

Govt to ease foreign worker licensing

Anton Hermansyah

THE JAKARTA POST/JAKARTA

The government will simplify bureaucratic procedures in the documentation of foreign workers and end overlapping among state institutions through an online licensing system.

The simplified procedure is expected to ease the recruitment of the particular foreign workers the country needs most.

President Joko "Jokowi" Widodo said on Tuesday that certain qualified foreign workers were needed to support investment. He added, however, that procedures for foreign-worker recruitment were complicated.

"I've received a lot of complaints that foreign-worker licensing is complicated," Jokowi said during a Cabinet meeting at the Presidential Palace in Jakarta.

Under prevailing regulations, a company needs to produce at least 10 documents to employ a foreign worker. These are the foreign manpower employment plan (RPTKA), recommendation of foreign manpower employment (IMTA), temporary stay permit visa (VITAS), temporary stay permit (KITAS), police report certificate (STM), residency certificate (SKTT), temporary alien resident information letter (SKKPS), report of presence (Lakeb) and a multiple exit re-entry permit.

Jokowi ordered his ministers to make the licensing and documentation simpler by adopting an online system and integrating the procedures at the Manpower Ministry and the Directorate General of Immigration at the Law and Human Rights Ministry.

"I want it simpler [...] I want it to run on an online basis and see integrated procedures between the Manpower Ministry and the Directorate General of Immigration," he said.

The President criticized the overlapping of supervision work by personnel from the Manpower Ministry and the immigration office. He said such monitoring, which occasionally involves raids, could alienate businesses.

"I get reports that employers are disturbed and troubled because of the sweeps. The Man-

power Ministry operates on its own while the immigration office also works on its own. The control and supervision must be consolidated," he said.

Coordinating Economic Minister Darmin Nasution said several licenses, such as the RPTKA and IMTA, would be dropped. He also said that licensing procedures for foreign workers would be handled only by the Manpower Ministry.

"We want to simplify the procedures," he said, adding that companies actually did not want to employ foreign workers unless they were urgently needed because foreign workers were more highly paid.

Darmin said Indonesia was in need of more foreign workers especially for education and vocational training. Previously, the government had signed memorandums of understanding (MoUs) with countries such as Germany and Switzerland for vocational training.

"Many vocational high schools, polytechnics and training institutions lack trainers. As we need to train these trainers, we have to invite foreign facilitators," he said.

Research, Technology and Higher Education Minister Mohamad Nasir said Indonesia planned to facilitate foreign universities in opening campuses here. Some famous universities such as Cambridge, and Imperial College in the United Kingdom and Australia's Monash are reportedly interested in doing so.

However, currently it was difficult for educational institutions to employ foreign lecturers.

Manpower Minister Hanif Dhakiri said other relevant ministries would also loosen the requirements for foreigners to work in Indonesia.

"Some requirements will be eased, for example in the oil and gas industry, a company can only employ foreign workers between 35 and 55 years old. It is irrelevant right now because there are a lot of skilled workers below 35 years old," he said.

Hanid added currently there were 126,000 foreign workers in Indonesia. China is the biggest supplier, followed by Japan, Singapore, Malaysia and the United States.

for bigger energy subsidies

Viriya P. Singgih
THE JAKARTA POST/JAKARTA

The government is set to give extra subsidies for state electricity firm PLN and state energy giant Pertamina to support the former's plan to maintain the current prices of electricity and fuels until 2019.

In compliance with President Joko "Jokowi" Widodo's instruction, Energy and Mineral Resources Minister Ignasius Jonan has pledged to keep present prices of electricity, Premium gasoline (RON 88) and subsidized diesel Solar until 2019 in what the latter claimed was a way to preserve the people's purchasing power.

Subsequently, the prices of RON 88 and subsidized diesel Solar will stay at Rp 6,450 (49 US cents) and Rp 5,150 per liter, respectively, which have been in place since April 2016 against the backdrop of rebounding global crude prices.

