

## MONEY MARKETS

# BI, KSEI work on commercial paper trading

**Marchio Irfan Gorbiano**

THE JAKARTA POST/JAKARTA

Bank Indonesia (BI) hopes its cooperation with the Indonesian Central Securities Depository (KSEI) will help promote the transparency and accountability of commercial paper in the local money market.

“Through the cooperation with KSEI, the administration and settlement transactions [of commercial papers] could be conducted scripplessly and will also avoid falsification of commercial papers,” said Dody in Jakarta on Friday following the signing of the memorandum of understanding (MoU) with KSEI.

Budi said the presence of commercial paper in the country's money market would aid the central bank in transmitting its monetary policy to the market, as well as provide more options for investors.

Prior to the 1998 financial crisis, commercial papers such as bonds were among the most popular instruments used by companies to finance expansion. Their popularity waned after the crisis as trust from the market in commercial papers declined because of many defaults triggered by maturity and currency mismatches, as well as the issuing of falsified commercial papers because of a lack of oversight by the authorities, said the head of BI's department of financial market development, Agusman.

Agusman said the central bank had stepped up efforts over the

last two years to improve the regulatory framework of commercial papers' issuance in a bid to revive the market for the instrument.

BI had issued a central bank regulation (PBI), No. 19/9/PBI/2017 on issuance and transaction of commercial papers, which outlined the requirement for non-bank corporations to issue the instrument.

The regulation states that non-banking firms have to be listed on the Indonesia Stock Exchange (IDX) or have issued bonds or sukuk (Islamic bonds) through IDX over the past five years from the date of the registration.

As for unlisted firms, the regulation required them to have been in operation for at least three years. New private corporations operating less than three years would also be eligible to issue commercial papers as long as the firms provide guarantees. The unlisted firms should also possess at least Rp 50 billion (US\$3.45 million) in equity and book net profits for the latest year before the bond offering.

The commercial papers are issued with a discount system, with a maturity period varies from one month, to three months, six months, nine months and 12 months. The instrument should be published scripplessly with a minimum value of Rp 10 billion or \$1 million or its equivalent in another foreign currency.

BI's director of financial market development, Yoga Affandi, said there was immense poten-

tial for the commercial papers in the money market, estimating that about 90 blue chip companies could immediately utilize the instrument to pull in funding of between Rp 4.5 trillion and Rp 9 trillion.

The deputy commissioner for capital market monitoring, division II, of the Financial Services Authority (OJK), Fakhri Hilmi, said the corporation could utilize commercial papers as alternative sources of short-term funding, other than borrowing from the banking sector.

“The presence of the commercial papers would enrich the options for sources of funding in the money market for investors, who often relied on conventional [investment] portfolios such as deposits and mutual funds,” he said.

Data from the OJK revealed that 75.44 percent of national financing in 2018 came from the banking sector and the remaining 24.56 percent from the non-bank sector.

He added that the liquid commercial papers that were tradeable in the secondary market would encourage the establishment of a short-term interest rate structure, which would support the overall interest rate structure and improve the transmission of monetary policy.

Fakhri said the OJK was also drafting a regulation on medium-term notes with a view to issuing it within the year, saying that such an issuance would further deepen Indonesia's financial market going forward.

May 18, 2019  
J. Post

# Police ready for any poll result violence

Marguerite Afra Sapiie  
THE JAKARTA POST / JAKARTA

The government is anticipating potential trouble ahead of the wrap-up of the official vote tally on May 22, amid reports that supporters of losing presidential candidate Prabowo Subianto are planning to take to the streets to challenge the election result.

Security officials fear street protests may descend into violence after the discovery of an apparent plot by a local terrorist cell linked to the Islamic State (IS) movement to exploit the situation with an attack, even though analysts have cast doubt on such a scenario materializing.

The National Police have advised the public not to join the planned rally — set to be held at the General Elections Commission (KPU) headquarters in Jakarta — for security reasons, including the possible terrorist attack.

At least 68 terror suspects have been arrested by the police's antiterrorist squad Densus 88 since January. Among these, a total of 29 suspects were arrested this month alone on suspicion of plotting terror attacks under the cover of rallies on May 22.

National Police spokesperson Insp. Gen. M. Iqbal said the suspects, who were affiliated with homegrown pro-IS Jamaah Ansharut Daulah (JAD), planned to attack officers and protesters with firearms and bombs.

