

Action urged to halt rupiah depreciation

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THE JAKARTA POST/JAKARTA

The rupiah has depreciated by 147 percent against the US dollar since the beginning of this year, making it one of the worst performing currencies in the region. It traded at around Rp 13,729 to Rp 13,771 per US dollar on Monday.

Over a one-month period, the rupiah has slumped 2.45 percent against the greenback as of Thursday, falling more steeply than its Asian peers, such as the Thai baht (0.8 percent), the Singapore dollar (1.37 percent) and the Korean won (1.28 percent).

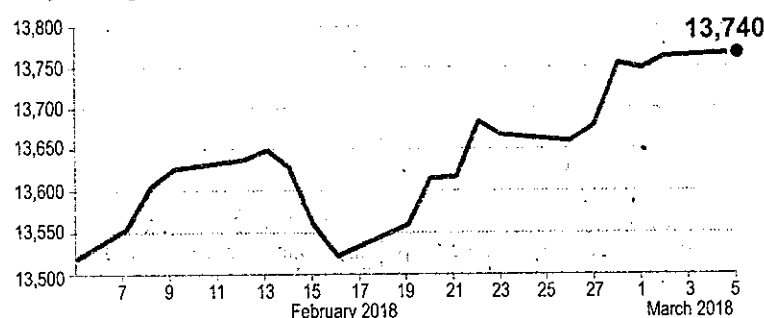
The depreciation of the rupiah was mainly triggered by a statement by the new chairman of the United States Federal Reserve, Jerome Powell, who indicated the US central bank would increase its reference rate four times this year.

Powell reasoned that a more aggressive policy was needed in response to increasing inflation and the US government's corporate tax rate cut to 25 percent from 31 percent.

Analysts predicted the rupiah would show heightened volatility until the Fed convened to decide on the interest rate. To anticipate further depreciation of the rupiah, Bank Indonesia (BI) needs to take immediate action.

Institute for Development of Economics and Finance (Indef) researcher Eko Listiyanto said the rupiah would continue to fluctuate,

Rupiah against US dollar



Source: Bloomberg

Researcher: BI needs to use forex reserves at right time

Central bank sees rupiah weakening as temporary

as the market was awaiting the upcoming Federal Open Market Committee (FOMC) meeting slated for March 20 and 21:

"BI needs to use the foreign exchange reserves at the right moment, not only to cushion the volatility of the rupiah, but also to prevent the rupiah from being undervalued for much longer," he said.

BI sees the rupiah volatility as a temporary phenomenon, despite Powell's indication of serial hikes in US interest rates this year.

Dody Budi Waluyo, BI's assistant on economic and monetary policy, said BI had declared to keep the exchange rate stable below Rp 13,800 per US dollar.

"Based on our assessment, the

rupiah fluctuations will be temporary," he said.

Meanwhile, Coordinating Economic Minister Darmin Nasution said he hoped BI could stabilize the rupiah exchange rate, even though it would deplete the foreign currency reserves.

"[A forex reserves depletion] would happen, there is no free lunch, right?" Darmin said.

The country's foreign exchange reserves jumped to US\$131.9 billion as of late January, up from \$130.2 billion a month earlier.

Finance Minister Sri Mulyani Indrawati acknowledged that companies in Indonesia had begun to seek US dollars to pay dividends and interest. "We have not yet seen a worrying reason to buy US dollars, and we deem the fundamentals still good," she said.

Investment Coordinating Board (BKPM) head Thomas Lembong expressed a positive view, saying that as long as the rupiah movement remained relatively stable,

the depreciation would boost investment in Indonesia.

Trade Minister Enggartiasto Lukita said the undervalued rupiah would benefit Indonesia rather than the US, because Indonesia could boost its exports.

"Moreover, higher inflation in the US would create a hurdle in the corporate sector, as the cost of funds and labor will increase, so we can ask the companies to manufacture in our country," he said after a Cabinet meeting at the Presidential Palace in Jakarta.