Similarly, the rates of low-voltage electricity for PLN's non-

Extra subsidies to keep electricity, fuel prices at current level

Subsidy to support PLN's expansion in remote areas

Ministry to discuss subsidy for Pertamina with House

subsidized customers will remain unchanged at Rp 1,467.28 per kilowatt hour (kWh). Tariffs for mid-voltage and high-voltage electricity, meanwhile, will also still settle at Rp 1,114.7 and Rp 996.74 per kWh, respectively.

To ease PLN's financial burdens, the government will raise the electricity subsidy, specifically to support the company's expansion into remote areas without electricity, Jonan said.

"The number of PLN's subsidized customers under the 450-volt ampere [VA] category can increase by 1 million annually if it widens its operations into regions that have yet to enjoy electricity. Therefore, the subsidy

will be added for this purpose," Jonan said on Monday evening.

The government and the House of Representatives previously came to terms to set the electricity subsidy at Rp 47.6 trillion in the 2018 state budget, with another Rp 5 trillion in additional subsidy carried over from the previous year.

The fund will be used to subsidize PLN's 23 million customers under the 450-VA category as well as 6.5 million customers under 900-VA power capacity.

The ministry's electricity director general, Andy Noorsaman Sommeng, estimated that the additional 1 million subsidized customers would lead to a rise in electricity subsidies by around Rp 4 trillion to Rp 5 trillion.

Meanwhile, Jonan claimed on Tuesday that the President would soon sign a highly anticipated government regulation (PP), which would allow PLN get discounted price for coal it bought from local miners under domestic market obligation (DMO). Consequently, his

office would pass a ministerial decree to implement the new regulation.

Coal-fired power plants account for more than 57 percent of Indonesia's power generation capacity. As a result, any spike in coal prices has been a major blow for PLN, the country's sole electricity off-taker.

In 2017, the company suffered from losses totaling Rp 16 trillion, stemming from a gap in the coal price projected in its work plan and budget of \$63 per ton and the actual price that exceeded \$90 per ton by the end of last year.

PLN may potentially post further losses amounting to Rp 21 trillion this year if the government does not help set discounted coal price for the company, PLN president director Sofyan Basir said Tuesday.

Jonan further said his side would discuss the provision of more subsidies to Pertamina with the House's Commission VII.

The allocated subsidy for Pertamina to distribute Solar and

3-kilogram liquefied petroleum gas (LPG) canisters in the 2018 state budget is Rp 46 trillion.

Pertamina spokesperson Adiatma Sardjito previously said it might be difficult for the government to maintain its subsidies in line with the targets outlined in the 2018 state budget, especially considering the upward trend in the company's sales of Solar and 3-kilograms LPG canisters.

Pertamina claims it lost \$1.42 billion in potential revenue within the first nine months of 2017, because, at the same time, the Indonesian Crude Price (ICP) surged 28.9 percent year-on-year (yoy) to \$48.86 per barrel.

Separately, Finance Minister Sri Mulyani Indrawati concurred that the current Solar subsidy of Rp 500 per liter as set in the 2018 state budget was already insufficient, especially considering the recovery of oil prices. Consequently, the government had been calculating the additional Solar subsidy to be provided for Pertamina, she said Tuesday, as reported by Kontan.

COMMERCE

Special trade agency key to boost Indonesian exports

The Jakarta Post

JAKARTA

Setting up a special trade agency similar to the Office of the United States Trade Representative (USTR) is seen as crucial for Indonesia to boost its exports amid tighter global competition.

The Trade Ministry's former export development director general, Gusmardi Bustami, said there should be a single organization in charge of opening export markets and removing trade obstacles, pointing to the USTR as a model.

"Its job is just to knock on doors and help American companies that are facing hindrances in their respective markets," he said in a discussion hosted by the Indonesian Chamber of Commerce and Industry (Kadin) on Monday. "If necessary, they can also take retaliatory measures."

