Mar. 3. 2018
T. Post

BI sets intervention to defend rupiah

JAKARTA: Bank Indonesia (BI) is preparing a market intervention scheme to defend the weakening rupiah, which was quoted above 13,800 against the US dollar on Thursday morning.

"We have started looking into all the data. Since early in the morning [the rupiah] was under pressure, therefore we were preparing to stabilize it," said the BI's monetary management department head, Doddy Mulverdi, in Jakarta on Thursday as quoted by *tempo.co.*

The rupiah rebounded and closed at 13,748 against the dollar on Thursday evening.

Doddy, however, refused to reveal the intervention strategy, which had been prepared by the central bank. "The intervention strategy, volume of intervention, etc. are part of internal strategy," he added.

Previously, the assistant to BI's economic and monetary policy department head, Dody Budi Waluyo, said Federal Reserve chief Jerome Powell's speech on the performance of the country's economy had sparked negative sentiment against Indonesia's currency.

Securities firm Binaartha Sekuritas analyst Reza Priyambada explained market players had released the currencies of developing countries, including the rupiah, after Powell's optimistic speech, which also indicated the Fed's plan to increase its reference rate.

Meanwhile, BI Governor Agus Martowardojo said the rupiah's exchange rate would continue to be volatile until the Fed announced its reference rate policy on March 20 or 21. — *Tempo*

Mar. 3. 2018
J. Post

TRADE

EuroCham urges RI to ease import rules, to spur growth

The Jakarta Post
JAKARTA

The European Business Chambers of Commerce in Indonesia (EuroCham) has told Indonesia to relax import rules in order to boost foreign direct investment (FDI) from European countries, despite a potential surge in imports.

A joint study by EuroCham and the Institute for Development of Economics and Finance (INDEF) on Indonesia-EU economic relations in the past decade found out that every 1 percent increase in imports from the bloc resulted in a 2.43 percent rise in the FDI in the following year.

An influx of foreign goods has long been a key concern in Indonesia, a developing country with a population of more than 250 million people, the fourth largest population in the world, as domestic industry still struggles to catch up.

Imports climbed by 15.66 percent year-on-year to US$156.9 billion last year, according to data from the Central Statistics Agency.

Monthly imports in January, meanwhile, rose by 26.44 percent yoy to $15.13 billion.

EU business practitioners in Indonesia, however, say that an import surge should not spark concerns, but rather a way for the country to expand the economy by 5.5 to 6 percent within the next few years as targeted.

"In order to leapfrog economic growth, this country needs to rely more on the private sector, both domestic and foreign, and should no longer consider imports as an evil, as imports clearly feed into exports and stimulate foreign direct investment," Raffaele Quarto, the head of economic and trade section of the EU delegation to Indonesia and ASEAN, said at the launch of the study recently.

Berly Martawardaya, who led the INDEF team in the study, said that the findings proved imports were not always necessarily a bad thing.

"Especially in the case of Indonesia-EU economic relations, we cannot say that imports are always bad," he said. "There is a bidirectional relationship between FDI and imports."

Berly argued that when EU companies first establish themselves in Indonesia, they need to import machinery and other capital goods in order to manufacture products. Consequently, that will result in increased revenue and profits, which, in turn, attracted more investment and led to bigger exports.

EuroCham vice chairman Mark Magee echoed Berly's sentiments, saying that as revealed by the study, EU companies operating in Indonesia were "importing for export purposes, primarily components and raw materials to add value and to re-export."

"This is a bit of a shift from our traditional view of import-export in Indonesia, but it is paving the way to an export-led economy," he said.

To that end, Magee said EuroCham was recommending that the Indonesian government further improve and simplify import and export regulations.

Indonesian Chamber of Commerce and Industry (Kadin) deputy chairman Shinta Kamdani agreed that although theoretically imports could lead to higher FDI, this might not always be the case in practice.

"EU companies could just as easily decide to create a regional hub in another ASEAN country, like Singapore, Malaysia, or Thailand, and supply to Indonesia," she told The Jakarta Post.

"Ease of imports is good if the goods that are imported are not available in Indonesia," she added. "But it is also counter-productive to Indonesia's industrial development to have a high import component in our exports, so we have to be selective in easing import restrictions."

