

RI considers restarting Oz border talks

Dian Septiari and Tama Salim

THE JAKARTA POST/JAKARTA

The upcoming visit of a high-level Indonesian delegation to Australia may set the tone for the two neighbors' ties for the next few years, as Jakarta weighs its option to either conclude a much-awaited trade deal or demand clarity over unresolved border negotiations with Canberra.

President Joko "Jokowi" Widodo and his high-level entourage is scheduled to fly to Sydney this Friday for bilateral talks with Australian Prime Minister Malcolm Turnbull, followed by the President's attendance at a special ASEAN-Australia summit over the weekend.

Among the delegation will be Damos Agusman, the Foreign Ministry's director general for legal affairs and treaties, who plans to have a meeting with his erstwhile Australian counterpart, Gary Quinlan, on the possibility of restarting unresolved border negotiations with Canberra.

Quinlan, chief negotiator for the recently concluded maritime boundary dispute with Timor Leste, was reassigned by Australia

partners was inevitable.

Andi argued that there was a clear opportunity to renegotiate the treaty, especially in relation to the recent Australia-Timor Leste maritime border treaty.

"The 1997 treaty assumed that Timor Leste was still a part of Indonesia, so there are coordinates and lines set up by Indonesia and Australia [that have] now become part of Timor Leste and Australia's border," he told the *The Jakarta Post* on Sunday.

"That would mean some of the

points and lines we had agreed on became invalid and irrelevant."

Andi, however, cautioned that a possible renegotiation may be too sensitive for both sides to determine in the short term. "[It might not be declared during the high-level meetings], but I'm sure the Foreign Ministry will start looking for an opportunity at the counterpart level," he said.

Last week, Dili and Canberra signed a treaty at the United Nations in New York to end a decade-old dispute over an unresolved

Partnership Agreement (CEPA).

Indonesia is hoping the CEPA negotiation will be completed this year, with several issues, mainly in the agricultural sector, reportedly becoming points of heated debate.

"Hopefully the meeting will produce significant results. If not, we're hoping the bilateral talks to push the CEPA negotiations to be completed this year," said Edi Yusup, the Foreign Ministry's director for East Asia and Pacific affairs, last week.

Meanwhile, international security expert Evan Laksmana of the Centre for Strategic and International Studies said from a political perspective, the decision to renegotiate should not outweigh the earlier priority of concluding the CEPA.

"In terms of foreign policy priority with Australia, I think finalizing CEPA is more urgent to be resolved," Evan told the *Post* on Sunday.

Meanwhile, a spokesperson for the Australian Department of Foreign Affairs and Trade said a renegotiation of borders with Indonesia was not an issue, as Australia was "committed to [...] existing treaties with Indonesia that delimit our maritime borders."

RI's chief legal expert to meet with Oz counterpart

Talks expected to discuss unresolved borders

Jokowi expects RI-Oz CEPA to be concluded soon

maritime border, the first-ever reached under a special conciliation mechanism of the United Nations Convention on the Law of the Sea (UNCLOS).

Indonesia has followed the conciliation process very closely, and has looked into the treaty's paperwork that was made public just a few days ago.

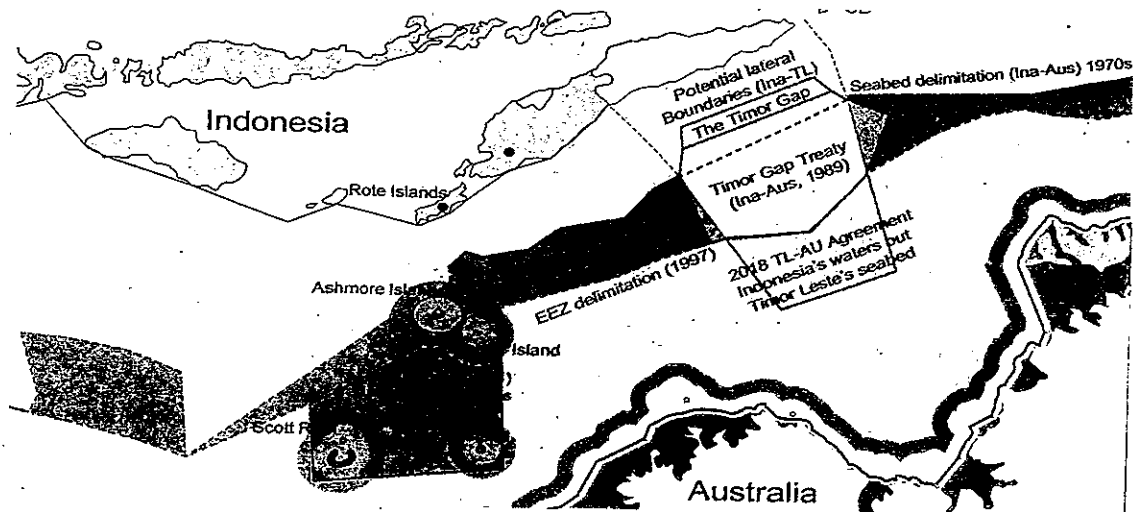
Meanwhile, President Jokowi would expect the visit to have a positive impact on the ongoing negotiations for the Indonesia-Australia Comprehensive Economic

