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J. Post

CURRENCY

Rupiah under Bank Indonesia's control

Marchio Irfan Gorbiano

THE JAKARTA POST/JAKARTA

After the latest in its moves to ease pressure on the rupiah, Bank Indonesia (BI) believes that assurances about economic stability are as important as directly intervening in the market.

The central bank has insisted that the country retains sufficient foreign exchange (forex) reserves as exporters continue to sell their United States dollars amid rising demand from investors following upbeat projections on the US economy.

The volume of trade in the domestic forex market amounted to US\$7 billion per day last week, higher than the \$3 billion recorded in 2013, when exporters were reluctant to sell their US dollars, said Nanang Hendarsah, BI's head of monetary management.

He said the demand for US dol-

lars mainly came from dividend payments of companies to their foreign shareholders and importers' needs.

"I can assure you that liquidity in the [domestic] forex market is still under control," he said on Friday. "The supply [of US dollars] in the market is still sufficient to meet demand."

The local forex market, Nanang pointed out, was efficient, as it had a relatively narrow gap between buying and selling prices for US dollars, suggesting that greenbacks were in plentiful supply.

"BI's direct intervention in the market is only aimed at easing [volatility], meaning that we only enter [the market] when there is excess demand that needs to be met," he said.

The rupiah ended last week at Rp 13,940 per US dollar on the spot market, with its volatility reaching 5.7 percent, according to BI data. As of Friday, the rupi-

ah had depreciated by 0.22 percent month-to-date (mtd), the data show.

The central bank has moved aggressively to contain the rupiah's recent depreciation against the US dollar, but some experts have raised concerns that heavy intervention in the market risks depleting forex reserves.

Indonesia's forex reserves stood at \$126 billion in March, a slight decline from the \$128.06 billion recorded in the earlier month as BI moved to stabilize the rupiah against external pressures stemming from economic developments in the US.

In a move to further strengthen the rupiah's second line of defense, BI has agreed to extend the Bilateral Swap Arrangement (BSA) with Japan's Finance Ministry. The central bank has also hinted at the possibility of raising its policy rate — the seven-day reverse repo rate — from the cur-

rent 4.25 percent should pressure on the rupiah continue.

A policy rate hike and another line of defense from the Chiang Mai Initiative Multilateralization (CMIM) program would assist BI in controlling currency volatility without further depleting forex reserves, said Eric Sugandi, economic observer at Asian Development Bank (ADB).

The \$250 billion CMIM is a network of BSAs among the ASEAN+3 countries that was established in May 2000, three years after the Asian financial crisis, to serve as a regional safety net (liquidity support) mechanism to complement the International Monetary Fund.

Meanwhile, Piter Abdullah, a research director at the Center of Reform on Economics (CORE) Indonesia, suggested that BI should continue maintaining market confidence and monitor external risks to prevent new shocks in the long run.

"As long as there is no new sentiment [in the global market], the current volatility is short term," he said, adding that a policy rate adjustment might also help maintain market confidence.

Nanang of BI insisted that investors would retain confidence in Indonesia's economy, especially those that have long-term investments, as the country's economic fundamentals remained in good shape.

He said the government's achievement of keeping inflation within its target range during the last three years, and credit rating upgrades by several credit rating agencies had helped maintain investors' faith in Indonesia.

Eric of ADB concurred with Nanang, saying that foreign investors would return to Indonesia when domestic stocks and sovereign bonds were more affordable and external pressure eased off.

RI, Japan to renew swap arrangement

Marchio Irfan Gorbiano

THE JAKARTA POST/JAKARTA

Bank Indonesia (BI) has agreed to renew its bilateral swap arrangement (BSA) with the Finance Ministry of Japan to fortify the rupiah's second line of defense amid its recent depreciation against the US dollar.

The initial agreement to renew the prevailing BSA was reached during a recent meeting of finance ministers and central bank governors of ASEAN Plus Three members in Manila, the Philippines. The non-ASEAN members are China, Japan and South Korea.

BI international department head Doddy Zulverdi said the planned renewal of the agreement would welcome the inclu-

Renewed swap arrangement to allow Indonesia to withdraw yen

New arrangement comes amid pressure against rupiah

sion of the Japanese yen, which would be utilized under the arrangement.