Ari Satria, the Trade Ministry's director for export development, said the government would look into EuroCham's recommendations. However, it would request some form of reciprocation from the EU, especially with regard to palm oil products, he added.

"We also need some room to enter the European market," Ari said. **(kmt)**

Mar. 3 2018
J. Post

Govt considers scrapping key articles in regulation

Farida Susanty
THE JAKARTA POST/JAKARTA

Points related to safety already covered by existing law: Ministry

Analysts say Govt should not step back from implementing regulation

In a seemingly desperate attempt to dodge the mounting backlash from ride-hailing drivers, the government is considering to remove controversial articles related to passenger safety in the current regulation.

The Transportation Ministry will discuss the possibility of removing several articles from Ministerial Regulation No. 108/2017, including those requiring drivers of ride-hailing firms to possess a regular type A driving license (SIM A) for public transportation.

Another article that could be removed is the requirement for ride-hailing drivers to take a roadworthiness test (KIR), a ministry official said recently.

The ministry's move was based on the reasoning that the articles were already stipulated in Law No. 22/2009 on traffic and land transportation, said Budi Setiyadi, director general for land transportation.

"What is the use of putting it [in the regulation]? We didn't even have to and now [ride-hailing] drivers are [protesting] as if we were the ones who decided on the [articles]," he said, pointing out that the regulations were already stipulated in the Traffic and Land Transportation law.

Budi said drivers would only have to comply with the existing law and that the ministry was only trying to implement the regulations effectively by categorizing ride-hailing as a mode of public transportation.

He warned drivers that state-owned insurer Jasa Raharja might not be able to provide protection for passengers from accidents should they fail to fulfill requirements in the regulation.

The ministry's move followed waves of protests mostly staged by the Online Drivers National Alliance (Aliando) in recent months, which also called on President Joko "Jokowi" Widodo to remove Transportation Minister Budi Karya Sumadi from office.

The protests prompted the ministry to find specific articles in the regulation that could be mutually agreed on with the drivers.

Up to now, the ministry has chosen to enforce the law against drivers who do not fulfil the requirements in the regulation, such as the obligation to be affiliated with legal cooperatives and attach stickers to vehicles, despite difficulties in implementing the regulations.

Darmaningtyas, a transportation analyst from the Indonesian Transportation Society, slammed the ministry's move as he said the government should not step back from implementing the ministerial regulation.

"If they do that [remove the articles], what will happen to other [public] transportation? There should be no discrimination among forms of public transportation," he said.

Meanwhile, Christiansen Wagey, chairman of the Online Drivers Association, said the government should provide a substitute policy to ensure safety and security for both drivers and passengers if they decided to remove articles from the regulation.

"We already suggested that [the ministry replace] the KIR, because most of the cars are privately owned. The drivers usually take care of their cars with regular maintenance. It can be a substitute [for the KIR]," he said.

Despite voicing an idea to scrap the article on driver's licenses, the Transportation Ministry is currently collaborating with several organizations, including the Association of Indonesian Automotive Manufacturers and Jasa Raharja, to provide subsidies for drivers of ride-hailing and traditional public transportation when applying for a SIM A.

In the partnership, which is a corporate social responsibility program, drivers only have to pay Rp 100,000 (US$7.26) to apply for a SIM A, lower than the normal fee of Rp 225,000.

The ministry aimed at providing at least 500 SIM A licenses for public transportation drivers in big cities, including Jakarta, Bandung in West Java and Surabaya in East Java, within the next two weeks. In Jakarta, 50 SIM A licenses are being processed for drivers.

Bali ready to host meetings: IMF chief

Mar. 3. 2018
J. Post

Marchio Irfan Gorbiano
THE JAKARTA POST/NUSA DUA, BALI AND YOGYAKARTA

Bali, the so-called Island of the Gods, may become the next place for world leaders to cultivate their big thoughts and ideas in the efforts to improve the global economy and bring more welfare to people as it is slated to host the upcoming International Monetary Fund-World Bank annual meetings in October.

The Hindu-majority island was proven to be successful in hosting the World Trade Organization's (WTO) conference in December 2013, when a historic trade reform deal called the Bali Package was agreed on among the group's members to improve trade facilitation and agricultural issues, among others.

