

Current account deficit widens

Marchio Irfan Gorbiano
THE JAKARTA POST/JAKARTA

The country posted a surplus in its balance of payments for the second successive quarter on the back of a surge in capital and financial accounts amid a worsening current account deficit, Bank Indonesia (BI) announced on Friday.

The balance of payments surplus was recorded at US\$2.41 billion in the first quarter as capital and financial accounts booked a \$10.1 billion surplus, which was higher than the \$2.3 billion surplus recorded in the same period last year.

The surplus contributed to the increase in foreign exchange reserves to \$124.53 billion, up from \$120.65 billion recorded in the previous quarter.

Despite the surplus in balance of payments, the current account deficit was recorded at 2.6 percent of gross domestic product (GDP), equal to \$7 billion, which was wider than the 2.01 percent current account deficit or about \$5.19 billion posted in the same period last year. However, the current account deficit in the first quarter this year was lower than the 3.6 percent or about \$7 billion recorded in the fourth quarter, last year.

The central bank has targeted bringing down the current account deficit to 2.5 percent of GDP this year.

Coordinating Economic Minister Darmin Nasution was optimistic that the current account would improve over the following quarters as he said oil and gas imports — one of the primary contributors to the deficit in the current account — would decline in the following months after state-owned energy firm Pertamina stopped imports of avtur or jet fuel and diesel fuel starting May.

"According to Pertamina and the Energy and Mineral Resources Ministry, imports of diesel and avtur will be stopped this month," said Darmin in Jakarta on Friday, explaining that such a move meant that domestic crude oil would be processed in the country, as opposed to being exported abroad to be refined before being imported again into the country as mineral fuel.

"Although it will slightly reduce our [crude oil] exports, it will improve our current account," said Darmin.

According to Statistics Indonesia (BPS), Indonesia imported \$3.11 billion worth of refined fuel in the first quarter, a 16.24 percent decline from \$3.71 billion

Balance of payments surplus was recorded at \$2.41 billion

Forex reserves rose to \$124.53 billion from \$120.65 billion

worth of refined fuel imports in the first quarter of last year.

Center of Reform on Economics (CORE) Indonesia research director Piter Abdullah said the current account deficit would remain relatively flat at around 2.6 percent of GDP in the second quarter, a period that usually saw a wider current account deficit, owing to a spike in the primary income account.

"The current account deficit will not reach around 3 percent of GDP despite the seasonal pattern of dividend payments [from multinational companies], which had resulted in a wider deficit in the primary income account," said Piter, arguing that the current account was more influenced by the goods trade balance.

"If the government is able to maintain a surplus in the trade balance, the current account deficit will be maintained," he said, projecting that the deficit in the current account will be between 2.6 and 2.7 percent this year.

Bahana Sekuritas economist Satria Sambijantoro, meanwhile, said the outlook of the current account deficit was largely clouded by increasing tensions between the United States and China, both of which were two of the country's main exports destinations.

In its latest move, the US upped its ante by hiking levies to 25 percent on \$200 billion worth of Chinese goods amid ongoing negotiations with China, which also threatened to retaliate, Reuters reported.

"In our view, any negative development on the global trade front will also complicate Indonesian policymakers' efforts to improve the external balance position — certainly limiting the room for BI to loosen the monetary policy," wrote Satria in a research note.

The rupiah slightly weakened to Rp 14,347 against the US dollar on Friday, according to the Jakarta Interbank Spot Dollar Rate.

Satria was also cautious about his outlook for the overall balance of payment going forward, citing expectations that slowing global growth and heightened trade tensions between the US and China could stem foreign capital inflows to cover for its current account deficit.

Eximbank sets low target amid sluggish world trade

Made Anthony Iswara

THE JAKARTA POST/JAKARTA

State owned Indonesia Export Financing Agency (Eximbank) has set a lower growth target in its export financing to export-oriented companies this year amid sluggish world trade growth.

Eximbank's executive director Sinthya Roesly said the bank's financing for export-oriented companies would only grow by 2 percent this year to Rp 111 billion (US\$7.72 million) from Rp 108 billion last year. This year's projected growth will fall below the 7 percent recorded in 2018.

Among the factors contributing to the low targets, Sinthya Roesly said, was the trade war between China and the United States, which was expected to make global trade growth decline further.