lian Foreign Minister Julie Bishop as ambassador to Indonesia late last month, a move which has raised questions about Canberra's intentions going forward.

Damos did not specify how he would approach the meeting, saying only that they were "preliminary talks" that would do "no harm".

Even so, experts believe this meeting may set the stage for future Indonesian-Australian negotiations on the establishment of an exclusive economic zone (EEZ) and certain seabed boundaries, pursuant to the Perth Treaty tabled in August 1997 that has not yet come into force.

I Made Andi Arsana, a geodetic engineering expert from Yogyakarta-based Gadjah Mada University, said a renegotiation of the Perth Treaty between the two



Coal miners make sacrifices to maintain PLN's financial health

Viriya P. Singgih

THE JAKARTA POST/JAKARTA

Indonesian coal miners are out of luck.

Sixty-eight of them have been obliged to amend their coal mining licences (PKP2B) since 2009 to increase their contribution to state revenues, hundreds of them went bankrupt when coal prices plummeted from around US\$90 per ton in 2013 to \$50 in 2015 and, now, about 80 of them are being forced to provide discounts with prices at more than \$100.

The government issued a string of regulations within just three days to provide special coal prices for state electricity firm PLN and independent power producers (IPPs) under the domestic market obligation (DMO).

The first one, in the form of a government regulation, was issued on Wednesday, while the

remaining two, an energy and mineral resources ministerial regulation and a ministerial decree, were issued on Friday.

The regulations basically give Energy and Mineral Resources Minister Ignasius Jonan the authority to set domestic coal prices for the sake of national interest, while the decree concerns details on the new price formula.

"The issuance of the government regulation was made after taking into account people's purchasing power and industrial competitiveness, both of which are tied to electricity prices," ministry spokesperson Agung Pribadi said on Friday.

"Meanwhile, one of the key points of the ministerial decree is about the fixed price of \$70 per ton for [certain types of] coal designated for national power generation."

Under the new decree, the

ministry has set a fixed price of \$70 per ton for coal with a calorific value of 6,322 kilocalorie/kilogram gross as received (GAR), 8 percent moisture, 0.8 percent sulphur and 15 percent ash.

Meanwhile, if the coal specifications are different and have an economical price of \$70 per ton or more, PLN and IPPs will use a benchmark price of \$70, which will be calculated further by taking into account several variables, including the coal's calorific value, sulphur, ash and water content.

However, if the economical prices are below \$70 per ton, PLN and IPPs will use the actual economical prices as a benchmark, before calculating it further by taking into account other variables.

This formula applies retroactively from Jan. 1, 2018, to Dec. 31, 2019, meaning that PLN and IPPs will receive compensation from

the overpayment they made in the first two months of this year. Taxes and royalty payments made by coal miners will also be adjusted to this new formula.

"With this new formula, we will be able to buy coal with a calorific value of 6,322 kcal/kg GAR with a fixed price of \$70 per ton, while the price of coal with 4,200 kcal/kg GAR will only reach around \$37 per ton," PLN strategic procurement director Supangkat Iwan Santoso said, adding that this policy would support the government's plan to maintain electricity rates until 2019.

Last year, PLN and IPPs used a total of 82 million tons of coal, of which 63 percent was coal with calorific values of 4,500 to 5,900 kcal/kg GAR, 36 percent was below 4,500 kcal/kg GAR and about 1 percent was more than 6,000 kcal/kg GAR.