Bali as meeting location 'irresistible': IMF chief

Lagarde considers Bali fully prepared to hold meeting

During her visit on Friday to the Bali Nusa Dua Convention Center, which will be used as the main venue for the October meetings, IMF managing director Christine Lagarde said Indonesia applied to the fund four years ago to make Bali the host for the conferences.

The country beat eight other applicants in the IMF's tender, which was held in a transparent manner under thorough assessment of the fund and the World Bank's executives regarding Bali's readiness, ranging from accommodation, transportation, security to other technicalities.

The judges even conducted on-site inspections as Indonesia should display a "top" level of assurance when the world's finance ministers and central bank governors attended the meetings, Lagarde said.

"And it was a no contest; Indonesia was the best [among the other applicants]. So, it will deliver," she told reporters on Friday, adding that it was an "irresistible decision" to confirm that Bali would host the meetings.

She went on to add that the annual meetings, which will be held between Oct. 12 and 14, had generated a lot of excitement among the IMF and World Bank members, hoping that delegates would prolong their stay to enjoy the beauty of Indonesia.

The event's committee head, Peter Jacobs, previously said it had booked 4,000 hotel rooms in Bali to accommodate international delegates, adding that an estimated 15,000 people from 189 countries would flock to the resort island during the meeting.

The much-anticipated annual meetings were expected to boost Bali's economy, more than 50 percent of which was pinned to tourism, said chief of Bank Indonesia's (BI) Bali representative office Causa Iman Karana.

The rising activity of Bali's Mount Agung, which peaked late last year, hit the island's economy hard as its GDP expanded by only 4.01 percent in the fourth quarter of 2017, lower than the 6.23 percent booked in the earlier quarter.

It brought Bali's overall economic growth throughout 2017 at 5.59 percent year-on-year (yoy), which was below the 6.32 percent a year prior, Causa said.

According to BI's Bali chapter's projection, the meetings will inject as much as Rp 5.7 trillion to Bali's economy after taking into account the estimates of delegates' spending during the conferences, ongoing infrastructure projects to support the occasion and expenditures of the event's national committee.

Based on the projection, Bali's economy could expand between 6 percent and 6.4 percent yoy this year, Causa said.

He said BI's Bali office had raised its ceiling for rupiah demand to the BI's central headquarters in Jakarta to Rp 21 trillion (US$1.52 billion) this year from Rp 17 trillion in 2016 to meet the expected increasing cash demand on the island during the annual meetings.

Bali was the final stop for Lagarde in her weeklong visit in Indonesia as she recently claimed it to be the longest period she ever spent in a single foreign country, after having visited Jakarta and Yogyakarta prior to visiting Bali.

Lagarde also took a moment to visit the renowned Borobudur Temple in Magelang, Central Java, before spending a Thursday afternoon meeting students at Gadjah Mada University in Yogyakarta, where she had a public dialogue with the founder of online marketplace Bukalapak, Ahmad Zaky.

— BAMBANG MURYANTO CONTRIBUTED TO THE STORY.

Mar. 3. 2018
J. Post

TRANSPORTATION

Latest airport railway glitch adds to operating woes

Farida Susanty
THE JAKARTA POST/JAKARTA

Only two months after the service was launched a train on the airport railway connecting Jakarta and Soekarno-Hatta International Airport stopped dead late on Thursday reportedly because of electrical problems.

The train experienced operational failure near Batu Ceper Station while heading to the airport, leading station officials to manually force open the train doors to evacuate passengers.

Sixty-two passengers — 34 of whom were heading to the airport — were affected by the incident that lasted for 30 minutes.

It was the second glitch after the railway had to stop operating on Feb. 5 following a landslide on the perimeter road near the airport, which affected track access.

The operational issues add to the railway's troubles, which has been struggling to attract passengers despite offering reduced fares.

Transportation Ministry Director General for Railways Zulfikri apologized for the problems with the service, while promising there would be efforts made to prevent similar incidents from recurring.

"We have asked the KNKT [National Transportation Safety Commission] to evaluate what happened yesterday. They will be in the field from today until tomorrow to figure out what really happened," he told the press on Friday.

Railink, the state railway operator in charge of the airport railway, will also remove from service the train that experienced the breakdown on Thursday to be examined by the KNKT. The measure will not affect the daily railway operation, as Railink currently has 10 trains available, of which only five have been operating so far.