At present, Indonesia depends heavily on Indonesian Trade Promotion Centers (ITPC) and trade attachés to promote trade with its major partners.

Despite growing by 16.22 percent annually, Indonesia's exports amounted to only US\$168.73 billion in the past year, lagging behind its Southeast Asian peers, including Thailand (\$236.69 billion), Malaysia (\$239.32 billion), and Vietnam (\$213.77 billion).

During the opening of the Trade Ministry's work meeting in February, President Joko "Jokowi" Widodo castigated it for the poor export performance, singling out the ministry's ITPCs in particular.

He then ordered the closure of representative offices that failed to yield desirable results.

Thailand has a similar agency that has helped it to jack up its exports by 55.21 percent in the nine years since its creation in 2009.

In the same period, Indonesia's exports have only surged by 44.82 percent.

Gusmardi said the idea of building such a single trade agency had been discussed since 2004, and now was the right time to take concrete steps to realize it.

"[Overseas] promotions should be the responsibility of this single agency," he said.

"Right now, each ministry goes abroad to carry out promotions on itself, which just adds to embassies' workload."

The Indonesian Contractors Association's (AKI) head of international relations, Adrianus Hadiwinata, shared Gusmardi's views, saying that, in his experience, trade attachés were often unable to provide assistance that businesses needed.

"When I visited Saudi Arabia to look into a project, I found a trade attaché there, but the official did not have sufficient reach with other ministries," he said.

Adrianus further underlined the absence of assistance or protection for business players who expand their business overseas and then face problems.

"Compare that to foreign contractors in Indonesia, for example from China or Vietnam. They don't only have trade attachés, but also special construction attachés that look out for their interests," he added.

Kadin export development committee head Handito Jowono underlined the need for having representatives in charge of not only trade, but also tourism and investment.

"TTI [trade, tourism, investment] representatives should not only be under the Trade Ministry. They should also be under the Office of the Coordinating Economic Affairs Ministry or the planned promotion agency, so that it can be controlled directly by the President," he told *The Jakarta Post*.

Handito said he hoped that such an agency could help Kadin meet its goal of pushing exports up by 500 percent to \$750 billion within the next 10 to 15 years.

In addition to this, trade attachés could improve their performance in marketing Indonesian products.

"Our trade attachés need to be more proactive as salespersons for Indonesian products overseas," he said. (kmt)

Fintech lenders hit back at OJK

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Rachmadea Aisyah
THE JAKARTA POST/JAKARTA

Indonesia's financial technology (fintech) players were in shock when they found out that their main regulator, the Financial Services Authority (OJK), had some disconcerting views about their businesses despite having a relatively close relationship.

Executives of peer-to-peer (P2P) lending fintech firms on Tuesday voiced their concerns about a controversial statement from OJK chairman Wimboh Santoso who reportedly said over the weekend that P2P lending platforms were "similar to loan sharks" because they charged their customers high level, double-digit lending rates.

However, fintech players argued that the high level of interest rates were common for any source of funds with risks higher than regular loans as P2P lending platforms did not require collateral, unlike conventional banks.

"P2P platforms do not have any conflict of interest in charging lending rates because all of them will be transferred back to investors who supply their money to be given as loans [to end users]," Adrian Gunadi, the vice chairman of the Indonesian FinTech Association (AFTECH), told reporters on Tuesday.

Adrian, who is also the CEO of P2P platform Investree, said the high lending rates were inevitable as investors also bore the overhead costs from daily operations by paying certain fees when they invested their money.

"The P2P scheme would only be attractive for both individual and corporate investors if the interest rate is above 8 percent," he said. "About 60 percent of P2P investors are also millennials aged 25 to 35."

Adrian added that P2P platforms reached out to the "unbankable", including those who have no notable assets and those who only needed short-term loans of between one and six months.

Wimboh and other OJK officials were not immediately available for comment.