"Essentially, the amendment [of the prevailing BSA] was made to add flexibility [for BI] as we will be able to withdraw the yen in addition to the US dollar from the Japanese government," said Doddy in Jakarta on Friday, adding that the inclusion of the yen did not change the amount of liquidity that BI could access with the arrangement.

BI had not utilized the arrangement to stabilize the rupiah during volatile times, saying that BI opted instead to use foreign exchange reserves as its main means of rupiah stabilization through intervention in the market.

He also said the commitment to renew the agreement showed BI's desire to strengthen its second line of defense despite ample room provided by Indonesia's forex reserves.

Indonesia's forex reserves stood at \$126 billion in March, a slight decline from \$128.06 billion recorded in the previous month as the central banks moved to stabilize the rupiah against external pressures stemming from economic development in the US.

Bank Central Asia (BCA) chief economist David Sumual said BI's

latest move would bolster investor confidence as it showed the central bank had additional ways to stabilize the currency in addition to using forex reserves.

He went on to urge that the central bank make similar arrangements with other countries, particularly those that have adequate US dollar reserves, to provide an additional buffer to the rupiah during volatile times.

However, he said the BSA was only a short-term measure to be used as a buffer to defend the rupiah. Structural problems in Indonesia's current account deficit would still need to be addressed, he added.

"The sustainable supply [of US dollars] should come from the export of goods and services, otherwise our forex market will be fund-

Indonesia's BSA with Japan dates back to 2003 and has been extended multiple times since. Under the prevailing arrangement, which was signed on Dec. 12, 2016 and will expire on Dec. 12, 2019, BI is able to access liquidity worth US\$22.76 billion from Japan.

The BSA with Japan enables Indonesia to swap its rupiah with the US dollar to alleviate pressure against its liquidity resulting from a balance of payment deficit and other short-term strains.

Doddy said the inclusion of the yen reaffirmed the spirit of the two countries to promote the use of non-dollar currencies.

The amended BSA will be in effect for three years after it is signed, he said.

Doddy added that, since 2003,

ed from portfolio investments," he said, calling on the government to improve Indonesia's export performance to provide added steel to the forex reserves.

The announcement came amid recent signs of a monetary tightening policy given by BI, as it opened the possibility of raising its reference rate, the seven-day reverse repo rate, currently set at 4.25 percent, as a measure to stabilize the rupiah.

The rupiah was traded at Rp 13,943 per US dollar on Friday, according to data from Jakarta Interbank Spot Dollar Rate, slightly appreciating from the Rp 13,965 recorded on the previous day.

The Jakarta Composite Index fell by 1.13 percent to 5792.35 on Friday, with foreign investors recording a net sell of Rp 842 billion.

RI to push for better balance of trade with China

Dian Septiari

THE JAKARTA POST/JAKARTA

President Joko "Jokowi" Widodo is going to push for a better trade balance with China in his upcoming meeting with Chinese Prime Minister Li Keqiang in the Bogor Palace on Monday, the foreign minister said on Friday.

Li will arrive in Indonesia on Sunday and leave for Tokyo, Japan, on Tuesday. The visit would be his first as a prime minister as he had previously visited Indonesia in 2008 when he served as deputy prime minister.

Foreign Minister Retno Marsudi said the visit would mark the fifth year of Indonesia and China's strategic comprehensive partnership.

She said one of the most important things Jokowi wanted to discuss in the meeting was the economic partnership. "In the meeting with Prime Minister Li, we want to ensure that the In-

donesian-Chinese trade deficit would be narrowed," she told reporters on Friday.

Between 2015 and 2017, she said, Indonesia had managed to reduce its trade deficit to 11.63 percent.

"This is significant progress, which is not easy. This meeting will be used by the President to increase exports from Indonesia to China," she said. "The only way to narrow the gap is through active engagement," she said, adding that Indonesia had to maintain good relations with any country.

"Indonesia is not the only country that sees China as an important partner, but it is worth underlining that maintaining relations is not a zero-sum game; we always want to develop win-win results."

