTA POST/JAKARTA

A Reuters report on Royal Dutch Shell's plans to withdraw from the development of the gas-rich Masela Block should be a wake-up call to the government to accelerate its completion, of the project, which has been delayed by nearly a decade, an analyst has said.

Researcher Pri Agung Rakhmanto of Jakarta-based research group ReforMiner Institute said the government should take the report as a warning that it would lose a big investor in the country's oil and gas sector if it was not serious about resolving uncertainties in the project.

"It's a warning for government that if clarity and certainty is not provided soon on the project investment, which is actually in our sights, it will be back to zero," he told *The Jakarta Post* on Monday.

A series of policy changes in the past few years, such as a change from an off-shore to an on-shore facility, have affected projections for investment and the on-stream schedule to cause a delay of at least nine years from the initial time frame set

Shell reportedly planned to sell its 35 percent stake in \$15 billion gas project in Masela Block

Regulator says report would not cause problems in development project in Masela

for 2018.

Pri explained that a company as large as Shell must be realistic and rational when investing in any oil and gas project.

"As a multinational company, Shell must seek a more profitable project and one that offers investment certainty, such as [investing in] US shale oil and gas," he said.

Reuters reported on May 3 that Shell planned to sell its 35 percent stake in the US\$15 billion LNG (liquefied natural gas) project in the Masela Block's Abadi field. The company expects to raise about \$1 billion from selling its interest in the project to help finance its \$54 billion purchase in 2015 of the British energy firm, BG Group.

However, the Indonesian government said on Monday that Shell had denied plans to sell

its interest in the Abadi LNG project.

Research director Andrew Harwood of global energy consultancy Wood Mackenzie (WoodMac), told the *Post* that there was a current divestment trend among major oil companies.

"All of the majors have asset divestment targets over the next couple of years, as they seek to refocus portfolios on the strategic themes that best fit their growth ambitions," Harwood said by email on Monday.

WoodMac had further identified assets worth \$4.5 billion in Southeast Asia belonging to global oil giants Chevron, Exxon-Mobil, Shell and Total that could potentially change hands or be sold to other buyers.

Upstream Oil and Gas Regulatory Agency (SKKMigas) chairman Dwi Soetjipto told the media that Shell Indonesia would issue an official statement of denial on Monday regarding speculations over the Masela project.

"Informally, Shell has told us that there's no plan to sell their stake [in Masela]," he said.

When asked if the report was true and whether it could affect the project's development, Dwi

replied that it would not cause any problems, as the project lead was Japan's Inpex Corp.

Separately, Shell Indonesia spokeswoman Rhea Sianipar neither confirmed nor denied the report, saying only that the company "would not comment on any rumor or market speculation".

"Currently, we are only focusing on continuing to work together with Inpex as the lead operator in completing the project's Plan of Development [PoD]," she told the *Post* on Monday.

The government has yet to provide any information on when the PoD for the project would be finalized. It has been almost a decade since the first PoD was approved in 2010.

Based on recent data from SKKMigas, the Abadi LNG project is scheduled to go on-stream in the second quarter of 2027 with an estimated LNG output of 9.5 million tons per year and 150 million standard cubic feet per day (mmscfd).

The project is vital to the country, as a recent government analysis indicated that the country might experience a gas shortage by 2025, which could be offset by operational giant gas fields like the Masela Block.

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## DIPLOMACY

# RI to woo South Pacific countries at expo

**Dian Septiari**

THE JAKARTA POST/JAKARTA

Indonesia, in looking to showcase its Melanesian identity while also boosting its presence in the South Pacific, is planning to jointly host a trade expo for South Pacific countries in Auckland, New Zealand, in July.

Indonesian Ambassador to New Zealand Tantowi Yahya said Tuesday that the event — called the Pacific Expo — would invite all South Pacific countries, as well as Timor Leste, to showcase their top commodities and investment potential.

The Pacific Expo was initiated by the Indonesian government, but later New Zealand and Australia joined in, making the event a trilateral collaboration.

“Australia and New Zealand — the two major countries in the Pacific — had shown more interest in the region as both of them had reformulated their policy on the region with the ‘Pacific reset,’” he told reporters in Jakarta on Tuesday.

He said the two countries

wanted to better embrace Pacific countries through economic cooperation in the form of various assistance programs.

Meanwhile, China has recently been working to increase its presence in the region, which is traditionally controlled by the United States.

“Indonesia does not want to compete with both countries, neither with the US nor China, which are also interested in this region. However, we want to offer something different, not like China’s financial aid, but rather market access,” Tantowi said.

He argued that Indonesia was an inseparable part of the Pacific community because its five easternmost provinces — Papua, West Papua, Maluku, North Maluku and East Nusa Tenggara (NTT) — were located in the Pacific Ocean and had significant Melanesian populations, just like most South Pacific countries.

“We want to capitalize on these geographical and sociocultural aspects so that we can become a part of the Pacific community and

the community of Melanesia and Polynesia,” he said.

However, Indonesia’s sudden interest in the South Pacific nations, he said, was met with skepticism, with some Pacific countries questioning if the trade expo had an ulterior motive. “We nevertheless repeatedly emphasized that there is no political motive behind this activity [...] and we want to play a role and contribute.”