Despite rejecting Wimboh's statement, AFTECH agreed that the fintech industry should create a certain set of standards and

P2P lending platforms not loan sharks, say financial technology players

High level of interest rates common compared to regular loans

that was why it was setting up a code of conduct called the "Principal-Based Guidelines for Fintech Providers", slated for release in April.

AFTECH data show that 32 P2P lending platforms, which are the group's members and registered with the OJK, channeled more than Rp 3 trillion (US\$210 million) in 2017 to about 350,000 end users across the country. The funds, which amounted to a 10-fold increase from 2016, came from 150,000 investors.

According to the group, P2P platforms applied a wide range of interest depending on their market segment.

For instance, Investree applies interest from 12 to 20 percent based on the risk assessment of loan applicants who are mostly owners of micro, small and medium enterprises (MSME).

Another platform, Modalku, charges a 12 to 26 percent interest rate for short-term business loans over a maximum period of 24 months.

By comparison, conventional banks, which require collateral from their customers, set their average lending rate at 17 percent for MSMEs.

Aside from being insured, Adrian said loans given through P2P lending platforms were of good quality as the sector managed to book a non-performing loan (NPL) ratio at 1.28 percent as of March, lower than the 2.6 percent recorded by the banking industry's gross NPL at the end of 2017.

Nining Soesilo, an expert on MSMEs at the University of Indonesia, said P2P platforms were not comparable with loan sharks as the former were part of the formal sector while the latter were informal.

However, she argued that both parties had the right to demand high lending rates if there was rising demand for financing.

"So, calling a loan interest high or low is relative according to the market," Nining said.

Govt holds back new Bali airport permit

Farida Susanty

THE JAKARTA POST/JAKARTA

The government refrained from issuing a permit required by investors for the development of an airport in northern Bali, saying the Transportation Ministry was still assessing whether a second airport on the resort island was really needed.

Transportation Minister Budi Karya Sumadi said the assessment would be completed in two or three months.

"There has been input from the World Bank and state infrastructure financing firm Sarana Multi Infrastruktur. We will study it again. It's not final yet, but some parties suggest [we need] to focus on southern Bali," Budi said, referring to Ngurah Rai International Airport.

He said the ministry would not issue the essential location permit required to start building the airport while the study was being conducted.

Budi added that even though the development of the airport in northern Bali would help spread economic development on the island, there would also be risks of environmental damage from the new airport.

"We will not assess just the economical [factor] but also the social, environmental and ecological factors," he said.

Ngurah Rai International Airport could still expand by adding another runway to its exist-

Govt to finish assessment in two to three months

No permit to be issued until study conducted: Minister

Existing airport could be expanded: Ministry

ing one, allowing it to increase aircraft movement from the current 25 movements per hour, the ministry said.

Earlier, Coordinating Maritime Affairs Minister Luhut Pandjaitan also stated a second airport in Bali was not needed. His view was based on the World Bank study as well as a discussion with President Joko "Jokowi" Widodo.

Private company PT Bandara Internasional Bali Utara (BIBU) has publicly announced its plan to build a US\$2 billion airport in northern Bali, aided by private investment, mostly from the Middle East.

It was hoped the new airport would add more aircraft traffic and increase Ngurah Rai International Airport's capacity by an additional 32 million passengers.

Currently, Bali tourism in the southern area, such as Kuta, has been much more developed than northern Bali spots, such as Lovina Beach, due to lack of access.

However, because of administrative issues, the development of the North Bali airport has not

seen significant progress to date.

BIBU claimed it had complied with the required administrative requirements stipulated in Transportation Ministry Regulation No. 20/2014.

The administrative issue remains despite the company's claim to have secured endorsement from Jokowi on the project through the state secretary. Bali's governor has also issued a recommendation for the approval of the location permit.

BIBU previously also conducted meetings with Budi as well as the ministry's director general for air transportation, Agus Santoso. BIBU is said to have done a two-year-long assessment on the location for the airport, slated to be built in Buleleng after consideration of other locations, such as Celukan Bawang.

BIBU president commissioner Iwan Erwanto was confused about which World Bank study the government referred to.