She said achieving a win-win solution with any country was the issue Jokowi had been pressing in every occasion. "We want to

ensure that Indonesian interest is always well reflected in those meetings," she said.

Among the commodities Indonesia wants to promote in China is palm oil, swift's nest, mango-steen, salak, bananas, coffee and cocoa. She said China was a major importer of Indonesia's palm oil.

She also said Indonesia wanted to ensure investments came with transfers of technology to add value to the labor and improve the environment.

"We want quality investment that really brings benefits and supports development. We never see it as zero-sum and want to ensure a win-win situation."

In 2017, China was ranked as the country with the third-largest foreign investment in Indonesia at US\$3.36 billion, a significant increase from \$2.66 billion in 2016. Since China introduced its Belt and Road Initiative in 2013, its outbound investments, including to Indonesia, increased signif-

icantly. The initiative is an ambitious road, rail and construction project spanning dozens of countries. Last month, Indonesia and China signed five contracts worth \$23.3 billion for several infrastructure projects such as a hydropower plant and a facility to convert coal into dimethyl ether, among others.

In addition to discussing bilateral issues, Retno said, "It is not impossible that regional issues will be discussed." For example, she said, on the Korean Peninsula, Indonesia's and China's positions were clear in that they were both in support of the peace process and the reunification of North Korea and South Korea.

Meanwhile, she said Indonesia was concerned about developments in the South China Sea. "If the reports are confirmed, this will be worrying and disrupting the existing confidence-building measures to maintain peace and

stability in the South China Sea," she said, "and we are calling on all parties to restrain themselves and not be provocative and respect international law."

She said Indonesia's position was consistent with ASEAN's position on the issue. She said over the years, ASEAN had sought order through a declaration of conduct and the ongoing negotiations for a code of conduct.

"In the last ASEAN Foreign Ministers Retreat, we issued a statement that we do not want any militarization in the South China Sea," she said.

Reports from a US broadcaster claim that China has installed missiles on disputed reclaimed islands in the South China Sea.

She said Li's visit also marks the 15 years of the ASEAN-China strategic partnership.

"Prime Minister Li will also meet the ASEAN secretary-general in the ASEAN Secretariat in Jakarta," she said.

Indonesia needs China

more than China needs Indonesia

May 17, 2018
J. Post

The visit of Chinese Premier Li Keqiang and the hostile attitude of many Indonesians, especially politicians, to economic relations between Indonesia and China, came to my mind after listening to the views of three internationally recognized scholars and outstanding veteran ASEAN diplomats.

We must understand that China's economy is so gigantic that 100 countries, including Indonesia, have to accept the fact that China has become their most important economic partner. Let me make it simple: No matter how strategic Indonesia's position may be on the globe — we are always proud of our strategic geographical position — for China, we are just another important trading partner.

In less than two decades China will take over the US' position as the world's largest economy. The relations between China and the US will continue to worsen, although a total trade war is unlikely, the impact on the world would be too devastating. Militarily, it will also be very difficult for the US to maintain its hegemony. The unpredictable US President Donald Trump will become a disrupt-

cause its military expenditure continues to rise in line with its rapidly growing GDP.

Opponents have strongly criticized President Joko "Jokowi" Widodo for issuing Presidential Regulation No. 20/2018 on foreign workers. The critics argue the new policy will trigger an influx of foreign workers into Indonesia. Tens of thousands of unskilled Chinese laborers now are working, they claim, in China-funded projects, many of them turn-key contracts. The critics have a point, but they do not see the bigger picture.

The ghost of communism continues to haunt Indonesia with many people branded communists, including Jokowi himself. Admit it or not, this often refers to the Chinese Communist Party (CPP), even though China has now become the world's largest promoter of the free-market principle. Let us not forget that all major political parties, including Gerindra and the Prosperous Justice Party (PKS), have good relations with the CPP.

For some reason, the horrors of the 1998 May riots suddenly spring to mind. Thousands of In-

doneseans were burned to death in Jakarta just days before the fall of then-president Soeharto on May 21, 1998. Hundreds of Indonesians of Chinese descent were sexually assaulted and raped at that time. Even now we pretend that nothing happened 20 years ago.