However, he admitted that turning the card was not as easy as it seems, because the US had gradually closed its doors to imports with non-tariff measures.

During the Cabinet meeting, President Joko "Jokowi" Widodo did not discuss rupiah volatility but government efforts to open new export markets to anticipate protectionist moves from particular countries, while maintaining domestic price stability to keep inflation in check.

"Some export target countries have imposed protectionist policies, so we need to increase our export competitiveness and seek alternative markets for exports," the President said.

In the short term, he said, price stability policies would focus on the price of rice, which rose in February. The government would interfere in the market by supplying 140,000 tons of subsidized rice every month until Idul Fitri in June.

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J. Post

House to screen BI candidate head

JAKARTA: The House of Representatives confirmed on Monday it had received one candidate from President Joko "Jokowi" Widodo to replace Bank Indonesia (BI) Governor Agus Martowardojo, who will soon enter mandatory retirement age.

The House will soon discuss the schedule for a confirmation hearing to determine whether the candidate, Perry Warjiyo, who is currently BI deputy governor, is fit for the job or not.

"We have received the letter from the President regarding the candidate for Bank Indonesia governor. The President only submitted one candidate. We will follow it up soon," House Speaker Bambang Soesatyo told journalists on Monday.

He said the next governor of the central bank must have the capacity to work with the government particularly in maintaining stability of inflation and the rupiah.

"We will let the House Commission XI discuss the issue," he said, referring to the commission in charge of banking affairs.

House Commission XI member Hendrawan Soepratikno said the lawmakers would look into the programs of the candidate in dealing with monetary policy.

"If we can make the [fit and proper] process fast, why should we make it slow?" Hendrawan asked.

He said the succession at BI was not too urgent, so the lawmakers would discuss it according to schedule. "We just arrived from regional areas [to meet the constituents]. I think the replacement of the BI governor is not an extraordinary matter," he said. — *JP*

Contractors need to allocate funds for area restoration

Viriya P. Singgih

THE JAKARTA POST/JAKARTA

The government has obliged all upstream oil and gas contractors to prepare a work plan and allocate funds for abandonment and site restoration (ASR) activities of their blocks in a policy that will see a number of investors amend their contracts.

The obligation is stipulated in recently issued Energy and Mineral Resources Ministerial Regulation No. 15/2018 on post-operation activities in the upstream oil and gas sector.

Under the regulation, the upstream contractors must submit their ASR work plan to the Upstream Oil and Gas Regulatory Special Task Force (SKKMigas), including on how they will decommission their equipment and facilities, permanently close their exploration and exploitation wells as well as the estimated cost for such activities.

Contractors are also required to allocate the ASR funds in their work program and budget during the exploration phase and deposit the funds once they reach the commercial production stage of their blocks.

"The proposed ASR activities will be included in a contractor's plan of development during the production stage. Then, the contractor will calculate the estimated ASR cost, which will be divided by its contract period," Susyanto, the ministry's secretary for the Directorate General of Oil and Gas, said recently.

Furthermore, if there are leftover ASR funds when a contractor's contract expires, it will get a reimbursement from the government if it works under a cost recovery program. However, the contractor will bear the cost by itself if it operates under a gross-split mechanism.

Susyanto also said all contractors must comply with this ASR policy, even if it had yet to be stipulated in their existing contracts. "The government policy is stronger than contract," he said.

However, Firlie Ganinduto, head of the permanent committee for energy regulations at the Indonesian Chamber of Commerce and Industry (Kadin), did not see eye-to-eye with Susyanto, as he said all contractors would just follow what had been stated in their contracts.

Therefore, Firlie said the gov-

ernment must immediately discuss this matter with all relevant contractors, specifically ones that had not seen the ASR policy being stipulated in their contracts.

"If the government and contractors have come to terms over this matter, they can amend their contracts to formalize this ASR policy," he said, while adding that any contract violations would badly affect the country's investment climate.