Iwan said the new formula

would enable PLN to save around Rp 18 trillion (\$1.26 billion) should it use 85 million tons of coal this year and about Rp 20 trillion if it utilized 89 million tons of coal.

"As a result, PLN will be able to operate with a healthier financial condition," Iwan said.

As coal-fired power plants account for more than 57 percent of the country's total power, PLN has seen its electricity supply cost (BPP) soar due to the recent increase in global coal prices.

In 2017, PLN suffered from losses totaling Rp 14 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.

The Indonesian Coal Mining Association (APBI), which represents more than 80 percent of PLN and IPP coal suppliers in the

country, said the government had the right to determine any policies in the mining sector. However, any policies must consider the business sustainability of all coal miners, it said.

"If there are different prices applied for coal sold to domestic and overseas markets, we are afraid that our foreign buyers will complain and ask us to slash the prices for exported coal as well," APBI executive director Hendra Sinadia previously told *The Jakarta Post*.

Under this new policy, coal miners are also allowed to submit to the government a proposal requesting an increase in their production level by 10 percent this year.

The government previously limited coal production in 2018 to a maximum level of 485 million tons, 25 percent of which will be allocated for the domestic market.

Miners to comply with new prices

Viriya P. Singgih

THE JAKARTA POST/JAKARTA

Local coal miners were buoyant when the Energy and Mineral Resources Ministry announced on March 7 that the country's coal reference price (HBA) for the month stood at US\$101.86 per ton, the highest figure since June 2012.

It turned out their enjoyment was short-lived.

Only two days later, the ministry issued another rule, capping the prices of coal for power stations at \$70 per ton for two years. The new rule forces coal miners to provide discounted rates for state electricity firm PLN and independent power producers (IPPs).

Indonesian Coal Mining Association (APBI) executive director Hendra Sinadia said his side actually preferred to see domestic coal prices follow the market, especially considering the volatility of such a commodity.

"We'll never know if coal prices suddenly fall next month or in the next two months. So, the prices should just follow the market's movement. If there are two different prices [for domestic and export markets], it will lead to more disadvantages than benefits," Hendra said recently.

"But the ball is in the government's court."

The HBA is an average of four different price indexes coming from the previous month, namely the Indonesia Coal Index for coal with a calorific value of 6,500 kilocalorie/kilogram gross as received (GAR), the Platts Kalimantan for 5,900 kcal/kg GAR, as well as the Newcastle Export Index and the global COAL Newcastle Index, both for 6,322 kcal/kg GAR.

The ministry announces the HBA on a monthly basis to calculate the nontax revenues that should be paid by mining companies and to determine the coal benchmark price (HBP) of all types of coal.

Prior to the introduction of the ministry's new pricing policy, the monthly HBA was used as the selling price of coal with a calorific value of 6,322 kcal/kg GAR.

Miners prefer coal prices follow market

US\$70 cap forces miners to slash selling prices

New price affects contribution to state revenue



APBI

Hendra Sinadia

Meanwhile, other types of coal had different HPBs, though the calculation of which still referred to the ever-changing HBA level.

However, as the ministry has decided to cap the HBA at \$70 per ton for domestic power generation, dozens of coal miners are forced to slash their selling prices.

For instance, PT Adaro Energy, Indonesia's biggest coal miner by market capitalization, now has to sell its coal under the Envirocoal brand with a HPB of around \$52.85 per ton, down from \$73.1 per ton when it uses the actual HBA level in March. Envirocoal has a calorific value of 5,000 kcal/kg GAR.

"This new pricing policy will certainly affect the contributions to the state revenue and coal reserves for national energy resilience. But Adaro will comply with the government's policy," said Adaro corporate communication head Febriati Nadira.

Adaro has planned to boost its annual coal production by 4.2 to 8.1 percent to around 54 to 56 million tons in 2018, of which at least 9.46 million tons must be allocated for the domestic market. Last year, it produced 51.79 million tons of coal and sold 10.35 million tons to local market, mostly for the power generation sector.

Meanwhile, PT Bumi Resources, the country's largest coal miner by production volume, produces and sells coal through its subsidiaries PT Arutmin Indonesia and PT Kaltim Prima Coal (KPC) under various brands and calorific values.

Under the new price formula, Arutmin's Ecocoal coal brand with 4,200 kcal/kg GAR must be sold at \$38.95 per ton, down from \$53.54 per ton using the actual HBA level.