But she hoped the conflict could potentially give room for a global market shift to Indonesia for industries like textiles and fisheries, while tapping into nontraditional markets like Africa and the Middle East where opportunities were "plenty", she said.

Besides, she said the yearly target could misrepresent their main objective. As a state-owned lender, Eximbank prides itself on its contribution to the economy, she added, ranging from boosting GDP to nationwide exports.

According to its latest annual report, Eximbank had increased its assets by 8.69 percent to Rp 120.07 trillion year-on-year (yoy) in 2018 while reaping export growth of 19.04 percent to Rp 184 billion yoy. She also claimed that the lender had contributed around 5 percent to national exports.

"The targets are for commercial banks," Sinthya said. "We should focus instead on how much of a multiplier effect we could give to exporters and increase their capacity to compete in the global market," she said.

In order to further boost its export financing, Eximbank will cooperate with fintech financial services in the disbursement of its export financing to small and medium enterprises (SMEs), which she claims have given them wider access to financing in a short period of time at relatively low cost. She said that only 15 percent of

clients were categorized as SMEs.

She claimed to have helped at least 1,000 SMEs to enter the e-commerce scene since last year, through platforms such as e-Bay and Amazon. Their training program ranges from product packaging, online export mechanisms to administrative affairs.

Their strategy is in line with the expected nationwide growth in e-commerce as global management consulting firm McKinsey & Company predicted last year that its sales would soar to \$65 billion annually by 2022, eight times the \$8 billion recorded in 2017.

"We can't just stay still with all of these technological advancements, especially since stakeholders are now demanding an [online-based] system more than ever," Sinthya added.

But Center of Reform on Economics (Core) Indonesia research director Piter Abdullah argued that Eximbank's efforts to enhance exports should be combined with the government's interministerial coordination in managing policies on international trade and the taxes that it involves, emphasizing ways to augment more exports in manufacturing.

The move is especially crucial after Indonesia experienced last year its largest trade deficit of the last 44 years, reaching \$8.6 billion. The latest Statistics Indonesia data also showed sluggish growth in exports, which hit rock bottom last January after hitting 10.03 percent, a decrease of 3.24 percent month-on-month and 4.7 percent yoy.

Only after the manufacturing industry grows, Piter added, could Eximbank maximize its potential to invigorate exports through affordable financing to compete with the global market.

"Eximbank can't work alone," Piter said. "To actualize affordable financing, the source of funding needs to be affordable too. But that would be too difficult since Bank Indonesia's interest rate remains high."

As of April, the central bank maintained its benchmark interest rate at 6 percent, up 175 basis points since May last year, as the US Federal Reserve maintained its interest rates amid global economic turbulence.

Jokowi to focus on structural reforms in 'second term'

Marchio Irfan Gorbiano

THE JAKARTA POST/JAKARTA

President Joko "Jokowi" Widodo has reaffirmed his commitment to structural reforms during his "second term" to attract more investment to the country and boost exports, saying that Indonesia needed to work hard to realize its immense potential as an economic powerhouse.

The unofficial quick count results point to victory for the incumbent and his running mate Ma'ruf Amin.

The General Elections Commission (KPU) is to announce the official results on May 22, but challenger Prabowo Subianto-Sandiaga Uno has vowed to contest the official results if the KPU did not act upon its alleged findings of foul play at the polls.

Speaking before regional leaders during the National Development Planning Conference (Musrenbangnas) on Thursday at the Hotel Shangri-La in Jakarta, Jokowi said structural reforms, including cutting red tape and slimming down the bureaucracy, would be one of his main priorities over the next five years.

"With regard to licensing, the

Structural reforms necessary to solve persisting current account deficit, says Jokowi

Government to dissolve state institutions proved ineffective

central and regional [governments] should be brave in cutting [red tape]," he said. "Without [taking] such a move, we cannot dream of becoming the fourth or fifth largest economy in the world."

A National Development Planning Agency (Bappenas) study revealed that Indonesia was on course to become the fifth largest economy in the world by 2045 — as long as it maintained an annual GDP growth rate of 5.7 percent, it executed its structural reform agenda as planned, and that external factors remained conducive in terms of relatively high global GDP growth.