"We are building the [airport] with private funding, aligned with the President's spirit, because he asked for [more] private investment," he said.

He also argued that the company had conducted the necessary study on the airport over four years.

"I think the coordinating maritime affairs minister and the transportation minister should not [halt the project]; otherwise they would commit a blunder," he said.

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Dems keen to hop on Jokowi bandwagon

JAKARTA: Democratic Party executive Agus Harimurti Yudhoyono has signaled the possibility of the party endorsing President Joko "Jokowi" Widodo as a presidential candidate in the 2019 election.

He made the statement following a meeting with the President in Jakarta on Tuesday.

Jokowi welcomed the visit of the eldest son of Democratic Party patron and former president Susilo Bambang Yudhoyono at the Presidential Palace. During the meeting, Agus invited Jokowi to attend the party's national meeting this weekend.

Agus said there had been no specific talks with Jokowi concerning the 2019 elections, let alone about Jokowi's running mate. This follows recent speculation that Agus may run for vice president.

When he was asked about the possibility of the Democratic Party joining several other parties in backing Jokowi's bid for reelection next year, Agus said, "everything is possible in politics."

"Although the Democratic Party has not yet determined its stance on whom to endorse [in the 2019 presidential election], the party will soon set its stance together with other political parties."

Agus, however, refused to reveal whether the party would declare its presidential or vice-presidential candidate during its national meeting.

The party expressed its hope to gain more votes in the 2019 legislative election, exceeding the 10.91 percent it obtained in 2014. —JP

Dead witness reveals details of e-ID graft case

Kharishar Kahfi

THE JAKARTA POST/JAKARTA

Johannes Marliem's name made headlines in August last year following his dramatic death in his luxury home in Los Angeles, in the United States, following a stand-off with local police. The death of a relatively unknown Indonesian citizen became big news when it was confirmed that he was a key witness in the massive e-ID graft case that was rocking the country's political elite.

Marliem, who spent most of his time doing business in the US, was president director of PT Biomorf Lone LLC, the provider of an automated fingerprint identification system that was chosen by the government for the mega

e-ID card project.

Marliem reportedly possessed key evidence regarding the alleged involvement of several politicians, including former House of Representatives speaker Setya Novanto, who is currently on trial at the Jakarta Corruption Court, and other politicians implicated in the graft case, which caused state losses of Rp 2.3 trillion (US\$161 million).

Despite his death, Marliem's knowledge of matters related to the case still provided an important piece of the puzzle for KPK prosecutors investigating alleged wrongdoing.

During a recent hearing in Setya's trial the court heard recordings of Marliem discussing aspects of the case.

Another recording of questioning by US Federal Bureau of Investigation (FBI) agent Jonathan Holden of Marliem in August 2017 also revealed that the late businessman wired money through several money changers in Indonesia.

The money was allegedly collected by Setya's nephew and businessman Irvanto Hendra Pambudi to be given to the embattled politician. The KPK named Irvanto the latest suspect in the case last week.

"I received an order to wire the money here and there [...] some of it was transferred to money changers whose name I don't remember," Marliem said in the recording.

Setya himself could be heard

in one of the recordings alongside Marliem and Andi Agustinus, aka Andi Narogong — a businessman regarded as Setya's right-hand in the case, and who has already been found guilty of graft in the case — as the politician expressed his fear of being probed by the KPK.

"I told you not to get my name in the case. This time my name has been used here and there. [...] If I'm pursued by the KPK, it will cost me Rp 20 billion," says a man believed to be Setya in a recording.

Setya confirmed to the court that it was his voice and that the conversation had taken place at his home.

Marliem reportedly provided 500 gigabytes of recordings of conversations he had with a num-

A recording of a phone call made in 2013 between Marliem and businessman Anang Sugiana Sudihardjo, another suspect in the e-ID case, made mention of an official at the Supreme Audit Agency (BPK) connected to Setya having been assigned to "secure" the audit work for the project.