Furthermore, KPC's Melawan Coal brand with 5,400 kcal/kg GAR and Prima Coal brand with 6,700 kcal/kg GAR must be sold at \$55.96 and \$75.75 per ton, respectively, down from their actual economical prices of \$78.89 and \$108.05 per ton.

Bumi corporate secretary Dileep Srivastava said he had yet to thoroughly evaluate the new policy. However, he said the company might be less impacted than other miners because most of its produced coal had high-ranked calorific values.

Last year, PLN and IPPs used a total of 82 million tons of coal, of which 63 percent were coal with calorific values of around 4,500 to 5,900 kcal/kg GAR, 36 percent were below 4,500 kcal/kg GAR and about 1 percent were more than 6,000 kcal/kg GAR.

Bumi has planned to increase its coal production this year to around 90 million tons from the estimated total figure of 87 million tons in 2017.

It is required by the government to allocate at least 20.4 million tons for local market in 2018, while the realized domestic allocation reached around 32 million tons last year.

PLN has calculated the country's coal needs for power generation would increase by 9.45 percent to 89.75 million tons this year, or 18.5 percent of the national coal production target.

"The required [domestic market obligation] is just 25 percent of the national coal production. Coal miners are still able to sell 75 percent of their coal production in line with market prices. So, it's not a big deal," said Energy and Mineral Resources Ministry spokesperson Agung Pribadi.

MACROECONOMY

Subsidy increase seen to maintain stability

Marchio Irfan Gorbiano

THE JAKARTA POST/JAKARTA

The government's plan to raise the fuel subsidy has been seen in a positive light by economists, as the move is considered necessary to support people's purchasing power in the short term.

Finance Minister Sri Mulyani Indrawati recently said the government was examining whether it would boost the diesel fuel subsidy from Rp 500 (40 US cents) per liter at present to between Rp 700 and Rp 1,000 per liter.

The measure seems to be an inevitable option as it is committed to maintain the electricity rate as well as subsidized gasoline Premium and subsidized diesel fuel Solar at the present level amid an upward trend of global oil prices.

Furthermore, President Joko "Jokowi" Widodo recently signed Government Regulation (PP) No. 8/2018, which allows the government to set up a fixed coal price under a domestic market obligation program, and therefore, give a leg up to state-owned electricity firms amid soaring coal prices.

As outlined in the 2018 state budget, the government is set to spend Rp 94.5 trillion in energy subsidies this year, consisting of Rp 46.87 trillion in fuel subsidies and Rp 47.66 trillion in electricity subsidies.

Samuel Asset Management economist Lana Soelistianingsih

viewed the extra energy subsidy as crucial to keep people's purchasing power.

"I think the subsidy [increase] is vital as the government works to maintain the stability of prices for domestic consumers, particularly those in middle to low-income groups," she said, pointing out declining farmers' terms of trade (NTP), an indicator of middle- to low-income groups.

Many economists have been concerned over sluggish consumer demand as domestic consumption, which contributes to more than half of Indonesia's GDP, expanded by 4.97 percent in the fourth quarter of last year, slightly weaker than average growth of 5 percent.

The NTP dipped slightly by 0.57 percent to 102.33 in February and by 0.14 percent to 102.92 in January on a monthly basis, according to Central Statistics Agency (BPS) data.

Lana concurred that bigger spending on the energy subsidy could lead to a wider budget deficit, which is expected at 2.19 percent of GDP. To offset this, the government would be expected to take some measures to cut non-essential spending, such as duty trips for government officials, which could help the deficit stay within the 3 percent limit allowed by the law, she added.

"What can be saved needs to be saved," Lana said.

Another measure would be to maximize tax collection through a softer approach by the tax authority in dealing with taxpayers, which, she argued, could increase taxpayers' willingness to comply with their tax obligations.

Eric Sugandi, an economic observer at the Asian Development Bank (ADB) Institute, also shared a similar view, saying the decision to add the fuel subsidy would be a short-term policy to maintain people's purchasing power. In addition to the surging global oil price, the subsidy increase was triggered by the recent depreciation of the rupiah against the United States dollar, which pushed up the cost of fuel imports.

Eric, however, noted it would also be vital to rebalance the government's long-term economic interests on infrastructure and the short-term economic goal of sustaining people's purchasing power.

"In the coming years, the government could nominally expand the budget allocation for infrastructure spending, but lower its share to the overall spending in the state budget, meaning allocation for other budget posts should be increased," he said.