Jokowi added that he was committed to dissolving state institutions that had proved ineffective, as a leaner bureaucracy would allow the government to re-

spond with flexibility to the latest developments.

He affirmed that his administration would not shy away from making bold structural reform policies, as he had been successful in his reelection bid in the presidential election on April 17. "In the next five years — I apologize — I have no burdens. I will do whatever is best for the country," he stressed.

Jokowi said structural reforms, which would attract export-oriented and import-substitution investments, were necessary to solve Indonesia's persisting current account deficit — an indicator widely cited as a major cause of last year's volatility of the rupiah.

Bank Central Asia (BCA) chief economist David Sumual has urged the government to start reforms by revamping its regulations, particularly those deemed to hamper foreign investment.

David added that simplifying regulations would help drive entrepreneurship and improve the country's ranking in the World Bank's Ease of Doing Business (EODB).

Indonesia dropped one rank to 73rd among 190 coun-

tries in the latest EODB report released last year, and ranked 134th in the "starting a business" indicator.

During the Musrenbangnas, National Planning Development Minister Bambang Brodjonegoro submitted to Jokowi a technical design of the National Medium-Term Development Plan (RPJMN) for 2020-2024 and "Indonesia 2045", a long-term vision toward the centenary of Indonesian independence.

Under the next iteration of the RPJMN, the government aimed to grow the economy at an average rate of 5.4 percent to 6 percent, while reducing poverty, unemployment and inequality, said Bambang.

He added that the government would especially focus its efforts on improving Indonesia's current account deficit through the RPJMN 2020-2024 by diversifying its export products to improve the trade balance.

"We have to boost tourism and diversify exports so that we do not rely only on natural resources," said Bambang, adding that the manufacturing sector should also be encouraged to boost its export output.

PAN chief to support poll winner

Marguerite Afra Sapiie and
Ghina Ghaliya Quddus

THE JAKARTA POST / JAKARTA

Chairman of the opposition National Mandate Party (PAN), Zulkifli Hasan, appears to have broken ranks with his ally, presidential contender Prabowo Subianto, as the former asserted the need for all parties to reconcile and put the nation's unity forward following the hard-fought election last month.

The move, which is being seen as the latest attempt to ease post-election tensions, came as Prabowo's supporters pressed ahead on Friday with a rally accusing President Joko "Jokowi" Widodo's camp of election fraud after quick-count results put the incumbent on course for victory.

The Prabowo camp held the rally, which they described as "people power", after they reported data entry errors on Situng, the General Elections Commission (KPU) vote tally website, which they claimed to be evidence election fraud, to the Elections Supervisory Agency (Bawaslu).

President Jokowi and a number of state officials attended on Friday an iftar (breaking of the fast) dinner at the official residence of Zulkifli, who is also speaker of the People's Consultative Assembly (MPR), during which the PAN politician spoke about post-election reconciliation.

"No matter who is elected [as president] we have to get together to ensure that his programs will be successful," Zulkifli said in his speech, adding that political parties still had a chance to contest again in 2024, referring to the next presidential election.

The politician also said that he would not overrule the KPU and called for all parties to wait for the announcement of the election's official results on May 22, a statement which again stood in stark contrast to Prabowo, who has declared victory multiple times since polling day on April 17.

The statement came amid rife speculation that PAN and the Democratic Party, another member of the opposition camp, might join the ruling coalition following recent talks between Jokowi and Zulkifli, as well as Agus Harimurti Yudhoyono, the son of Democrat patron Susilo Bambang Yudhoyono.

During a meeting with Jokowi

Zulkifli calls for support for winner of presidential election

Statements in contrast to demands of Prabowo supporters at 'people power' rally

last week, Agus also asserted his party's stance that everyone must wait for KPU's announcement before taking any action, though both PAN and the Dems have generally remained adamant that they are still part of Prabowo's coalition.

Democratic Party executive Agus Hermanto, who is also the House of Representatives deputy speaker, was among the attendees at the dinner, alongside House Speaker Bambang Soesatyo and Vice President Jusuf Kalla.

The so-called "people power" rally took place on Friday in front of the Bawaslu building, where thousands of Prabowo-Sandiaga Uno supporters identifying themselves as the Coalition of People and Ulama demanded Jokowi be disqualified from the presidential race.