In an audit report by the BPK in 2013 on the project, it found the project had been marred by inefficiencies that led to state losses amounting to around Rp 370 billion.

When prosecutors confronted Anang in the hearing, he testified that Setya's inside man "would help businesspeople involved in the e-ID project avoid being blamed for any wrongdoings occurred."

ber of individuals implicated in the graft case to top KPK officials during a questioning session with the FBI.

The antigraft body had obtained the recordings as a result of cooperation between the two institutions.

Marliem's recordings are believed to have played a key role in the KPK's move to rename Setya a suspect after he dodged prosecution through a pretrial challenge last year.

During a hearing in Andi's trial, he confirmed the information cited in one of Marliem's recordings that the two of them had given a luxury watch to Setya as a token of gratitude for his alleged role in arranging the budget for the e-ID procurement in the House.

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Air pollution to be reduced before Asiad

Marguerite Afra Sapiie
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THE JAKARTA POST / JAKARTA

The 2018 Asian Games (Asiad) is just six months away and the government has decided to pay special attention to air quality in the host cities of Jakarta and Palembang, South Sumatra, given the high level of air pollution in the country.

The Environment and Forestry Ministry recently informed President Joko "Jokowi" Widodo that to reduce the level of air pollution, which is partly caused by gas-guzzling vehicles, Indonesia needed to use cleaner gasoline with a EURO IV standard.

Speaking after a Cabinet meeting to discuss the country's readiness to host this year's Games, Coordinating Maritime Affairs Minister Luhut Panjaitan confirmed that reducing air pollution had already been on the government's agenda ahead of the prestigious sporting event.

However, when asked about the details, such as securing supplies of EURO IV standard gasoline, Luhut said, "I don't know

Air pollution in host cities high

Govt urges motorists to use standard gasoline

the technical [details] yet, but yes we have plans to reduce air pollution."

Air quality monitoring conducted by the Environment and Forestry Ministry between January 2017 and January this year indicated that the level of fine particulate matter air pollutant, known as PM2.5, had reached 35 and 12 micrograms per cubic meter in Jakarta and Palembang, respectively.

Although the pollution levels in the two cities did not exceed national ambient air quality standards, which stood at 65 micrograms per cubic meter, the PM2.5 in Jakarta had exceeded the standard set by the World Health Organization, which is 25 micrograms per cubic meter.

Environment and Forestry Minister Siti Nurbaya, who delivered the report to Jokowi on Monday, said vehicles should shift to EURO IV standard gaso-

line, such as Pertamina Turbo gasoline produced by state-owned energy firm Pertamina.

Last year, the ministry issued Decree No. 20/2017 on exhaust emission levels from new motor vehicles that are set in accordance with the EURO IV standard.

The decree states that automobiles, among other vehicles, must use fuel with a minimum research octane number (RON) of 91 and a sulfur content of no higher than 50 parts per million (ppm).

Siti said she had proposed to Jokowi to implement the regulation gradually, starting in Palembang and Jakarta.

"Pertamina must prepare gas stations where Pertamina Turbo or other EURO IV standard clean gasolines are available."

The minister said in the letter her previous discussions with relevant ministries and state-owned energy firm Pertamina concluded that the latter could ensure the supply and distribution of EURO IV standard gasoline by May 2018 at the latest.

Pertamina external communication manager Arya Paramita said supplies of Pertamina Turbo gasoline were available at 800

Pertamina gas stations across Indonesia, including in the cities hosting this year's Games.

Jakarta Governor Anies Baswedan said the administration was set to prepare about 1,500 Transjakarta-buses to accommodate visitors who wanted to go to the venues in the capital in order to help ease traffic congestion during the event.

When asked how Jakarta would implement measures to reduce air pollution, Anies said he would first study the data.

Meanwhile, Youth and Sports Minister Imam Nahrawi visited a training camp on Tuesday.