Indonesia’s population of over 260 million people and US\$1 trillion gross domestic product would make a lucrative market for the Pacific countries, which wanted to find markets for their products, especially agricultural products, and tap into their potential in fisheries and tourism, he said.

In the event, Indonesia would hold several forums focusing on culture, tourism and business and investment. Jakarta in particular would involve the Tourism Ministry, the Creative Economy Agency (Bekraf), the Indonesian Chamber of Commerce and Industry (Kadin) and several provincial administrations.

Tantowi said he hoped the trade expo would be an annual event. Previously, Indonesia invited 15 representatives from South Pacific countries to the Indonesia-South Pacific Forum (ISPF) in Jakarta in March, offering various cooperation and trade agreements.

Indonesia’s renewed interest in the region emerges as most Pacific island nations seek constructive relations with Indonesia.

In the past, a number of Pacific nations openly called for the United Nations to investigate cases of alleged human rights abuse in Papua and West Papua.

According to Tantowi, Indonesia invited Vanuatu to attend July’s expo even though Vanuatu remained vocal about the alleged human rights violations in Papua and continued to support West Papua separatists.

“We have an issue with Vanuatu, but we cannot exclude it because it is an inseparable part of the Pacific. [...] All sovereign countries, whether they are UN members or not, are invited, and Vanuatu is one of the invitees,” he said.

# Activists slam govt's plan to monitor Jokowi haters

Karina M. Tehusijarana  
and Marguerite Afra Sapiie  
THE JAKARTA POST/JAKARTA

Activists and observers have roundly criticized President Joko "Jokowi" Widodo's administration for its apparent attempt to suppress political dissent in the wake of the 2019 presidential election.

Coordinating Political, Legal and Security Affairs Minister Wiranto said on Monday that the government had decided to form a "national legal team" to monitor and evaluate "words, acts, and thoughts" from public figures that were "obviously in violation of the law".

He said the move was a response to a number of actions that had created public unrest after last month's elections.

"We cannot allow people to undermine the lawful government and even direct insults and curses at the legitimate President, who is still officially the president until October," he said. "There is already a law for that, a punishment."

He also said that media that "assisted in breaking the law" would be shut down.

Criminal law expert Miko Ginting of the Jentera Law School called Wiranto's proposed team "excessive" and not in line with Indonesia's status as a democratic country with the rule of law.

"There is already a mechanism for responding to criminal acts. If there is an indication of a violation, the police should investigate it, not a political appointee, such as a minister," he told *The Jakarta Post* on Tuesday.

Institute for Criminal Justice Reform (ICJR) researcher Genoveva Alicia concurred.

"The president has the right to report statements that are considered to be insulting. Law enforcement officers will then investigate to determine whether it is a crime or not," she told the *Post*. "It is not the government's job to do that."

Legal Aid Institute for the Press (LBH Pers) director Ade Wahyudin took issue with Wiranto's threat to shut down media organizations.

"The position of the media and press organizations is constitutionally guaranteed, and there is also a legal mechanism for resolving press disputes," he said. "Not through an authoritarian approach, such as a unilateral shutdown."

Miko added that Wiranto's plan showed that the government had a "repressive attitude" that was at odds with the spirit of the Reform Era.

"The law is not meant to ensnare people but to limit the government's power," he said.

Commission for Missing Persons

'National legal team' set up to monitor and evaluate 'words, acts, and thoughts' from public figures

Critics say government's policy 'excessive'

and Victims of Violence (Kontras) commissioner Yati Andriyani said the team was a threat to freedom of speech, expression and assembly.

"The concerns of the government over the political dynamics and situation after the election should be addressed in a proportionate, measured and accountable way that prioritizes the principles of democracy and human rights," she said.

Wiranto, meanwhile, has rejected claims that the team's establishment signaled a return to the New Order regime, arguing that the policy was for the public good.

"Why are we doing all this? So that the people can rest easy in the holy month of Ramadan and worship in peace without being disturbed by political unrest that makes them afraid," he said on Tuesday.

This is not the first time the Jokowi government has been accused of a heavy-handed approach to political criticism.

Opposition politicians have often accused the government of criminalizing antigovernment critics and ulema.

Rizieq, who is currently in self-imposed exile in Saudi Arabia, has been charged with a number of crimes, including blasphemy and slander, while opposition activists Ahmad Dhani, Ratna Sarumpaet and Buni Yani have all been convicted under the 2008 Electronic Information and Transactions (ITE) Law.

Most recently, Islamic preacher and Prabowo Subianto-Sandiaga Uno campaign team member Bachtiar Nasir has been named a suspect in a money-laundering case dating back to 2016.

Bachtiar, who was a key figure in the rallies that called for the prosecution of former Jakarta governor Basuki Tjahaja Purnama, has been outspoken about contesting the presidential election results, calling quick counts that project a Jokowi victory "scientific sorcery".

"[The money-laundering case] is an old case and another attempt to criminalize ulema," 212 Rally Alumni spokesperson Novel Bakmumin told the *Post*. "In 2016, Bachtiar as the head of GNPF-MUI [National Movement to Safeguard the Indonesian Ulema Council's Fatwa] opened a bank account for funds for the 212 rally. The case has already been closed."