Prabowo campaign team member Djoko Santoso and team secretary Hanafi Rais, also handed over evidence of alleged election fraud to the agency, detailing alleged use of the state apparatus to bring about Jokowi's victory. "There are very strong indications that they asked them [state officials] not to be neutral," Hanafi said.

The team's director of advocacy and legal affairs Sufmi Dasco Ahmad said they would submit four other reports to Bawaslu in the near future, which include allegations of the use of state institutions, state resources and funds, cheating in overseas elections and rigged ballots in several areas.

However, the team is still collecting all the evidence.

"We're still waiting, but we will not miss a single legal opportunity as we're taking constitutional steps," he said.

The protesters, who thronged JI MH Thamrin outside Bawaslu, attempted to enter the building during the rally. However, thousands of police forced them back. Coils of barbed wire also prevented them from entering the building.

RELATED PHOTO p4

May 18th 2017
J. Post

Pertamina under fire as production falls below target

Stefanno Reinard Sulaiman
THE JAKARTA POST/JAKARTA

State-owned energy holding company Pertamina has been failing to meet its daily oil and gas production targets since last year, which in the long run may affect total state revenues from the energy sector.

Early this year, for example, many of Pertamina's upstream subsidiaries failed to fulfill their targets for daily lifting, a term for ready-to-sell production, set under the state budget (APBN), according to data from the Upstream Oil and Gas Regulatory Task Force (SKKMigas).

PT Pertamina Hulu Mahakam (PHM), the operator of the Mahakam Block in East Kalimantan, which is one of the country's largest blocks, showed its average lifting until April was only 42,717 barrels oil per day (bopd), only 85 percent of the target.

PHM's lifting was the worst of all of Pertamina's upstream subsidiaries in terms of oil or gas lifting as it had the biggest shortfall from its target: 667 million metric standard cubic feet per day (mmscfd).

Commenting on PHM's deficient lifting, SKKMigas chairman Dwi Soetjipto said the problem was a lack of investment in drilling wells in the Mahakam Block.

"There are some problems in investment and we hope they can be overcome soon. We've met with PHM [representatives] to discuss this situation and we told them to speed up their investment until year-end," he said

Production of Mahakam Block in East Kalimantan 85 percent of target as of April

Other oil blocks owned by Pertamina fail to achieve production target in same period

during Wednesday's press conference about the country's upstream performance.

According to SKKMigas, PHM has a plan to drill 118 wells this year, but to date it could only finish 30 wells, 10 of which have not yet started production.

This poor production is not new for PHM as the company ended 2018 with an average oil lifting of 42,339 bopd, 87.7 percent of the daily oil lifting target of 48,271 bopd that was set in the state budget.

PHM has frequently reasoned that Mahakam is a mature block and has entered the natural decline phase, which last year was estimated to have a production decline rate of about 51 percent annually.

Pertamina Hulu Energi Offshore Southeast Sumatra (PHE OSES), Pertamina Hulu Energi Offshore North West Java (PHE ONWJ) and Pertamina EP (PEP) were other subsidiaries that failed to meet their targets by April 2019, with shortfalls of 11, 13 and 7 percent, respectively.

Their explanations for these shortfalls were varied, starting with the unexpected pace of decline rates to piping problems

and drilling delays caused by weather conditions, according to analysis by SKKMigas.

Pertamina officials, including its upstream director Dharmawan Samsu and a number of the subsidiaries' officials, including PHM officials, could not be reached for comment about their upstream performance. The firm's spokeswoman, Fajriyah Usman, only said she would give an answer on Saturday.

However, PHE's vice president of relations, Ifki Sukarya, said on Thursday the reason the firm failed to reach its daily target was that it lacked storage space for the oil and gas.

"Some of our blocks didn't do lifting each month, such as in Salawati Block and Makassar Strait," he told *The Jakarta Post* on Thursday. "Hence, we have to wait for the cargo ships to come before we could kick off the lifting. [...] We have the products, but we couldn't lift it, so it has to wait for the next lifting schedule."

Only PT Pertamina Hulu Kalimantan Timur (PHKT), which operates the East Kalimantan-Attaka Block, could exceed the daily oil lifting target with 11,417 bopd, 102 percent of the 11,248 bopd target.