"The group could exploit the opportunity of a celebration of

Police warn of possible terror attack on May 22

Public advised to stay at home when KPU announces election result

Analysts doubt huge rally, terror attack will take place

democracy," Iqbal said on Friday. "Therefore, the National Police [...] call on people not to take to the streets on May 22 since it will be dangerous."

The 29 suspects were arrested in separate raids in different cities, including Jakarta; Bekasi and Karawang in West Java; Sragen and Sukoharjo in Central Java, as well as Madiun in East Java. The police also seized explosives during the raids. Nine suspects are believed to be active members of JAD who underwent paramilitary training in Indonesia and abroad, and two suspects allegedly have a history of joining IS in Syria and of being trained in making smoke bombs in Aleppo.

Iqbal described the arrests as "preventive strikes" by the police. "We can't underestimate them, we do not know whether [JAD] is still operating or not so Densus 88 will continue working," he said.

Postelection tensions have been escalating since polling day on April 17 with Prabowo and his supporters refusing to concede defeat, claiming that their data show that he won the election.

The former general said, he

would not accept the vote count by the KPU — which is expected to show that Jokowi was reelected to the presidency — and accused the election organizer of committing "systematic cheating" that benefitted the incumbent. He has also refused to seek arbitration at the Constitutional Court, fueling fears of a long standoff.

Coordinating Political, Legal and Security Affairs Minister Wiranto has contacted regional police chiefs and the chiefs of regional military commands to prevent the mass mobilization of protesters going to Jakarta and has called for people not to join such protests.

"Just stay in your hometown and enjoy Ramadan [...] there is no point in coming to Jakarta," Wiranto said on Friday.

The United States Embassy in Jakarta issued a security alert on Friday, warning its citizens of the "heightened risk of terrorism in connection with the finalization of election results".

At least 32,000 police and military personnel are set to be deployed in Jakarta to prevent any disruption, particularly the risk of terrorism, on May 22, National Police spokesperson Brig. Gen. Dedi Prasetyo said.

Analysts, however, have played down the gravity of the situation.

Former State Intelligence Agency (BIN) deputy chief As'ad Said Ali said a huge demonstration on May 22 was unlikely to take place since no political party, including Prabowo's Gerindra Party, had rejected the legislative election results.

"There may be other supporters who want to stage some protest [...] but as long as the security apparatus is prepared, I think everything will remain under control," he said.

Some key figures behind the planned rally have been investigated by the police, including opposition National Mandate Party (PAN) politician Eggi Sudjana, who has been named a treason suspect, and Kivlan Zein, who has been questioned by the police in relation to Eggi's case. Bachtiar Nasir, a key figure among Islamists backing Prabowo, is reportedly in Saudi Arabia after being named a suspect in a money-laundering case.

The possibility of a terror attack is also low since the police seem to have foiled the planned attack by the Bekasi-Lampung cell of JAD, said Institute for Policy Analysis of Conflict (IPAC) director Sidney Jones.

"Unfortunately, there is always a small chance that another cell has been plotting something similar, so we can't be complacent," Jones told *The Jakarta Post*.

An attack in connection to the election, however, was not improbable, especially since extremists believed that democracy was incompatible with Islam, Jones said, adding that IS had also called on its supporters to attack elections and polling stations in 2016.

"But it's not clear to me how detonating a bomb amid a crowd of hardliners serves any Islamist goals, so I think we need more information before we can draw conclusions," she said.

## ELECTION RESULTS

# Muslim organizations oppose May 22 protests

Kharishar Kahfi  
and Ghina Ghaliya

THE JAKARTA POST/JAKARTA

Ahead of the announcement of the official election results on Wednesday, security personnel across the country have launched measures to prevent local residents from going to the capital city of Jakarta, amid reports that supporters of presidential candidate Prabowo Subianto are planning to take to the streets to challenge the election result.

Indonesia's largest Muslim organizations have followed suit by calling on their members not to participate in street protests and to accept the election results.

The Jakarta chapter of Nahdlatul Ulama (NU), the country's largest Muslim organization, issued a circular on Friday calling on around 7,000 *takmir*s (mosque managers) across Greater Jakarta not to accommodate May 22 protest participants who want to stay overnight in their respective mosques.

"They are still allowed to come to the mosque if they want to pray," NU Jakarta regional mosque management head Husni Muchsin told *The Jakarta Post* on Sunday.

"We are only restricting them from expressing their political stance during their time in the mosque. We want to avoid potential conflict [among supporters of different candidates]," he added.