Finance Ministry director general of budgetary affairs Askolani said the government would review the plan to boost the subsidy by monitoring the realization of macroeconomic indicators. -

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AGRICULTURE

Food security not dependent on self-sufficiency

The Jakarta

JAKARTA

Achieving food security may not necessarily require accomplishing food self-sufficiency, speakers at the Jakarta Food Security Summit said.

"As a large country that has rice as a staple food, we should be able to achieve food self-sufficiency, but food diversification is even more important," Coordinating Human Development and Culture Minister Puan Maharani told *The Jakarta Post* after the summit's closing ceremony on Friday.

"We shouldn't get so fixated on food self-sufficiency that we neglect diversification," she said.

Food self-sufficiency has long been a matter of national pride in Indonesia: founding father and first president Sukarno said in a speech in 1952 that food sovereignty was a matter of our nation's life and death, while former president Soeharto's attainment of rice self-sufficiency in the 1980s is often considered one of his greatest achievements.

Current President Joko "Jokowi" Widodo has included food sovereignty in his administration's Nawa Cita (nine-point development program), and has often expressed his desire to achieve food self-sufficiency. However, members of the Indonesian Chamber of Commerce and Industry (Kadin), which organized the summit, said self-sufficiency was not necessary for food security.

"Food security means that food is available at an affordable

price wherever it is needed, in whatever quantity that is needed," Rudyan Kopot, chairman of Kadin's permanent committee on plantations, said.

"It doesn't matter where the food is from, the important thing is that we have a balanced stock so that if the prices rise we can immediately distribute food to the people to stabilize prices," chairman of Kadin's permanent committee on agribusiness ICT, Andi Bachtiar Sirang, added.

Food and Agriculture Organization (FAO) Asia-Pacific regional director Kundhavi Kadir-esan said too much emphasis on food self-sufficiency may in fact be counterproductive toward the goal of food security.

"Ensuring that food is available at an affordable price is largely the responsibility of the domestic food system, but there is an important role for international trade as well because no country can be competitive in the production of all foods," she said during a panel discussion at the summit on Thursday.

"For rice, the lowest-cost producers are countries on the mainland, which have vast areas of land suitable for good water control and rice cultivation," she added. "Given these realities it makes sense to source a percentage of food from regions where production is more cost-effective."

She cited Thailand and Vietnam as examples of Southeast Asian countries that had imported food items such as vegetable oil and dairy products, while exporting rice, creating "a dynamic,

competitive economy."

"Indonesia has been less willing to exploit agricultural comparative advantage," she said, adding that it had resulted in policies that meant consumers had to pay more due to "artificially raised prices."

Vice President Jusuf Kalla also said Indonesia should not focus on rice production alone, as its steadily increasing middle-income bracket may result in changes in food demand.

"As a country's income increases, its food consumption patterns will change from a high-calorie diet to a high-protein one," Vice President Jusuf Kalla said at the summit's opening ceremony on Thursday. "So the consumption of staple foods will go down but demand for vegetables, fruits and meat will go up."

National Development Planning Minister Bambang Brodjonegoro said crop diversification could also be key to developing the economy, pointing to Chile's success in becoming a high-income economy, owing in part to its focus on producing fruits and vegetables for export.

"Both South Korea and Chile managed to become high-income countries within 40 years, while we are stuck as a middle-income country," he said. "It is difficult for us to follow South Korea, which focused its efforts on the manufacturing industry, but we can learn a lot from Chile."

"We have huge potential in our fruits," he said, citing the example of durian, which Malaysia had successfully developed for export to China. (kmt)

Jokowi formalizes Pertamina's holding

JAKARTA: President Joko "Jokowi" Widodo has signed the long-awaited Government Regulation (PP) No. 6/2018 on additional state capital injection for state-owned energy giant Pertamina that serves as the legal basis to transform the company into an oil and gas holding firm.

The regulation, which was enacted into law at the end of February but had only been obtained by the press on Friday, formalizes the government's decision to transfer its 57 percent stake in gas distributor PT Perusahaan Gas Negara (PGN) in the form of Series B shares to Pertamina.

However, the government still has one Series A shares in PGN, through which it still has a veto right regarding any of the company's corporate actions.