If Pertamina keeps failing to meet its own targets, it will impact the country's state revenues badly. This year the state coffers are supposed to pocket at least Rp159.8 trillion (US\$11.12 billion) in the form of non-tax revenues, based on the assumption that the price of oil would be \$70 dollar per barrel.

"The planning needs to be improved because very often the targets can't be met [by Pertamina]. If the shortfall is significant then the impact on the state revenue isn't good," Pri Agung Rakhmanto, a researcher with a Jakarta-based energy think tank, the Reforminer Institute, told *The Jakarta Post* on Thursday.

When asked about the negative impact of a mismatch between the lifting target that is set in the state budget and each of the company's work programs and budgets, Pri Agung said ideally they should be similar.

"So [stakeholders] need to stop setting [targets] based only on a good and smooth scenario," he said. "The work programs and budgets should also be calculated using the possibility of unplanned deviation and unplanned shutdown, which could be quantified as a reduction to the planned lifting."

An example of the target mismatch is PEP, which plans to produce 81,549 bopd this year, but the state budget wants 4.23 percent more: 85,000 bopd.

Separately, Energy Watch Indonesia executive director Mamit Setiawan said Pertamina's negative upstream performance would likely erode the government's trust in assigning new blocks, which are set to expire, to the company.

"The government could then re-think its option to give the blocks to Pertamina or backtrack from the current policy to prioritize Pertamina in taking set-to-expire blocks," he said.

Pertamina signs Rokan contract, paves way for transition

Stefanno Reinard Sulaiman
THE JAKARTA POST/JAKARTA

The government has officially appointed Pertamina as the operator of the Rokan Block in Riau, allowing the state energy holding company to put the necessary investment into maintaining output after signing a new production sharing contract (PSC) with the government recently.

In a closed-door ceremony, which the government said was only an "administrative" matter, Pertamina officially became the new operator for one of the country's lucrative oil and gas blocks. The state energy holding company has taken over the operatorship from United States-based Chevron, whose contract will end in August 2021.

Rumors of the signing event had actually been circulating since Thursday morning, but of-

ficials in the Energy and Mineral Resources Ministry declined to comment.

However, it was not until Thursday night that Upstream Oil and Gas Regulator Agency (SKKMigas) chairman Dwi Soetjipto confirmed the rumor, saying it was needed to legitimize the transition.

"It's done. It's only an administrative matter. [...] Before making any transition-related moves, the government has to officially appoint [the operator] first, that's why we appointed it [with the PSC signing today]," he told the press.

Dwi, however, could not yet disclose the amount of the split, which is the agreed share composition on the block's oil and gas production, saying he needed to check it first.

The former boss of Pertamina also ensured the PSC included the requirement of a 10 percent

share for local state-owned enterprises in accordance with existing regulations.

Pertamina officials including its upstream director Dharmawan Samsu and the firm's spokeswoman Fajriyah Usman could not be reached for comment on Friday regarding details of the signing event and the Rokan Block transition plan.

On Wednesday, SKKMigas planning director Jaffee Suardin said the institution had been working closely with Chevron and Pertamina to discuss how the block's production could be maintained.

"There are four big things that we've discussed with those two parties, namely to replace the pipe infrastructure, to conduct more drillings, to kick off enhanced oil recovery [EOR] and to seek other potential resources around the block," he said.

Based on the latest data from

SKKMigas, the daily oil and condensate production of Rokan, which was previously the country's most productive block, dropped to second place with only 196,515 barrels of oil per day (bopd) as of April 30, 2019.

Rokan Block, which is still in the hands of Chevron's local arm PT Chevron Pacific Indonesia (CPI) until 2021, was beaten by the oil and condensate production of East Java's Cepu Block, which is managed by US energy firm ExxonMobil with 219,787 bopd for the same period.

The outlook for Rokan Block is not good in the eyes of energy experts, as global energy think tank Wood Mackenzie even came up with a lower forecast for Rokan's oil production this year at only 180,000 bopd, or 10,000 bopd lower than government's target.

The government announced

Pertamina the winner of Rokan Block in July last year with a US\$784 million signature bonus, \$500 million five-year working commitment (KKP) covering exploration activities and \$57 billion in potential state-revenue over a 20-year period, which is the new contract length.

A week before the signing event, the ministry issued a regulation on the operation of oil and gas blocks whose PSCs are set to expire.