Meanwhile, Indonesian Petroleum Association (IPA) executive director Marjolijn Wajong also voiced similar concerns, saying there should be one-on-one discussions between the government and each affected contractor.

As of 2016, upstream contractors had made ASR deposits with a combined value of US\$901 million in three different state lenders, namely Bank Negara Indonesia (BNI), Bank Mandiri and Bank Rakyat Indonesia (BRI), according to the SKKMigas.

According to a report published in early February by global energy think tank Wood Mackenzie, Asia-Pacific countries may have to prepare more than \$100 billion for decommissioning their offshore oil and gas assets because of unclear government regulations coupled with general lack of experience.

The report stated that various stakeholders are largely unprepared for decommissioning their offshore assets in the Asia-Pacific, which has nearly 2,600 platforms and 35,000 wells. Hence, they might have to face a steep learning curve with high initial costs and potential for mistakes.

On average, well plug-and-abandon activity accounts for half of the decommissioning costs. Therefore, any cost reduction in this category will have a significant impact.

"With over 380 fields expecting to cease production in the next decade, the magnitude and cost of work can no longer be ignored," said Wood Mackenzie's Asia upstream analyst, Jean-Baptiste Berchoteau.

In order to minimize decommissioning costs, the report says it will be crucial for regulators, operators and service sector firms to engage in knowledge transfer. Upstream players are also being urged to choose optimal commercial and contracting strategies, adopt innovative technologies and achieve economies of scale.

Political newcomers cozy up to Jokowi

Marguerite Afra Sapiie

THE JAKARTA POST/JAKARTA

Political newcomers appear to be gravitating toward President Joko "Jokowi" Widodo, in a trend that may further benefit an incumbent who has already secured widespread endorsement to run for a second term in 2019.

Jokowi, whose nomination has been endorsed by five major political parties, met with representatives of the United Indonesia Party (Perindo) and the Indonesia Solidarity Party (PSI) — both parties are set to stand in elections for the first time next year — in separate occasions over the past week at the Presidential Palace. The party leaders came to the palace at their own request to meet with Jokowi.

The President sat down for an

hour-and-a-half with Perindo executives, during which Jokowi was formally invited to deliver an inaugural speech at the party's upcoming national meeting, slated for March 21, according to Perindo chairman Hary Tanoesoedibjo.

However, the media tycoon was quick to dismiss speculation that political strategies for 2019 had been discussed, saying the President had only provided brief insight for the party.

"The President mainly called on [political parties] to participate in the democratic festival with integrity and to abide by the regulations," Hary said after the meeting on Monday.

Perindo has supported Jokowi's reelection bid since November last year. "We will reaffirm our support at our nation-

al meeting, which [Jokowi] has agreed to inaugurate," he said.

Last week, representatives of the PSI held a meeting with Jokowi, also at the Presidential Palace.

PSI central executive board head Tsamara Amany revealed after the meeting, held on Thursday afternoon, that they had discussed strategic issues related to the 2019 elections with Jokowi.

"Social media campaigning has been our backbone at the PSI. We presented our success in the social media, and Pak Jokowi seemed happy about that. Why? Because he realized that millennials make up a significant percentage [of the electorate]," she said last week.

Her statement soon drew criticism, as the discussion was held at the President's office during working hours. The party has

publicly thrown its support behind Jokowi's nomination.

Despite the blunder, political experts say the backing from the two parties would further bolster Jokowi, who is already the strongest contender.

Charta Politika executive director Yunarto Wijaya said the additional support from the newcomers would create a "bandwagon effect", as it would consolidate his position as the strongest presidential candidate in the minds of voters.

"While the parties cannot help Jokowi in terms of electoral support [...] they will create significant psychological effect," Yunarto told *The Jakarta Post*.