Zulfikri said early indications seemed to show the incident was a power trip where the electricity supply did not match the power tolerance of the railway, possibly caused by fluctuating power. He acknowledged that such electrical problems had arisen in the trial operations.

"There was [such trouble] in the trials, but it has been operating normally for two months," he said.

Railink president director Heru Kuswanto said the firm would consult the train manufacturer — state train producer INKA and its Canadian partner Bombardier — to examine the troubled train.

He said the passengers affected on Thursday were transported to the airport on the next train but the firm had no liability for any missed flights as a result of the breakdown.

"It [liability for missing flights] is not regulated yet in our ticket terms. We'll discuss if we can insure [passengers making their flights] in the future," he said.

Railink conducts daily and three-monthly checks on the trains and found no irregularities even on the day of the incident.

The incident added to the operational hassles of the railway, as Heru said the load factor level stood at 15 percent of the total capacity.

The airport railway boasts 50 trips daily with a 30-minute gap between trips. The trip duration between New Sudirman Station, also called BNI City Station, in Jakarta and Soekarno-Hatta Station takes 55 minutes. In the final phase, it will be able to operate 120 trips with 10 trains.

The railway spans 37.6 kilometers on 25.3 km of existing track between Manggarai and Batu Ceper stations, while Railink built the new 12.3 km track from Batu Ceper to the airport.

The railway has been cited as a marker of a modern railway-based transportation system connecting the capital with the airport, as Jakarta grapples with traffic congestion.

President Joko "Jokowi" Widodo said the train was a means of persuading people to move from private cars to public transportation, in line with the government's other projects such as light rail transit (LRT) and the MRT. The railway is expected to attract 20 percent of the approximately 200,000 people traveling to the airport daily.

"I want to ensure that Railink can improve the service because the [train] occupancy is also not maximal yet," said Transportation Minister Budi Karya Sumadi

Indonesian Transportation Society (MTI) expert Darmaningtyas said the glitch might deter potential passengers from using the railway service. "Passengers might worry that they will arrive late [at the airport], which will affect their decision whether to use the airport railway."

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FOOD

Bulog to increase rice supply, lower price

Anton Hermansyah
THE JAKARTA POST/JAKARTA

State logistics company Bulog will supply a higher quantity of rice to the market than its regular monthly distribution in order to slash prices.

President Joko "Jokowi" Widodo gave the company the go-ahead on Friday to supply 400,000 tons of rice to the market this month.

Bulog president director Djarot Kusumayakti said the figure was much higher than its usual monthly supply, which ranged between 120,000 and 150,000 tons.

To meet the scaled up supply, the company would take undelivered rice from January and February as well as some of April's stock.

"We have a shortage of 250,000 tons for March and the President has allowed us to use April's allocation in March as well, so we will supply 400,000 tons," he said after a meeting at the Presidential Palace.

Prices for rice of all qualities followed an upward trend in February, according to data released by the Central Statistics Agency (BPS) on Thursday. The premium rice price increased by 10.35 percent to Rp 10,382 (73 US cents) per kilogram from the previous year, while the cost of medium- and low-quality rice rose by 12.89 percent and 16.34 percent, respectively, to Rp 10,215 and Rp 9,987 per kg, respectively.

Rice was the biggest contributor to inflation in the first two months of this year. Djarot further said the bulk supply was expected to experience a further hike and Bulog would carry out market operations soon.

Coordinating Economic Minister Darmin Nasution said Bulog had sufficient stocks to do market operations in March.

Currently, the agency has stockpiles of around 700,000 tons, excluding 281,000 tons sourced from imports.

"The stock is enough and we are ready to carry out massive market operations," he told reporters after the meeting.

Darmin underlined that although the rice price had risen significantly in the past few months, the grain price had not improved, meaning rice traders, rather than farmers, had enjoyed the benefit of the higher price.

"We do not want traders to take advantage of the price hike, while farmers are suffering," he said.

The price of unhulled rice declined by 3.84 percent to Rp 5,207 per kg in February from January, according to the BPS. This resulted in a 0.57 percent decline in farmers' terms of trade (NTP) over the same period.

Darmin further said the market operations would also be carried out along with rice purchases from local farmers. The harvest season starts in March and will reach its peak in April.

"Bulog is targeting to purchase rice from farmers during the harvest time and before June, its stockpiles must be replenished to at least 1.2 million tons," he said.