The regulation stipulates that the use of KKPs can now be used by the new operator to fund the transition project in the block before the new PSC becomes effective, which in terms of Rokan Block is from Friday until August 2021.

But for its implementation, a new contractor, such as Pertamina in the case of Rokan, must settle an agreement with the existing

contractor about the financing of transition projects and the operational activities, including the implementation of the KKP.

"In the event that no agreement is reached between the two contractors, the minister can make a decision about the financing and the operational activities, including the implementation of a KKP," the article further stated.

Commenting on the signing of Pertamina's PSC and the approaching transition period, PT CPI corporate communications manager Sonitha Poernomo said Chevron welcomed it and would continue to cooperate with SKKMigas and Pertamina.

"We welcome [Pertamina] and hope the transition will run smoothly. PT CPI will continue to work with SKKMigas and Pertamina to ensure the transition of Rokan Block in a safe and smooth way," she said on Friday.

Policy loopholes turn RI into dumping site

Kharishar Kahfi

THE JAKARTA POST/JAKARTA

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Environmentalists have called on the Trade Ministry to immediately revise its 2016 regulation on waste imports, saying it contains several loopholes that have turned Indonesia into a dump site for developed countries.

The activists argued that even though developed nations, excluding the United States, had recently agreed to restrict global waste trade, Indonesia still needed to tighten its policies to prevent plastic waste smuggling.

A Greenpeace report issued in April shows that there has been an increase in the shipment of plastic waste from developed countries to developing nations, including Indonesia, since China banned waste imports. The Chinese ban on imports of 24 types of waste material went into effect in February 2018.

Waste imports to Indonesia soared from 10,000 tons per month in late 2017 to 35,000 tons per month in late 2018.

According to Greenpeace data, the top plastic waste exporter to Indonesia is the United Kingdom with 67,807 tons between January and November 2018, followed by Germany with 59,668 tons and Australia with 42,130 tons. Germany recorded a steep increase after exporting only 408 tons in the corresponding period in the preceding year.

Environmental group Bali Fokus claimed that the 2016 Trade Ministry regulation on nonhazardous and toxic waste imports made it possible for certain parties to smuggle "unnecessary" waste into the country.

The regulation allows the import of, among other materials, plastic, metal and paper to support local industries, but it only requires plastic importers to obtain approval from the Environment and Forestry Ministry.

It classifies plastic as Category B waste that should undergo inspection by independent inspectors before being imported and by customs officials upon arrival in Indonesian ports.

"Metal and paper waste importers are not required to acquire such a document," Bali Fokus co-founder Yuyun Ismawati said.

The policy was problematic, she argued, since scrap metal and waste paper fell into Category A, which did not require inspections before and during import.

"This loophole has been used [by several companies] to import hazardous plastic waste, with exporters reportedly slipping non-

Exporters accused of smuggling plastic waste to Indonesia

Activists call on government to tighten waste import policy

recyclable plastic waste into the imported package," she said.

According to a field observation conducted by Bali Fokus and East Java-based environmental group Ecoton, 25 to 40 percent of imported waste in Greater Jakarta and East Java is mismanaged—being dumped in open fields or burned rather than being recycled.

Evidence of this could be found in Bangun village in Mojokerto, East Java, where local scavengers have found plastic packaging from Australia and the UK, among other countries. They also found ripped banknotes in various currencies, such as the US dollar, the British pound and the euro.

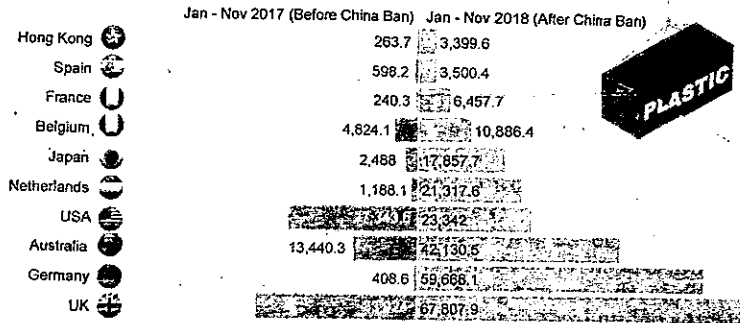
The villagers reportedly get the waste from a paper recycling company in the neighboring regency of Pasuruan. A truckload of waste costs Rp 500,000 (US\$36).