"With the transfer of the Series B shares, the state takes control of PT Perusahaan Gas Negara through the possession of the two-color Series A share," the PP No. 6/2018 states.

Fajar Harry Sampurno, the State-Owned Enterprise (SOE) Ministry's undersecretary for mining, strategic industries and media affairs, previously said Pertamina would immediately hold an extraordinary general shareholders meeting and conclude its transformation after the PP had been signed by Jokowi.

Under the restructuring plan, PGN will be consolidated with Pertamina gas subsidiary PT Pertamina Gas (Pertagas), a move that will pave the way for the former to become the subholding firm overseeing the midstream to downstream gas business.—JP

Govt seeks privately funded airport

Farida Susanty

THE JAKARTA POST/JAKARTA

The government has reiterated its support for the development of a privately funded airport amid its bid to boost infrastructure and improve interconnectivity among cities.

The latest plan involved the development of an airport in Kediri, East Java, in which cigarette maker Gudang Garam would be among the investors.

"This is a greenfield project, purely funded by private [investment]. The investment amount has not been discussed, but there is a private sector entity willing to invest," the Transportation Ministry's air transportation director general, Agus Santoso, said on Friday.

Agus said the company would take care of every step of the airport's development, including land procurement, land work as well as construction. Gudang Garam, which has offices in Kediri and Jakarta — has secured its own land spanning 450 hectares for the airport, Agus said.

Earlier, a media report stated the cigarette manufacturer had shelled out Rp 845.3 billion (US\$59.1 million) to acquire 2.68 million square meters of land in Kediri for the airport.

In comparison, another privately funded airport, Kulon Progo International Airport in Yogyakarta, is set to be built on 587 hectares.

Although Agus declined to disclose the investment figure for Kediri airport, he said funding for Kulon Progo International Air-

Govt eyes private investment in airport development

Gudang Garam to build Kediri airport

port had reached around Rp 7.5 trillion to Rp 8 trillion.

Gudang Garam has applied for a principal permit for the airport, which will then be proceeded by a proposal for the location permit at the Transportation Ministry.

The ministry also requires a recommendation from the regional administration to issue such a permit.

Meanwhile, a plan to develop an airport in northern Bali has been halted as the ministry is assessing the proposal from PT Bandara Internasional Bali Utara (BIBU). The private company plans to build a \$2 billion airport in northern Bali. However, the plan cannot proceed as the company has not secured a location permit from the ministry.

The airport is intended to facilitate heavier aircraft traffic and 32 million additional passengers at the main tourism gate, I Gusti Ngurah Rai International Airport.

Agus said the construction of the Kediri airport might take two years after the location permit was issued.

The ministry is also assessing a feasibility study Gudang Garam carried out on the airport. Kediri itself is a promising location as the area between Surabaya, East Java and Surakarta, Central Java

is largely untapped.

Agus also noted that if the Kediri airport project went ahead, it would be the third privately funded airport after Kulonprogo International Airport and Bintan Airport in Riau.

Bintan Airport is a private airport being built by Singapore-based Gallant Venture Group subsidiary Bintan Aviation Investments, with allocated funds of up to \$150 million.

The airport is intended to cater to 1 million passengers in its first phase of construction, which is expected to be completed by the end of 2018. Out of 4,000 hectares of land that the company procured, 700 hectares will be allocated to build the airport.

Agus said by pushing private investment for airports, the government can focus on remote areas lacking connectivity, aligned with the vision of President Joko "Jokowi" Widodo.

The President has set infrastructure development as a priority under his administration to spur economic growth.

However, the government might not be able to cover the required funding of Rp 4.7 quadrillion for infrastructure projects to be built until 2019.

Commenting on the matter, Gudang Garam vice director Susanto confirmed the company had initiated the development of the airport in Kediri.

"It's still in the early stages, we just asked for permission from the government so we can build an airport in Kediri, that's all," he said.

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RI to lead in global nickel production.

JAKARTA: Growth in global nickel production is expected to accelerate in 2018, driven by Indonesia's ongoing recovery since 2017 and a rebound in production from major markets such as Australia, Canada and Russia, according to Fitch Group think tank BMI Research.

BMI Research has forecast global nickel production growth at an annual average rate of 3.5 percent in the 2018-2027 period, slightly slower than the average rate in the previous 10-year period. It expects global annual nickel production to reach 2.9 million metric tons by 2027.