Chinese officials in their private conversations often express their fear that anti-Chinese sentiments will erupt from time to time in Indonesia. They will be made a scapegoat for everything. Similar concerns are also often raised by ordinary Chinese people. Millions of them visit Indonesia as tourists, and we should not forget many of them still remember the 1998 tragedy.

Premier Li, who along with President Xi Jinping won another five-year mandate in March last year, is on a three-day state visit to Indonesia until Tuesday. Later, Li will depart for Japan for a much-awaited trilateral summit with Japanese Prime Minister Shinzo Abe and South Korean President Moon Jae-in.

The official purpose of the premier's visit is to commemorate the Indonesia-China Comprehensive Strategic Partnership. The two

countries' diplomatic relations were only restored on Aug. 8, 1990, when then-premier Li Peng met with Soeharto in Jakarta. Jakarta abruptly severed ties with Beijing, after Indonesia accused China of masterminding the (alleged) Sept. 30, 1965, coup attempt, which Beijing totally denied.

In his meeting with Jokowi, Li will reportedly raise his concerns over the slow development of the 142.3-kilometer Jakarta-Bandung railway project. China and Indonesia signed the contract for this on Oct. 16, 2016, after Japan lost the project to China. Initially its cost was \$5.1 billion, but has since risen to \$5.9 billion as a result of various technicalities, including land-acquisition complications. It appears unlikely the October 2020 deadline for finishing the project will be met.

Again, we must realize that Indonesia needs China more than they need us. So behave yourself and accommodate yourself in accordance with your position. Our relationship with China is based on equality and mutual benefit, but please accept reality, at least for a while.

Welcome to Jakarta, Premier Li.

ASEAN's navigation when internally many Indonesians still think that Indonesia is so important to China that it would not dare to confront us? Baseless chauvinistic pride and a false sense that we are a great nation has often and will continue to trouble us when we are not ready to accept our position.

We, Indonesians, should realize that China is much more important to us than we are to them, although we often believe the opposite. China will soon become the world's largest Official Development Assistance (ODA) provider and there is almost no chance of reducing the flow of Chinese exports and investment. China appears threatening be-

COMMENTARY



Kornelius Purba

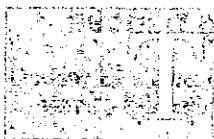
THE JAKARTA POST/
SINGAPORE

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Strengthening bilateral ties



he historic visit of Chinese Prime Minister Li Keqiang marks the fifth anniversary of the China-Indonesia Comprehensive Strategic Partnership and the 15th anniversary of the strategic partnership between

China and ASEAN, the latter of which Indonesia is often regarded as the informal leader.

China is committed to investing in Indonesia and helping to develop its much-needed infrastructure, which in turn will create jobs, especially for young Indonesians.

The strategic importance of Indonesia is evident in the fact that it is the first country visited by Li during his second term as the premier of the State Council of the People's Republic of China. Previously, Li visited Indonesia in December 2008 at the invitation of Vice President Jusuf Kalla, during the first term of then-president Susilo Bambang Yudhoyono.

Li's current visit further enhances the strong economic foundations laid by President Xi Jinping during his visit here in October 2013, in his first year as president of the world's most populous country and currently the world's second-largest economy.

If Xi introduced the 21st century maritime Silk Road to be coupled with Indonesia's global maritime fulcrum vision, Li is expected to talk more about the trade balance, in which Indonesia still suffers a deficit, despite being able to narrow the gap to 11.63 percent between 2015 and 2017.

Indonesia plans to promote to China its agricultural products, such as palm oil, coffee and cocoa as well as various tropical fruits including mangosteen; *salak* (snake fruit) and bananas.

China is Indonesia's third-largest investor with a total of US\$3.36 billion in 2017, up from \$2.66 billion in 2016. However, Indonesia also wants to ensure that investments come with transfers of technology to add value to the labor force and to improve the environment.

There have been complaints that Chinese-funded projects entail not only capital and equipment but also Chinese workers, who take jobs that locals could easily fill. What is worse, many of the Chinese workers do not have proper work permits.