He went on saying that the newcomers' support would also increase Jokowi's bargaining

power vis-à-vis other political parties that have yet to declare their own presidential candidates, such as the National Awakening Party (PKB) and the National Mandate Party (PAN).

"I suppose there is a possibility that the other new political parties will also come to meet [Jokowi]," he said.

Centre of Strategic and International Studies (CSIS) political analyst Arya Fernandes said the meetings suggested that Jokowi was a figure accepted by all parties.

Separately, Cabinet Secretary Pramono Anung dismissed speculation that the new political parties had discussed politics with the President, saying it was only accidental that the newcomers who came were those who supported Jokowi.

New rule to reduce congestion greatly

Farida Susanty

THE JAKARTA POST/JAKARTA

As it goes ahead with its plan to implement the odd-even traffic rule on the busy Jakarta-Cikampek toll road next week, the government is upbeat that the move will ease traffic congestion significantly.

With the new rule, only vehicles with odd plate numbers can pass the toll road during rush hour between 6 a.m. and 9 a.m. on odd dates through weekdays. Those with even plate numbers can use the road on even dates.

The sorting will start at the West and East Bekasi toll gates that see between 3,000 and 4,400 private cars pass through during the morning peak, respectively.

Cargo trucks are also prohibited during certain hours, with the exception being those that transport staple goods.

On Monday, Transportation Minister Budi Karya Sumadi said the rule was expected to reduce congestion considerably when it would be applied on March 12. "We hope that [congestion] will be slashed by 30 to 40 percent."

This arrangement is expected to allow cars to reach a speed of 48 kilometers per hour, reaching the capital within 83 minutes.

The average driving speed from Bekasi to Jakarta is 32 kilometers per hour.

Odd-even traffic rule set to ease congestion on Jakarta-Cikampek toll road

Driving from Bekasi to Jakarta to take only 83 minutes instead of two hours

To facilitate the smooth execution of the odd-even traffic rule, the government will also set up a designated lane for public buses as an alternative means of transportation for passengers wanting to travel from Bekasi to Jakarta and vice-versa.

Budi said the government would provide a premium Jabodetabek bus service to support the implementation of the rule and other incentives to encourage people to use buses instead of private vehicles.

Such incentives include low parking fees for people who park their cars in commercial places, such as Summarecon Mall Bekasi and the Bekasi Trade Center and continue their trips to Jakarta by bus and affordable rates for bus trips.

"We are trying to disseminate the information to the public to use public transportation [instead of private cars]," Budi said.

Alternatively, motorists can use the national road in Kali Malang or other toll road gates, such as Tambun or West and East

Pondok Gede.

Coordinating Maritime Affairs Minister Luhut Pandjaitan said the odd-even traffic rule was to also create a smoother flow of logistics across major ports in the area.

He added that there would be a port for public use in Banten, with alternatives including Ciwandan, Merak Mas and Cigading and another one in West Java, namely Patimban Port that is under construction.

"Consequently, there will be no congestion as that causes high [logistic] costs as well," Luhut said.

The ongoing construction of infrastructure projects, such as the Jakarta-Cikampek elevated toll road and the Greater Jakarta light rail transit (LRT), is also adding to heavy congestion around the Cikampek-Jakarta route.

Commenting on the matter, Greater Jakarta Transportation Body head Bambang Prihartono said the odd-even traffic rule could cut congestion by half.

The body would establish a team under the coordination of the traffic police to monitor daily operations, he added.

Meanwhile, the Indonesian Truck Operators Association's deputy chairman, Kyatmaja Lookman, said the rule could jack up the cost of transporting cargo.

However, he saw the arrangement in a positive light, adding that the trips could be shorter with less congestion.

Anies in hot seat over Jl. Jatibaru closure

The Jakarta Post

JAKARTA

Jakarta Governor Anies Baswedan is facing legal action taken by groups protesting the closure of Jl. Jatibaru in Tanah Abang, Central Jakarta.