"The best-performing country in terms of nickel production growth during 2018-2027 will be Indonesia, as output there continues to recover following the moderation of its export ban in January 2017," BMI Research stated in a report published on Thursday.

Output in Indonesia will reach an estimated 480 kilotons in 2018, up 20 percent from the 400 kilotons in 2017, according to the report.

It also says Indonesia will benefit from the situation in the Philippines, where nickel production is projected to remain muted in the coming months as a result of an ongoing open-pit mining ban imposed in 2017.

"This development will increase the rate at which Indonesia regains part of the Chinese market share it had previously lost to its neighbor, following the imposition of its export ban," the report states. — *JP*

Dems open path for Agus

Nurul Fitri Ramadhani and
Margareth S. Arintonang

THE JAKARTA POST/BOGOR

Agus gives strong political
speech in national
meeting

Yudhoyono reiterates
fielding own candidate in
2019 election

The Democratic Party appears to know how to play its ace card very well. Taking the baton from former president and chairman of the party, Susilo Bambang Yudhoyono, Agus was introduced in a grand way by the party at the meeting amid ongoing lobbying with the coalition of President Joko "Jokowi" Widodo and leaders of the country's political parties ahead of the 2019 presidential election.

The eldest son of Yudhoyono stole the spotlight on day two of the party's national meeting in Sentul, Bogor, West Java, on Sunday. Donning the party's color, the former Army major spoke before a crowd shouting his name. Agus presented a presidential campaign-like speech to 11,000 party members at the convention center.

"Like I've mentioned many times before in regard to readiness and opportunity, I'm ready to fight for my chance to contribute to the NKRI [Unitary State of the Republic of Indonesia]," he said in his speech, which was met with a standing ovation.

In closing his 45-minute speech, Agus, who suffered a loss in the first round of the 2017 Jakarta gubernatorial election, emphasized that the Dems aimed to attract young voters.

Although the party made no official declaration in regard to the presidential candidate it would support in the 2019 election, it was apparent the meeting served as a platform for Agus to rise. In both the opening and closing ceremonies, videos and pictures showing Agus' achievements and activities were on display, including a short movie presented in front of Jokowi on Saturday.

Agus also accompanied Jokowi, along with Yudhoyono and the party's secretary-general, Hinca Panjaitan, on the stage when the President hit the gong to mark the official opening of the meeting, a significant symbol for a rookie who is not on the party's central executive board.

"Agus has become the icon of the Democrats. If Agus runs [for president or vice president] then the party will get a higher [bargaining position]," Dems deputy chairman Syarifuddin Hasan said.

The final night of the meeting on Sunday had a different tone to the opening event a day earlier, with Yudhoyono giving his strongest signal yet to Jokowi. He raised the idea of joining Jokowi's camp in the elections under sev-

eral conditions.

He also stressed in his speech that the Dems would field its own member in the 2019 presidential election to avoid losing the popular vote. After Yudhoyono ended his two-term presidency, the former ruling party suffered a decline in the 2014 elections, having only acquired 61 seats in the House of Representatives, down from the previous 148 seats in the 2009 elections.

"God willing, the Democrats will field our own candidates who are capable of leading Indonesia for five years," he added.

As the fourth-largest party in the House, the Dems control 61 seats, forcing it to forge a coalition with other parties to have a minimum 112 seats to field a candidate.

The party was previously reported to be making a move toward Jokowi and his Indonesian Democratic Party of Struggle (PDI-P). Agus himself started his political safari by meeting Jokowi and Airlangga Hartarto, the chairman of the Golkar Party, which is among five parties that has thrown its weight behind Jokowi as he seeks reelection.

Dems' deputy secretary-general, Rachland Nashidik, said Yudhoyono would be willing to form an alliance with Jokowi, however under three conditions: certainty of who would be his running mate, knowledge of the campaign platform for the next five years and that the coalition must be based on mutual trust and respect.

However, despite the closeness shown by Yudhoyono and Jokowi on Saturday, the two parties have yet to agree on the terms of the alliance.

Speculation is rife that Yudhoyono has insisted on fielding Agus as Jokowi's running mate for 2019, a condition that Jokowi, and the parties behind him, have not agreed on just yet.

Yet, Agus may not easily step over other senior politicians supporting Jokowi to get the country's second-top post.

The Dems have another scheme up in its sleeve with the plan of forming a third axis to challenge Jokowi. It also aims to offer alternatives to voters amid speculation centering on a possible two-horse race between Jokowi and rival Prabowo Subianto.