Darmin added that the market operations would be held continuously until the Idul Fitri celebration in mid-June.

Mar. 5, 2018
J. Post

Govt works its way around Vietnam's rule

Rachmadea Aisyah
THE JAKARTA POST/JAKARTA

Indonesia to change VTA certification amid Vietnam's import restriction

Revision on VTA expected to reopen shipment to Vietnam

The Indonesian government is attempting to recover shipments of vehicles to Vietnam amid an imminent massive loss caused by the latter's recent decree, which practically limits imports from many producing countries.

Indonesia's northern neighbor last November issued Decree No. 116/2017/ND-CP on car manufacturing, assembly, importation and warranty offering, a move that tightened car imports from Jan. 1 onward.

The decree requires car importers in Vietnam to obtain a vehicle type approval (VTA) certification, which details incoming vehicles' quality, safety and environmental protection. The VTA must be issued by the authorities of exporting countries.

In addition, one sample will be selected from every batch of imported cars for emission, quality and technical safety tests. The inspection will be repeated in the next shipment, even on the same car models.

The Indonesian government has said it would make a change in its VTA certification for the completely built-up (CBU) type of vehicles and would report it soon to its Vietnamese counterpart to reopen the flow of exports to the northern country.

"We expect that our automotive exports to Vietnam can be realized in the near future," said Oke Nurwan, the Indonesian Trade Ministry's director general for international trade, in a recent statement.

The latest nontariff barrier from Vietnam technically revokes its recognition toward Indonesia's quality and safety standard, called the Indonesian National Standards (SNI), slapped on each exported vehicle, prompting concerns from the latter's government and industry players that it could damage car exports.

The Indonesian government, represented by officials from the industry and trade ministries, accompanied by industry players from the Association of Indonesian Automotive Manufacturers (Gaikindo), then established a group of delegates to negotiate with their Vietnamese counterparts in Hanoi, from Feb. 27 to 28.

The restriction would most likely hurt Indonesia's trade balance with Vietnam after the former finally managed in 2017 to record a trade surplus at US$358.7 million, the first time in six years, data from the Trade Ministry shows.

Indonesia's CBU car exports to Vietnam has been practically halted since Jan. 1, costing the country approximately $85 billion between December 2017 and March 2018, Oke said.

Central Statistics Agency's (BPS) data shows that Indonesia exported 38,832 CBU vehicles worth $718 million to Vietnam in 2017, $241.2 million of which was for passenger cars. In 2016, the volume of passenger car exports from Indonesia was only $17.7 million.

Japan-based automakers Toyota and Hino are among Indonesia's largest exporters to Vietnam, with the former exporting 1,362 units of CBU passenger cars throughout 2017, while the latter, which specializes in commercial vehicles, shipped 655 units of CBU trucks.

None of those brands have been exporting to Vietnam since January 2018, Gaikindo's data reveal.

Bob Azam, administrative director of Toyota Motor Manufacturing Indonesia (TMMIN), was hoping that all countries in ASEAN could show their commitment toward the spirit of free trade through deregulation to a ensure smooth flow of goods in the region.

"As far as I know, ASEAN countries have agreed that there should be no discrimination against imported products," he told *The Jakarta Post* on Sunday.

Gaikindo chairman Yohanes Nangoi pointed out that Vietnam had joined the ASEAN Free Trade Area agreement, which stripped down vehicle import duties from 10 percent to zero.

Meanwhile, Industry Minister Airlangga Hartarto said Indonesia was not alone in this issue as other countries like Thailand and Japan were also affected by the Vietnamese policy, which "if it's against a bigger rule, then the World Trade Organization [WTO] can help us fight it".

However, Airlangga did not specify whether Indonesia had a plan to report the case to the WTO in the near future. **(dpk)**

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J. Post

Indonesia tightens airspace security

Dian Septiari
JAKARTA POST/JAKARTA

Trespassing aircraft could be fined up to Rp 5 billion

New regulation responds to domestic concerns over vulnerabilities in airspace

The government has moved to tighten its airspace security by introducing heavier sanctions in a new government regulation aimed at putting an end to the unsolicited entry of foreign aircraft.