The Jakarta Police questioned on Monday Jack Boyd Lopian, who has reported the governor for issuing a policy that allegedly contravenes prevailing road regulations. The case caps the controversy surrounding the policy, which was implemented two months after Anies and his deputy, Sandiaga Uno, were inaugurated as the city's leaders.

Jack, who is secretary-general of the Cyber Indonesia group, said the road closure contravened Article 12 of Law No. 38/2004 on roads — which prohibits any action that disrupts normal road functions.

"It is also clear in a National Police chief regulation that the closure of a road should be based on a police recommendation," he said.

"And it should be for four purposes, namely state, religious, sports or arts and culture events, not for accommodating street vendors, let alone markets."

In an attempt to accommodate street vendors, the administration has closed down the road that passes Tanah Abang Market and a central station to allow vendors to set up tents during the day. Only Transjakarta buses are allowed to operate on the road as the only public transportation in the area.

While praised by pedestrians and visitors to the market, the decision has been derided by others.

Police say the closure breaches road regulations and recommend the reopening of the street, while the Jakarta Transportation Council (DTKJ) has criticized the governor for making the decision without consulting the council.

Angkot (public minivan) drivers have staged a series of protests demanding the reopening of the street, saying that the road closure has resulted in income loss. Cyber Indonesia is the first party to report the case to the police.

Muannas Al Aidid, the group's chief, said his team had presented several pieces of evidence to investigators, such as interviews

Group reports Anies to police for road closure

Policy sparks controversy among various parties

with road users, *angkot* drivers and street vendors on Jl. Jatibaru to prove that the road closure had caused more harm than good.

"There are also several news articles and videos that prove the road closure has not benefitted anyone," he said.

Muannas also explained that Cyber Indonesia was a group that comprised lawyers, students and entrepreneurs concerned with social issues.

The police's special crimes chief, Sr. Comr. Adi Deriyana Jayamarta, said investigators would summon several relevant parties as witnesses before eventually asking Anies to provide a statement.

"Our priority is to first summon transportation agency representatives. [The representative] doesn't have to be the chairman [Andri Yansyah]; but he has to be the one who's responsible for the closure," he said.

A group of *angkot* drivers has also announced further action. Tanah Abang *angkot* drivers coordinator Abdul Rosyid told *The Jakarta Post* that his side would file a lawsuit over the matter with the Jakarta State Administrative Court (PTUN Jakarta).

"We're completing the administrative requirements, including collecting signatures from around 30 to 40 of my fellow *angkot* drivers," he said.

The *angkot* drivers have accused Anies of making an administrative error.

While Cyber Indonesia reportedly committed a crime, Rosyid said the drivers would focus on demanding that PTUN Jakarta repeal the policy.

Trisakti University public policy expert Trubus Rahadiansyah criticized the legal action taken against Anies. "Anies may have made a mistake by abruptly closing Jl. Jatibaru without properly checking the regulations," he told the *Post*. "But we also have to acknowledge that the closure was indeed aimed at facilitating street vendors, who mostly come from low-income families," he added. (v1a)

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Foreign investors to bid for big mining

JAKARTA: The government has allowed foreign investors to bid for mining concessions with a total area of more than 500 hectares, while smaller areas will be prioritized for regional administration-owned enterprises (BUMD) operating in their regions.

The Energy and Mineral Resources Ministry recently issued Regulation No. 11/2018 through which it introduced detailed stipulations regarding the auction of expired mining areas previously operated by various mining permit holders in the country.

Under the regulation, mining concessions with areas less than 500 ha will be offered through a tender to BUMD first, before being offered to national private companies, cooperatives and individuals as the least priority option.

"The auction of metal mineral and coal mining concessions with areas of more than 500 ha can be attended by business entities, namely state-owned enterprises [BUMN], BUMD, national private companies or foreign companies," the regulation states.