Imam, who was accompanied by undersecretary for sports achievement Mulyana, visited the aquatic and weight lifting training camp in Jakarta to check out each team as they prepared for the Games.

"I want to make sure that [things like] salaries, accommodation and other needs such as nutritional requirements and supplements are all in order. I will check on this regularly because the government has distributed all the funds to the sport federations," he said. (dpk)

LEVIES

Palm oil agency might see lower levy collection this year

Indonesia's palm oil agency has projected that its levy collection, which is used to incentivize biodiesel producers in the country, will fall by around 8.45 percent this year partly due to continuing negative sentiment from Europe and the United States.

Since July 2015, the Indonesian Oil Palm Estate Fund (BPDP-KS) has been charging US\$50 per ton in levies for the export of crude palm oil (CPO) and \$30 per ton for the shipment of processed palm oil products when CPO prices stand at below \$750.

The collected levies have been mostly used to incentivize biodiesel producers in an effort to support the government's 15 percent biodiesel blending (B15) policy introduced in 2015 and 20 percent blending (B20) since 2016. The incentives basically cover the gap between the biodiesel price and conventional diesel price.

In 2017, the BPDP-KS was able to collect levies worth Rp 14.2 trillion (\$994 million) from the exports of CPO and its derivative products, totaling 37.4 million tons.

However, the BPDP-KS only used Rp 10.31 trillion of the incentive funds to help distribute 2.37 million kiloliters of biodiesel last year. The figures fell compared to Rp 10.69 trillion and 2.77 million KL it recorded in 2016.

"The [levy collection] target stated in our 2018 work program and budget approved by the House of Representatives is only Rp 10.9 trillion. But our actual

projection is about Rp 13 trillion for this year," said BPDP-KS fund distribution director Edi Wibowo on Tuesday.

Edi said 70 percent of the collected levies would be used to support the distribution of biodiesel across the country, while 22 percent for its replanting program and the rest for human resources development, research and other things.

He also said the BPDP-KS had set a lower target because it took into account several factors, including the volatility of the US dollar exchange rate and the possibility of a prolonged dry season that could affect domestic CPO production this year.

"Moreover, there is also this [worrying] situation in the US and Europe. If we can't rely on them anymore to be our export destinations, our overseas shipments will automatically fall," Edi said.

The European Union approved in January the draft measures to ban the use of palm oil in motor fuels from 2021. This move has provoked anger from Indonesia and Malaysia as the world's biggest palm oil producers.

Meanwhile, the US Commerce Department decided in February to add more import duties for biodiesel from Indonesia, setting it at a range of 92.52 to 276.65 percent. This makes it almost impossible for Southeast Asia's largest economy to sell its biodiesel in the US market.

Indonesia's total production of palm oil, including palm kernel oil, increased by 17.9 percent

year-on-year (yoy) to 42 million tons last year, according to the Indonesian Palm Oil Producers Association (GAPKI)

Palm oil exports, including CPO and its derivatives, also increased by 23 percent annually to 31 million tons last year with a value of \$22.9 billion.

"It was the highest figure we had ever achieved in the history of Indonesian palm oil exports," Gapki secretary-general Togar Sitanggang said, adding that exports to India and African countries increased by 32 and 50 percent yoy, respectively.

"Even exports to Europe increased by 15 percent from 4.37 million tons in 2016 to 5.03 million tons in 2017."

This year, Gapki has set a 10 percent growth target both in production and exports of palm oil.

Meanwhile, the BPDP-KS aims to distribute around 3 million to 3.5 million KL of biodiesel in 2018, up between 26.6 and 47.6 percent compared to last year, amid the government's plan to expand the scope of its biodiesel subsidy to businesses operating outside the public service obligation (PSO) program starting in May.

However, in order to realize that plan, the government needs to first revise Presidential Regulation (Perpres) No. 61/2015 on the collection and use of oil palm estate fund. The revision will include stipulations about subsidy mechanisms for non-PSO players, among other things.

— JP/ VIRIYA P. SINGGIH