Government Regulation (PP) No. 4/2018 on airspace security, which expands on the 2009 Aviation Law, stipulates that foreign aircraft flying through Indonesia's airspace must have prior flight approval as well as diplomatic and security clearance, or otherwise risk hefty fines of up to Rp 5 billion (US$363,450).

The penalty hike is a far cry from the conventional fines of previous arrangements, which was meted out at around Rp 60 million per aircraft, and seeks to deter violations, said Indonesian Air Force spokesperson Air Commodore Jemi Trisonjaya.

"Previously, violators would only be fined with a few million rupiah," he told *The Jakarta Post* on Sunday.

Jemi said while seeking clearance was a standard practice and in accordance with international regulations, the Air Force would no longer hesitate to reject those with incomplete or expired clearances.

"If they insist [on entering], we can force them down, just like when an aircraft tried to pass the Tarakan region without clearance in 2015," he asserted.

In November 2015, United States Navy pilot Lt. Cmr. James Patrick Murphy was forced to land his plane at Juwata Airport in Tarakan, North Kalimantan. His Cirrus SR-20 aircraft entered Indonesian airspace without clearance and was intercepted by two Air Force fighters.

He had reportedly obtained clearance to fly solo in a civilian aircraft to Singapore from the Philippines, but he entered Indonesian airspace. Six days later, he was released after paying Rp 60 million in fines to the Transportation Ministry.

The new regulation is expected to deter such violations from occurring. The Indonesian military (TNI) had been requesting heftier fines for many years, dating back to when current Presidential Chief of Staff Moeldoko was TNI commander.

In 2014, Moeldoko argued that the cost of operating its jet fighters to pursue violations of airspace simply did not compute; at the time, he said one Sukhoi fighter would cost Rp 400 million to fly for one hour.

Without practical regulations in place, the 2009 Aviation Law provided insufficient provisions for a deterrent effect, said former lawmaker and military expert Susaningtyas Kertopati.

"The fines for the violation were not equal to the cost the state had to spend to purchase the fighter jets," she said.

However, even before the regulation was enacted last week, Jemi said airspace violations had seen a decrease in the last two years. "This year, we have not seen any violations so far," he said, attributing it to the "firm actions taken by the Air Force" in warning aircraft before entering the airspace.

Meanwhile, the head of the sea and air border sub-unit under the Foreign Ministry's Directorate General of Legal Affairs and International Treaties, Cindy Mayrianti, said the new regulation was a result of active coordination between the Foreign Ministry, Transportation Ministry and the TNI, despite having been signed nine years after the 2009 Aviation Law.

In accordance with the new regulation, an aircraft passing through Indonesian airspace without proper clearance would be flagged by the Indonesian National Air Defense Command (Kohanudnas) and brought to the attention of related agencies for appropriate action. Cindy ensured that interception would remain a last resort.

"In a violation, the TNI would send a request to the Foreign Ministry to issue a diplomatic protest to the aircraft's origin country," she told the *Post* on Sunday.

Center for Strategic and International Studies homeland security analyst Iis Gindarsah said the new regulation was a response to domestic concerns over perceived vulnerabilities of the Indonesian airspace.

"It also represents the operational readiness of the country's civilian and military authorities to monitor air traffic and intercept unlawful flights," he said.

Besides the possibility of bigger fines, the new regulation also seeks to integrate the issuance of licenses across government agencies.

PP No. 4/2018 was signed by President Joko "Jokowi" Widodo on Feb. 13 and subsequently enacted by Law and Human Rights Minister Yasonna Hamonangan Laoly on Feb. 19.

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J. Post

SEAPORT

Pelindo II to team up with Japanese firms in Patimban Port bidding

Farida Susanty
THE JAKARTA POST/JAKARTA

State-owned port operator PT Pelindo II is set to team up with Japanese companies to take part in a bidding to operate Patimban Port, which costs US$3 billion to build.

Pelindo II operational director Prasetyadi said the cooperation followed memorandums of understanding (MoU) it signed with several Japanese companies, including Mitsui Group, two months ago.

"This is our internal [decision] to participate as one of the bidders," he said recently.

Prasetyadi, however, said the joint venture company had not been established. He did not elaborate on the statement.

In addition to the collaboration with the Japanese counterparts, Pelindo II is in talks with a local private company that is expected to be included in the consortium, in line with the government's order to widen the private sector's involvement in infrastructure projects.