The Environment and Forestry Ministry concurred with the environmentalists, saying there was a need to tighten the rules on waste imports.

According to the Trade Ministry regulation, the Environment

Top 10 plastic waste exporters to Indonesia

Tons of waste



Source: Greenpeace Indonesia. Created with Datawrapper

and Forestry Ministry has the authority to issue recommendations for industries that meet the requirements for importing non-hazardous waste.

"We want to tighten the policy. We ask these industries to only import clean plastic rubbish that is designated to be immediately recycled rather than sold to other parties," said the Environment and Forestry Ministry's waste management director general, Rosa Vivien Ratnawati.

The Trade Ministry's international trade director general, Oke Nurwan, did not respond to *The Jakarta Post's* request for comment on the ministerial regulation revision.

Yuyun said the government needed to ensure that importers had to obtain a recommendation from the Environment and For-

estry Ministry before importing any kind of nonhazardous waste.

"Custom officials should also conduct spot checks at ports on containers known to be carrying such types of waste to Indonesia. This way, officials can find out whether such containers carry unneeded waste," she said.

On Friday, the United Nations agreed to amend the Basel Convention, an international treaty that controls the movement of hazardous waste between countries. The amendment includes plastic in the treaty, requiring exporters to "obtain the consent of receiving countries before shipping most contaminated and mixed plastics waste that is difficult or even impossible to recycle."

SIGIT PAMUNGKAS CONTRIBUTED TO THIS STORY FROM MOJOKERTO.

Govt coaxes illegal miners to abandon practice

Kharisar Kahfi

THE JAKARTA POST/JAKARTA

Unlicensed gold mining has made headlines recently, following a series of deadly accidents and environmental damage caused by the illegal business.

To prevent further disasters, the government is preparing several measures to tackle unauthorized mining across the country once and for all. The solutions range from providing permits for such operations to helping miners find alternative livelihoods.

The government's commitment to addressing illegal mining is included in a memorandum of understanding (MoU) between the Environment and Forestry Ministry and the Energy and Mineral Resources Ministry, signed on April 29. The document is meant to strengthen coordination between the two ministries.

Sri Rahardjo, a director with the Energy and Mineral Resources Ministry, said separately that both ministries aimed to assist unauthorized miners in switching to legal sources of income.

"For residents who wish to remain as miners, we can link them up with big mining companies that will buy their mining products. These miners will also operate gold mines located within a people's mining area; thus, their

Government offers to link illegal miners to nearby big miners, social forestry programs

Critic says plan requires high costs, better education

legality is guaranteed," Sri told *The Jakarta Post* recently.

He added that the authorities could also grant a certain group of residents a community mining permit in people's mining areas, in accordance with the 2009 Mining Law. The law allows small-scale miners to operate legally by requesting a permit.

Individuals can request such permits to operate in a people's mining area that meets several requirements, including the land being located outside any existing concessions and having been mined on for at least 15 years. The establishment of such areas is decided by the regional administration following consultation with the regional legislative council.

Environment and Forestry Minister Siti Nurbaya Bakar suggested another solution: offering the illegal miners other sources of income, such as by including them in the social forestry program.

Through the program, a local

community receives a permit to manage forest land in the area. The social forestry program aims to protect forests while alleviating poverty.

Should illegal miners choose the scheme, the Environment and Forestry Ministry could grant groups of residents access to work in nearby forests.

"We will look for a proper business model depending on the area, ranging from ecotourism to agroforestry," said Bambang Supriyanto, the Environment and Forestry Ministry's director general of social forestry and environmental partnerships.

The ministry, however, would need to wait for the Energy and Mineral Resources Ministry to reclaim the mining site before assisting residents in the program, Bambang added.

Budi Santoso, director of the Center for Indonesian Resources Strategic Studies (Cirrus), criticized the plan to require that miners of illegal operations get a permit, because of the high costs. According to the law, he claimed, the government was required to provide funds for the miners.

"Mining involves high costs to cover the environmental and social ramifications, which might not be covered through the operation of small-scale mining. The cost might even exceed the reve-

nue," Budi said.

He added that offering illegal miners alternative livelihoods, such as through the social forestry scheme, might be better because of its sustainability.