The circular was in line with a message conveyed by NU chairman Said Aqil Siradj in a video uploaded onto NU's official YouTube channel on Saturday. He called on every NU member and other Indonesian Muslims not to participate in the May 22 protest.

"Don't take part in unconstitutional movements and actions," Said Aqil said in the video.

The General Elections Commission (KPU) is scheduled to announce the official election results on Wednesday. As of Saturday, the KPU had finished counting votes in 28 out of 34 provinces. President Joko "Jokowi" Widodo is leading the tally with 55 percent of the popular vote.

Muhammadiyah, the country's second-largest Muslim organization, echoed the NU, encouraging its members to accept the official election results. "Every Muhammadiyah member should be a polite and law-abiding citizen, while

obeying the Muhammadiyah consensus," secretary-general Abdul Mu'ti said in a statement.

Despite the warnings from the NU and Muhammadiyah, the 212 Alumni (PA 212) group, which supports the Prabowo-Sandiaga Uno ticket, said it would go ahead with the plan to take to the streets to challenge the election results.

PA 212 spokesperson Novel Bamukmin, who is managing the planned rally, told the *Post* that the organizers called the May 22 protest "Iftar Akbar 212", which literally means "great iftar", as the protesters would break their fast together in front of the KPU building.

He also said the rally participants were members of the 212 community, those who took part in the Dec. 12, 2016 rally in Jakarta that demanded the prosecution of then-Jakarta governor Basuki "Ahok" Tjahaja Purnama, who was eventually sentenced to two years' imprisonment for blasphemy.

The movement has been associated with the Prabowo camp since the group held a gathering at the National Monument (Monas) in December, which was attended by the presidential candidate and his running mate Sandiaga.

Security personnel have been raiding stations and bus terminals to prevent local residents from going to Jakarta to participate in the rally.

In Surabaya, East Java, a joint security team raided Purabaya bus terminal and Pasar Turi train station on Saturday evening to look for people intending to join the rally.

Jakarta Police chief Insp. Gen. Gatot Eddy Pramono said the police had not yet received a notification about the rally. "We have beefed up security in several locations, including the headquarters of the KPU and the Elections Supervisory Agency," Gatot said, as quoted by Antara.

National Police spokesperson Brig. Gen. Dedi Prasetyo said the police personnel would not be armed with live rounds while on duty during the announcement of the elections results in Jakarta, despite their warnings about a possible terrorist attack.

THERESIA SUFA AND SUHERDJOKO  
CONTRIBUTED TO THE STORY  
FROM BOGOR AND SEMARANG

# Govt sets eyes on East Kalimantan

May 18 2019  
J. Post.

Ghina Ghaliya and N. Adri

THE JAKARTA POST/JAKARTA/  
BALIKPAPAN

Following the trips of President Joko "Jokowi" Widodo to Kalimantan in his quest to find a new capital city, the government has inclined to pick Bukit Soeharto in East Kalimantan, which is seen as a more favorable option.

With an international airport and a seaport, the province is more promising than Central Kalimantan, which is consisted of vast fire-prone peat forests.

National Development Planning Minister Bambang Brodjonegoro said the only weakness of East Kalimantan was that several areas near river upstreams were prone to floods and lack clean water systems.

The location in Central Kalimantan, he said, was too far from a seaport, had limited availability of groundwater resources as there was only river water available, and the peat in most of its areas were vulnerable to forest and land fires.

Bambang said the government might have to build parts of the areas in Bukit Soeharto, which is registered as a conservation area, but said that it would not take all parts of the hill.

According to a 2007 Forestry Ministry regulation, Bukit Soeharto has been declared a grand forest park, which functions as a conservation area.

"It is impossible for us to fully develop the protected area [...] It is possible to use the land around the hill so that it will later become a part of the city's territory [...] The President has committed to protecting the hill," Bambang said.

After studying options for a new capital outside Jakarta for years, the Jokowi administration decided to take another step with the plan earlier this month, amid ballot count progress that showed that he was on course to secure his reelection.

On May 7, Jokowi visited Bukit Soeharto, which is a 61,850-hectare forest located in North Panajam Paser Utara and Kutai Kartanegara regencies. He later moved to Central Kalimantan where he visited three locations: provincial capital Palangkaraya, Katingan regency and Gunung Mas regency.

East Kalimantan Governor Isran Noor had proposed Bukit Soeharto as the new capital location considering its size and access.