The company sought to own the majority of shares, which totals 51 percent on the Indonesian side, Prasetyadi underlined.

The government is expecting Indonesia to hold the greatest percentage of shares in the port located in Subang, West Java, around 70 kilometers away from Karawang Industrial Estate and Bekasi, where many Japanese industrial firms operate.

Nevertheless, it was earlier announced that the largest stake on the Indonesian side would be given to a private firm. This arrangement is reportedly to fulfill Japan's request.

"We still want to be the majority [shareholder] because we are going to be the one who manages [the port]," Prasetyadi said, adding that the decision would be made by the Transportation Ministry.

At present, Pelindo II runs Indonesia's busiest trade port, Tanjung Priok Port in North Jakarta.

Prasetyadi further said that by operating Patimban Port, the company's business would expand and there would be no rivalry between Tanjung Priok and the new port, which is set to commence operations in 2019.

The Patimban Port project is a flagship project between Indonesia and Japan, which is acting as the loan provider.

Last November, Japan inked an agreement to fund the initial development of the port through the Japan International Cooperation Agency (JICA) with loans amounting to 118.9 billion yen ($1.1 billion).

Apart from the Japanese funding, the government will cover the land procurement cost of around Rp 500 billion. Meanwhile, port operators will be in charge of procuring and maintaining equipment to support operational activities.

Pelindo II president director Elvyn G. Masassya previously said that it had allocated Rp 2 trillion in capital expenditure to develop Patimban Port.

Separately, Transportation Minister Budi Karya Sumadi said that the bidding to decide the operator of Patimban Port would occur between May and June.

In response to Pelindo II's request to be the dominant shareholder, he said that any party could wish to win the bid.

"We will just put it on the bidding to see who is the best," Budi said, adding that he expected the groundbreaking of the project to occur in April.

Meanwhile, the Japanese Embassy's deputy chief of mission, Kozo Honsei, said the Japanese and Indonesian governments were still discussing the issue of operating the port.

However, Japan was of the view that Indonesia supported widening the participation of the private sector and decreasing the stake of state-owned enterprises in the infrastructure projects, he added.

"We are still in the process of negotiation, but we understand that is the Indonesian government's position," Honsei said.

Advertorial

Mar. 5. 2018
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Parties intensify maneuvers for possible coalition in 2019 elections

Nurul Fitri Ramadhani and Marguerite Afra Sapiie
THE JAKARTA POST/JAKARTA

After his public defeat in last year's Jakarta gubernatorial elections, Agus Harimurti Yudhoyono swiftly returned to the political arena with a bigger goal: to escalate the Democratic Party's position nationwide for the 2019 legislative and presidential elections.

The eldest son of former president and chairman of the Democratic Party Susilo Bambang Yudhoyono, Agus had continued his political safari after the party appointed him as the head of the party's campaign team last month.

He met over coffee with newly appointed Golkar Party chairman Airlangga Hartarto on Wednesday. As a newcomer in politics, he made the visit representing his father's party to meet Golkar, the country's oldest political party and the second-largest in the House of Representatives.

Democratic Party executive Rachland Nashidik had previously said the party was open to any possibilities with any party if they "like the same coffee".

The meeting might serve as a warm-up for Agus to get closer to the parties in the inner ring of President Joko "Jokowi" Widodo's coalition.

Agus has been expected to replace his father as the Democratic Party's chairman, and speculation is rife that he will either be endorsed as the party's candidate or be offered as Jokowi's running mate as the party would hold its national meeting on March 10 to 11.

He had also requested to meet with the Indonesian Democratic Party of Struggle's (PDI-P) chairwoman Megawati Soekarnoputri, in which the former president had assigned her son to represent her in the yet-to-be scheduled meeting. The meeting would open a dialogue between the two parties as the PDI-P had been the latest party, after NasDem, Hanura, the PPP and Golkar, to throw its weight for Jokowi to seek re-election.

Other political parties and their figures have also made moves to elevate their public persona in order to gain political support. It is five months away before the General Elections Commission (KPU) officially opens registration for president and vice president candidates for the 2019 race in August.

Parties are strengthening their positions in order to form a possible coalition that would benefit them in the elections.

The National Awakening Party (PKB) has begun the promotion championing its chairman, Muhaimin Iskandar, as a potential vice president candidate. Posters emblazoned with his pictures have spread in various regions across the country with a message: "Muhaimin for vice president 2019".