Indonesian Mining Institute chairman Irwandy Arif said the new stipulations were quite fair, although he questioned the ministry's basis of determining the 500-ha figure.

"The figure is debatable, especially considering the limited mining areas in Indonesia," he added. — *JP*

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Let's be honest about Indonesia's 'nationalism'

The song "Tian Mi Mi" was playing in the background as a friend and I tried to decide on our lunch menu. My mainland-Chinese friend said according to her father, this famous song used to be banned in China because it was about romance, instead of the nationalism that the new government was trying to instill in the population at the time.

Curious, I sought more information. Indeed, its original singer, Teresa Teng — who was also popular in Indonesia from the 1960s to the 1990s — and other singers from Taiwan and Hong Kong were banned for several years in mainland China, since their songs were considered too "bourgeois". Nevertheless, Teng's songs remained popular and have become memorable pop classics.

I told my friend that Teng would be laughing in her grave to know that the propaganda that banned her and her songs had faded, and although its initial proponents died long ago, her songs persisted until today. Indeed, *vita brevis, ars longa*: Art is long, life is short. Even so, the impacts of China's nationalist propaganda have persisted too.

Negative examples, as many may perceive, include the forced unity, unquestionable adherence to the government and absolute state authority. However, a positive impact is the fervent sense of oneness among the general Chi-



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nese population. Later, I told my friend that Chinese today generally had a stronger sense of nationalism than Indonesians.

Here, I do not mean nationalism as a citizen's willingness to die for his or her country, but the sense that every fellow citizen belonged to the same country, shared the same fate and deserved equal treatment. Not zealotry, but a strong bond.

Having lived in China for some time, I got the impression that for the Chinese, the identity of country came first and strong, regardless of ethnicity, region of origin/residence, or faith.

For example, my friend holds on to her multiple identities, such as a Han by ethnicity, an atheist by faith, and a Cantonese and southern Chinese by region of origin. Like her, many other Chinese also possess different identities. Nonetheless, in general, everybody is equally Chinese.

Unbeknown to some people, "Chinese" actually refers to a very diverse group of people. Besides the majority Han Chinese, there are at least 55 other ethnic groups in China, along with 299 languages according to Ethno-

logue. Dealing with such diversity, the Chinese government has introduced a series of policies to ensure equality and unity.

As citizens, every Chinese has equal rights to all public services, including access to education and healthcare. Life can, of course, be kinder to some, but by design, everybody is granted the same opportunity regardless of his or her identity or identities.

Is our country, Indonesia, designed that way?

Has our government guaranteed equal lawful treatment for all citizens? Does our education and healthcare system guarantee the same access and service to every single person, regardless of where he/she resides? Is every citizen guaranteed equal opportunity to political positions, or has privilege been offered to the majority?

If a Batakese, an Ambonese or a Papuan aspired to become president, is this a realistic hope? Or do we think this position is especially reserved for the majority? If someone who belongs to a different faith occupies a leadership position, is it acceptable?

Or do we demand that only our "own kind" leads us, insisting that faith could and should dictate our actions, despite the equality guaranteed in the Constitution?

What if someone manages to succeed economically, but is from a minority ethnic group? If a religious practice is against the main-

stream, is this tolerated, or should our mainstream religious teachings be shoved down everyone's throat?

In other words, do Indonesians truly believe that everyone in our country is equal?

Many would answer "no". So let's just admit it: We do not yet have a clear idea of Indonesia's identity as a democratic, lawful, secular, and tolerant country. We do not yet comprehend the concept of nationalism — that we and our fellow Indonesians are one and equal. We are not yet Indonesia or Indonesians. We are merely our different identities, though we may be born and bred here.

Decades after the birth of our country, we are Indonesians only on the surface. In reality, that we are pribumi (native) and that others are non-pribumi still matters more. That some are followers of religion A, while others are non-followers, becomes a basis for determining how our country treats someone.

So we're still as divided as ever, and must strive to define and understand what our nationalism is about.

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