"However, the government will need more time to educate locals on the long-term benefits of that solution."

Rampant practices of unlicensed mining are in the spotlight again following recent news on the illegal business. In 2018, the Mining Advocacy Network (Jatam) recorded at least 850 unlicensed small-scale mines in the country. Such mining operations also cost the nation up to 120 tons of gold every year, according to a 2014 estimate from the Energy and Mineral Resources Ministry.

Such practices have also had deadly consequences. On May 4, a landslide killed four miners and injured another one at an unlicensed gold mine in Kotabaru regency, South Kalimantan.

In Jambi, illegal gold mining inflicted environmental damage in the form of deep, water-filled holes across large areas in Sarolangun regency, as well as serious pollution of rivers that are sources of water for more than 70,000 residents in the provincial capital.

— JON AFRIZAL CONTRIBUTED TO THIS STORY FROM JAMBI.

Number of polling station worker deaths not unusual: Expert

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THE JAKARTA POST/JAKARTA

While the 2019 general elections generally went smoothly and peacefully, the fallout has yet to be settled nearly a month after voting day.

Controversy was already brewing a few hours after polls closed on election day, as presidential candidate and Gerindra Party chairman Prabowo Subianto claimed victory despite credible quick counts showing that President Joko "Jokowi" Widodo had secured a second term.

But not long after the victory claims, the spotlight turned to the deaths of hundreds of election workers from apparent fatigue.

According to General Elections Commission (KPU) data as of Friday, 469 polling station committee (KPPS) members have died after the April 17 election, out of more than 7 million who participated in the vote-casting and vote-counting process.

Ninety-two Elections Supervisory Committee (Panwaslu) members and 22 police officers have also been reported dead.

While the seemingly sudden deaths of hundreds of polling station workers has caused much public concern, the number is not statistically unusual.

Jesse Hession Grayman, a senior lecturer from the University of Auckland, New Zealand, who is currently examining policies in the health sector in Indonesia, said the election-related deaths did not exceed the average mortality rate for Indonesia.

"In fact, it's much less, as it should be, since average mortality rates capture the elderly and sick in the general population who would be dying no matter what, and presumably are not working as election workers," Grayman said in an opinion article published on the Asia Media Center website.

According to the World Bank, Indonesia's annual mortality rate in 2017 was at 7.1 deaths per 1,000 people, while the KPPS deaths of 469 over a period of 23 days out of 7 million volunteers would amount to an annual rate of only 1.1 deaths per 1,000 people.

The KPU has also claimed that 144 KPPS workers died after the 2014 legislative elections, which

had a lower number of KPPS workers at around 3.85 million, amounting to a similar mortality rate of 0.9 deaths per 1,000 population.

This year's elections, which were the first simultaneous legislative and presidential elections in the country's history, did take a larger toll on election officials than previous ones.

With five ballots and an unexpectedly high voter turnout rate, estimated at around 80 percent, KPPS volunteers had to count and tally around 1,200 ballots for the presidential, House of Representatives, Regional Representatives Council (DPD), and Regional Legislative Council (DPRD) elections within 24 hours.

Combined with the time needed to set up polling stations and supervise vote-casting, many KPPS volunteers worked for nearly 24 hours straight to meet the statutory stipulation to complete vote-counting within a day after polls close.

A group of election observers from Gadjah Mada University's (UGM) School of Politics and Social Sciences said the immense political pressure resulting from a hard-fought presidential race may have also had an effect on the KPPS members health.

"They may have become depressed, gotten sick and then died," team leader Abdul Gaffar Karim said.

But while the KPU and other government officials have acknowledged the pressures the election workers were under, the Health Ministry and the Indonesian Doctors Association (IDI) said other factors were at play too.

Health Minister Nila Farid Moeloek said that, according to the results of a joint ministry-IDI medical audit in Jakarta, exhaustion was not the only cause of death, as they found preexisting health conditions in some of the workers' medical records.

"Of the 18 people who died in Jakarta, eight died due to myocardial infarction or sudden heart disease, liver disease, stroke, respiratory failure or meningitis," Nila said recently.

She added that the average age of the works was 50 and above, with two being 70, five in their sixties and eight in their fifties.

"So most of them were over 50," the minister said.