The party's executive had claimed that Muhaimin had offered himself to Jokowi, but had not yet received an answer from Jokowi's camp. Thus, the party, despite it currently being in the ruling party's coalition, had also opened up other options for other coalitions, people familiar with the matter told *The Jakarta Post*.

The National Mandate Party (PAN) also eyes to propose its chairman, Zulkifli Hasan, the speaker of the People's Consultative Assembly (MPR), as either the president or vice president candidate.

"We, and also all parties, exactly want our best members to able to race in political contests," said PAN secretary-general Eddy Soeparno.

For those parties' chairmen, taking the path of running for president might be too risky as Jokowi's name and electability have always come as the front-runner in numerous surveys. Meanwhile, Jokowi's only rival in the 2014 presidential race, Prabowo Subianto, came in second place. Many political analysts predict it will be another round of Jokowi against Prabowo in the 2019 elections.

Opposition parties Gerindra, the PKS and its latest ally, PAN, also held a closed meeting in Prabowo's private residence on Thursday.

Although no official declaration has been made yet, Gerindra firmly said it would endorse Prabowo again.

Party deputy chairman Fadli Zon claimed several executives from Jokowi's coalition had asked Gerindra to join and offer the vice president candidate seat for Prabowo.

"Yes, their representations came to us. That's common in politics. But we want Prabowo to be a president, not a vice president," Fadli said over the weekend.

PKS chairman Sohibul Iman also claimed that his party was also offered by "the Palace" to join Jokowi's coalition in 2019. "But we refused that, because if all parties back Jokowi, then it will be a single ticket, which is no good for our democracy," he added.

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35,000 MW program lack progress

JAKARTA: The government revealed that the progress of its flagship 35,000-megawatt (MW) electricity procurement program had only reached 3.8 percent as of Feb. 1 since its launch in May 2015.

President Joko "Jokowi" Widodo's administration initially planned to develop power plants with a combined capacity of 35,847 MW by 2019, more than 75 percent of which would be constructed by independent power producers (IPPs), while the rest would be the responsibility of state electricity firm PLN.

However, as of Feb. 1, only 1,362 MW worth of plants had commenced operations, 17,116 MW had begun construction, while 12,693 MW had been contracted and the remainder had only reached the procurement and planning stages.

Nevertheless, the Energy and Mineral Resources Ministry's spokesperson, Agung Pribadi, said the figures signified forward movement in the country's electricity sector, especially considering that only 1,061 MW worth of plants had commenced operations in November last year.

"Such an increase was able to happen because of the support from the PLN and IPPs," Agung said over the weekend.

The PLN previously stated that only 22,000 MW worth of plants under the flagship program would be operational in 2019.

This is triggered by, among other things, PLN's sluggish electricity sales growth last year. Subsequently, the utility firm has been forced to postpone the commercial operation date of many power plant projects under the 35,000 MW program. — *JP*

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Antam to boost capex by 133 percent

JAKARTA: State-owned diversified miner PT Aneka Tambang (Antam) is seeking to increase its capital expenditure (capex) by 133 percent annually to Rp 3.23 trillion (US$235.15 million) this year in a bid to support the construction of its processing facilities.

Antam intends to use the largest part of the expenditure, 73.1 percent, on the first development phase of a new ferronickel plant in East Halmahera, North Maluku, according to its 2018 Work Plan and Budget.

The facility is expected to have an annual capacity of 13,500 tons of nickel in ferronickel (TNi) once it is completed by the end of 2018.

Antam, in cooperation with its parent company PT Indonesia Asahan Aluminium (Inalum), will also kick off construction of a new smelter-grade alumina refinery in Mempawah, West Kalimantan, in the second half of this year. The $1.8 billion will generate alumina, the raw material to produce aluminum.

"Antam will focus on expanding its core business and maintaining its financial strength in order to ensure long-term profitability," Antam finance director Dimas Wikan Pramudhito recently said.

In order to boost its financial health, Antam last year sold its entire 20 percent stake in PT Dairi Prima Mineral (DPM), the operator of lead and zinc mines in North Sumatra, to the latter's majority owner, PT Bumi Resources Minerals (BRMS). Following the $57.3-million transaction, BRMS now holds full control over DPM. —*JP*