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Habibie's health improves

JAKARTA: Former president BJ Habibie's health has improved after he was admitted to a clinic in Munich, Germany, for a leaking heart valve about two weeks ago.

His latest condition was reported by a member of the presidential medical team, cardiologist Lukman Hakim Makmun, who flew to Munich to monitor Habibie's treatment at the clinic, following an instruction from President Joko "Jokowi" Widodo.

Habibie, who is also known as a prominent engineer, was diagnosed with a mild case of valve abnormality.

Following intensive communication with the doctors at the clinic, the presidential medical team concluded that he "has yet to need any invasive medical procedure".

The team also said his breathing was getting better.

"After intensive medication, his shortness of breath has gradually left," said Azis Rani, the head of presidential medical team, as quoted from a press statement from the State Palace on Saturday.

However, Habibie will still be under treatment for several days.

Jokowi phoned Habibie last Sunday after he received word that Habibie was admitted to the clinic on Feb. 27 after feeling shortness of breath.

"We, everyone in Indonesia, are praying for you to get well and to come back to Indonesia soon," Jokowi said.

This is not the first time that Habibie has been admitted to hospital. In March 2016, he was hospitalized in the Army Hospital in Jakarta due to a bacterial infection. — *JP*

Palm oil players hit back at criticism, unfavorable rules

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The Indonesian palm oil industry is facing a hard time as the domestic situation poses new challenges aside from being demonized by global environmental communities, according to business players and experts.

Southeast Asia's largest economy is also the world's largest producer of palm oil, with production reaching 38.17 tons and exports amounting to US\$22.97 billion in 2017.

However, globally, NGOs and foreign governments have been criticizing the industry for being environmentally unfriendly, with the European Union recently approving a draft bill to ban the use of palm oil-based biofuels by 2021.

Back home, the industry's development was being undermined by factions within Indonesia's own government that took sides with global environmental voices, said Danang Girindrawardana, the executive director of the Indonesian Palm Oil Producers Association.

Domestic palm oil industry demonized at global, domestic level, players say

Industry helps lift people from poverty, bring economic growth

"The achievements of the [palm oil] industry have not been well met by several members of President Joko 'Jokowi' Widodo's Cabinet because they seem to put greater importance on environmental issues over the prosperity of the people," Danang added. "How can we ask poor people to not cut down a few trees so they can earn a living?"

The Environment and Forestry Ministry, which oversees the licensing of palm oil plantations, often bumps head with the industry. Environment and Forestry Minister Siti Nurbaya recently said 224 palm oil companies in central Kalimantan encroached orangutan habitats.

Last year, Wiratno, the ministry's director general of natural

resources conservation and the ecosystem, said there were 1 million hectares of illegal palm oil plantations in Riau.

Danang pointed out that Indonesia's forest coverage reached 52 percent, still higher than the United States, the United Kingdom, France, the Netherlands and Australia at 33, 13, 31, 11 and 16 percent, respectively. "Is Indonesia not allowed to clear some forests to allow its people to prosper?"

Jokowi had previously called on the EU to halt the negative campaign against palm oil and stressed that the country had been strict in implementing sustainable practices by placing a moratorium on oil palm plantations since 2013.

The President was also planning to extend the moratorium, but it was an example of how government policies seemed to oppose the development of the palm oil industry, said Bhima Y. Adhinegara, an economist at the Institute for Development of Economics and Finance.

"If there are farmers or companies going against regulations,

then they should be dealt with on a case-by-case basis," he added. "We shouldn't burn down the whole barn just because there's a mouse in it."

Bambang, the Agriculture Ministry's director general for plantations, said palm oil industry had a bad reputation even though it was the most efficient food and energy producing crop in the world.

"It is the 'green gold' of plantations," he said, adding that palm oil farmers themselves sometimes did not even appreciate the true value of the crop.

Bhima said the palm oil industry was responsible for 8.2 million direct jobs, over 4 million of which were small-scale farmers, and 13 million indirect jobs in the manufacture of its downstream products.

Given its consistent growth over the past decade, he said the palm oil industry was the only sector that Indonesia could rely on to boost its low export figures.

Bambang urged the government to conduct a comprehensive survey of Indonesia's palm oil plantations to put an end to the issue once and for all. (kmt)