The hill is located near the midpoint of the toll road connecting Samarinda and Balikpapan, the two largest cities in the province, both of which have airports.

But criticism has been rife about the plan, since the development would cause more deforestation. As home to the world's

East Kalimantan more accessible, safe than West Kalimantan

Experts expect government to protect forest areas in province

third-largest area of rainforest after the Amazon and Africa's Congo Basin, Indonesia has come under fire for massive deforestation and haze problems over the years.

Urban planning expert from Bandung Institute of Technology (ITB) Ibnu Syabri said looking at the government's review of the two provinces, it was evident that the government was not only looking for a new administrative center but also an economic growth center.

He said Central Kalimantan indeed had more problems than East Kalimantan. Moreover, to boost the economy, the new capital city should have an accessible sea area to support people's economic activities.

The front yard of East Kalimantan is the Makassar Strait, a part of the Archipelagic Sea Lanes of Indonesia (ALKI II) that can be passed by large-tonnage merchant ships from across the world under the United Nations Convention on the Law of the Sea (UNCLOS).

Ibnu said if the government had to choose East Kalimantan, it should make the city a green city, given that there had been a lot of forest damage in the province in the last 20 years. "If the government would choose, we suggest the capital be a green city."

The Nature Conservancy (TNC) program manager in East Kalimantan Niel Makinuddin did not support the government developing the capital on a hill. "Sedimentation [in water bodies] could increase when many trees and forests are cleared. As a result, the fish will disappear and millions of fishermen will be affected."

He said there were seven watersheds flowing around the hill that lead to the Mahakam River, Makassar Strait and Balikpapan Bay, so that the hill was a source for clean water in three East Kalimantan regions: Balikpapan, Samarinda and Kutai Kartanegara.

"Interfering in Bukit Soeharto means torturing people in the three regions. Let alone turning it into a capital city. A small-scale disturbance to the hill can have a real impact," he said.

He said the government should find another place that would have minimum environmental damage around the Balikpapan-Samarinda-Kutai Kartanegara-North Panajam Paser circle.

Bambang agreed with the urban forest concept and sustainability principles, but still saw Bukit Soeharto as the best option.

# Dumping charges curb paper exports

Made Anthony Iswara  
THE JAKARTA POST/JAKARTA

Dumping charges are likely to continue hampering Indonesia's exports of pulp and paper products as many competitors abroad still accuse the country of selling its products below production cost.

Sihol Parulian Aritonang, the president director of PT Riau Andalan Pulp Paper (PT RAPP), a subsidiary of the Asia Pacific Resources International Limited (APRIL) Group, said that Indonesia's pulp and paper products were more competitive overseas because their raw materials were cheaper, not because of dumping practices.

According to him, the production costs for Indonesian pulp and paper are lower because their raw materials are taken from a fast-growing tree, which can be ready for harvest after only five years, compared to 25 years in Europe and the United States.

"The reality is that our country has fertile [soil], all-year sunlight and high rainfall rates. If we are able to naturally produce abundant raw materials [for paper], then the production costs would be lower."

"So why are we blamed [for dumping] then? I often get confused about it," said Sihol, who has been deliberating with the Trade Ministry to find a solution.

Sihol said that the company would nevertheless maintain its paper production this year at its usual capacity, which typically reached about 3.9 million tons of paper and pulp every year.

Ri's pulp, paper products more competitive overseas because raw materials cheaper: RAPP

APKI still hopeful of achieving 5 percent growth

Yet, Sihol's concerns probably echo Indonesia's longtime qualms about dumping allegations from other countries toward its local paper producers, of which there are 84, according to the Trade Ministry data.

In 2017, the US imposed punitive levies of between 20 and 70 percent of the paper's initial value after investigators accused Indonesian paper producers of selling for less than Malaysia. In the same year, Australia also adopted a similar stance, claiming that Indonesia's dumping margin ranges between 2.9 and 45.1 percent.

According to World Trade Organization rules, any country is allowed to charge antidumping duties on imported goods as long as it could prove that the products are sold for prices below their normal value.

Meanwhile, Indonesian Pulp and Paper Association (APKI) executive director Liana Bratasida said that such charges had inflicted wounds on the export value of paper and pulp. For instance, 2018 Trade Ministry data revealed that the export value of A4 paper had plummeted by 36.8 percent to US\$9.47 million year-on-year between January and September.

In the first three months of 2019, the worth of pulp and pa-

per exports had fallen by 15.26 percent yoy to \$79.04 million in January and by 15.04 percent to \$86.09 million yoy in February, according to recent Trade Ministry data. The two commodities started to crawl back up in March, when their export value rose by 5.9 percent yoy to \$610.92 million.

Still, the APKI has repeatedly expressed hope of meeting its 5 percent target for pulp and paper industry growth as the association previously estimated 2 percent growth in 2019 of global paper demand. Their recent statistics had also revealed paper export volumes increased 0.92 percent year-on-year to 780.04 tons in the first quarter, indicating a bright outlook for the rest of the year.

"And we can always accuse them back [of dumping] if they ever try to haphazardly accuse us of dumping again, especially since their allegations could cause us financial loss for up to five years," Liana said.

Some countries that imposed dumping tariffs have dropped their charges, such as Japan in 2013. Japan had once accused PT RAPP, along with 11 other paper producers, of committing unfair trade practices.

India followed in Japan's footsteps last year by exempting Indonesia from its antidumping investigation after it lacked preliminary evidence of similar violations.

Indonesia is one of the biggest pulp and paper producers in the world. Currently, the country occupies the 10<sup>th</sup> spot for pulp manufacturing and sixth place for paper production.

# Export outlook of palm oil becomes gloomier

Rachmadea Aisyah

THE JAKARTA POST/JAKARTA

The palm oil sector is taking a cautious stance toward its export outlook as a turbulent global economy and negative sentiment toward the commodity have taken a toll on palm oil prices.

Statistics Indonesia (BPS) said early this week that the drop in global palm oil prices contributed to the country's historic US\$2.5 billion trade deficit in April, which was the largest monthly deficit since 2013.

The BPS noted that while crude palm oil (CPO) exports had increased in volume, they lost a lot of value because of price volatility. Its data shows that the country's CPO export value decreased 27.86 percent month-on-month to US\$919 million from \$1.27 billion in March.

"The export value [of CPO] to a few countries improved, such as to China, but the value decreased in other countries like India, Pakistan, Bangladesh and Egypt. It decreased even further [in shipments] to Russia and Spain," BPS head Suhariyanto told a press

CPO export value fell 27.86 percent month-on-month in April to \$919 million

Palm oil production expected rise by 2 million tons to 43 million tons

briefing.

Russia and Spain, Suhariyanto noted, are European countries that have been strongly influenced by the European Union's negative campaigning against palm oil, even though Russia is not a member of the EU.

According to Indonesian Palm Oil Producers Association (Gapki) data, CPO prices averaged \$530 per metric ton in April, a slight increase from the \$528.40 per metric ton in March and were much lower than the February average of \$556.60 per metric ton.

Gapki chairman Joko Supriyono said that given the predicament of palm oil, the association had decided to not set an export target, hoping that domestic demand would remain high and

mitigate the price decrease.

He pointed to the recent move by the EU, which is currently deliberating a bill that would practically stop all palm oil imports by 2030 through its Renewable Energy Directive (RED) II, as well as economic slowdowns in some of the main buying countries, saying they were among the main causes of the continuing palm oil price volatility.

"This year will be tough on the industry after we were also weakened last year by macroeconomic elements that affected the price of palm oil," Joko said during a recent Gapki iftar gathering. "This year's exports will also depend on whether domestic demand increases [...] then we might export the remaining CPO."

This year's CPO exports, he said, would also depend on the production of the commodity, which is expected rise by 2 million tons or 4.65 percent of the 2018 production at 43 million tons.

Of the 43 million tons of CPO produced, 13 million tons was absorbed by the domestic market. About 6 million tons of domestic

purchases were processed into B20 fuel, a mix of 20 percent of biofuel from CPO and diesel fuel.

"It should be noted that the government's mandatory B20 policy is not the only thing that can improve CPO prices [...] however, when even stable demand can't improve the CPO price, who knows what would have happened if [the B20 policy] had not come into effect?" said Joko.

Confirming BPS' statement on the increase in CPO exports to China, he said CPO exports to the Asian superpower had increased 14 percent in 2018.

Gapki members have started looking for opportunities in non-traditional destinations for CPO exports, such as Iran and Japan.

The latter country, said Joko, had started importing Indonesian CPO recently to be used as an energy source, after previously only importing palm kernel oil.

"There remain challenges for us in entering these new markets. For instance, we have not managed to reach an export deal with Iranian buyers due to disagreements in the payment method," he added.

# Coal miners look to S. Korea, China amid low investment

Stefanno Reinard Sulaiman

THE JAKARTA POST/JAKARTA

Indonesia's second-largest coal producer, PT Adaro Energy, has started looking to China and South Korea for potential funding sources as countries in Europe shift away from investing in coal-related businesses such as power plants and mining due to climate concerns.

A report released in February by global energy think tank Institute for Energy Economics and Financial Analysis (IEEFA) shows that over 100 global financial institutions have shifted away from thermal coal, including 40 percent of the top 40 banks and 20 insurers.

Dharma Djojonegoro, the vice president of Adaro Energy's power subsidiary PT Adaro Power, told the press on Wednesday that finding new financing for a coal-fired power plant (PLTU) project has become difficult.

However, he remains upbeat about financing options from China and South Korea.

"It's hard for us to find financing for our new projects. It now comes down to two options: go to China [for investment] or play in the renewable energy sector with a solar [photovoltaic] power plant or gas-fired power plant," he said, adding that financiers from Europe and Japan have fully closed their funding to coal.

Last month, publicly listed local coal miner PT Toba Bara Sejahtera inked a partnership deal with Powerchina International Group for two "electrification" projects, namely Sulbagut-1 and Sulut 1. The deal was part of China's trillion-dollar global investment program called the Belt and Road Initiative (BRI).

Dharma of Adaro Power also said that besides China, some financiers are still "tolerant" to any PLTU investment but only if the facility used a critical form of technology that would require less coal to be burned or support lower emissions.

"We can still find [financing for PLTU projects], as long as we build them in countries where a PLTU is the best possible option, such as Vietnam, Bangladesh and Myanmar, or even outside Java, which doesn't require a new power plant," he said.

Adaro Power has frequently said it was seeking potential investment projects outside Indonesia, especially in Southeast Asian countries such as Thailand, Vietnam and the Philippines. However, Dharma declined to disclose the details, saying only that the group was focusing on building power plants overseas.

The company currently has two coal power plants (PLTUs) in the pipelines, namely the 200-megawatt (MW) PLTU Tanjung Power Indonesia in Tabalong, South Kalimantan, and 2,000-MW PLTU Batang in Central Java, which are expected to commence operation in July and December 2020, respectively.

"Neither project has been disrupted [by the shift away from coal]. We have Japanese financiers for PLTU Batang, namely J-Power with a 34 percent stake and Itochu with a 32 percent stake," he said, adding they were committed to the project.

Not all companies have been as fortunate as Adaro and at least two local firms have been impacted by the move away from coal, namely diversified conglomerate group PT Astra Internasional and its subsidiary PT United Tractors (UT), a heavy equipment distributor and coal miner.

Norwegian pension fund (KLP) previously invested US\$4.08 million in the company, but its stake was sold on May 7 following its to go coal-free.

Astra International declined to comment on the matter.

Meanwhile, UT corporate secretary Sara Lubis acknowledged that a number of European financiers had limited their investment in companies that work in the "natural resources" sector.

"It [limiting their investment] is their own company policy," she said to *The Jakarta Post* on Thursday.

But according to Adaro Energy president director Garibaldi Thohir, the lack of financing for the coal sector has indirectly stabilized global coal prices as the shift will make it harder for any company to open a new mine, thus stabilizing global supply.

"If foreign banks no longer finance [coal], there will not be any new players, and this will the price [of coal] stable. However, coal demand will soon increase as a new PLTU is set to commence operation, which means they need coal supply. This is what we have to anticipate," he said.

The country's coal reference price (HBA), which is based on a number of global coal price indexes, has been on the decline since at least October when it stood at \$100.89 per ton. By November, the HBA had dropped to \$97.9 per ton and then \$92.51 per ton in December.

The negative trend continued this year, declining to \$92.41 per ton in January, \$91.8 per ton in February, \$90.57 per ton in March, \$88.85 per ton in April and \$81.86 per ton in May.

Garibaldi of Adaro acknowledged that the coal sector was now struggling with a "bad image", but businesses are still doing well and there is demand for them, especially with the use of coal in PLN's power plants targeted to stand at 58.9 percent in the country's energy mix by 2025.

"Right not people are allergic to coal, but they don't realize that business is still good. In other words, these people wouldn't want to run a car-repair shop as it would get dirty, but they are not aware that these workshops offer a much higher profit margin than selling new cars," he said.