As the premier will focus more on economics and development, it is unlikely that he and President Joko "Jokowi" Widodo will talk much about possible solutions to the South China Sea disputes. China has reportedly installed anti ship cruise missiles and surface-to-air missile systems on three man-made structures in the South China Sea.

While Indonesia is a non-claimant, China claims some of the waters around the Natuna Islands as its "traditional fishing grounds", leading to several skirmishes between Chinese fishing vessels and Indonesian authorities.

As a good friend, Jokowi should ask China to restrain itself, respect international law and avoid any measures that could stir tension in the South China Sea. It is also high time that Jokowi persuaded China to prioritize negotiations on the Code of Conduct in the South China Sea, hopefully a document that would be binding on all related parties. Such a document would couple beautifully with China's own good-neighbor policy, which calls for common welfare with neighboring countries, including those in disputes in the South China Sea.

Govt braces for annual mass exodus on Idul Fitri

Farida Susanty

THE JAKARTA POST/JAKARTA

Home-bound travelers during the Idul Fitri holiday this year, especially those using land transportation, will hopefully find their journey enjoyable as the government has promised a smooth ride and better toll road connectivity.

The spotlight, during the mass exodus that will occur a week before and after Idul Fitri on June 15 and 16, will be on the Trans-Java toll road network, which sees the highest number of traffic.

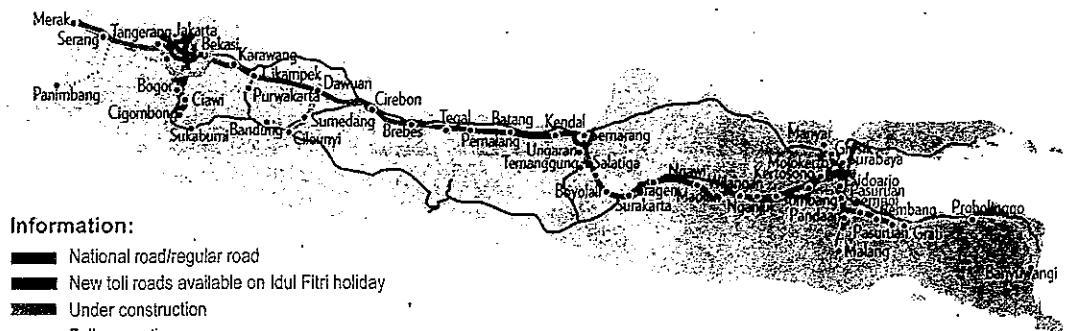
Public Works and Housing Ministry data show there is a 524 kilometer-long operational toll road connecting Jakarta and Surabaya, East Java, that can be used by motorists. Last year, motorists could only drive on the Trans-Java toll road from Jakarta to the Pejagan-Pemalang section in eastern Brebes, Central Java.

Then, again they could also take the toll road in Semarang, Central Java.

For this year's exodus, the ministry has ensured that motorists can drive on 235 km of functional toll road, meaning that it is not fully operation but motorists can use it. It includes the 75 km-long Batang-Semarang section in Central Java.

"Solo-Ngawi toll road is available and will be free, the Ngawi-Sragen [section] will also be functional. Ngawi to Wilangan has been recently officiated. So from Semarang [Central Java] to Surabaya, people can just go from one toll road to another," Public Works and Housing Minister Basuki Hadimuljono said, referring to the Solo-Ngawi and Ngawi-

Routes available for Idul Fitri holiday in Trans-Java toll road network



Source: Public Works and Public Housing Ministry

Information:

- National road/regular road
- - - New toll roads available on Idul Fitri holiday
- Under construction
- ▒ Fully operating

Data shows motorists can use 524 km-long operational toll road from Jakarta to Surabaya

Transportation Ministry predicts 3.72 million vehicles will take to roads

Kertosono toll road sections.

The minister, however, warned those who planned to use the toll road between Salatiga and Solo that the Kenteng bridge in that section would not be finished in time for the mass exodus.

To overcome the hassle, the ministry will provide a rigid sidewalk under the bridge for road users.

Basuki also reiterated that the ministry had also anticipated the infrastructure to overcome the congestion on the toll road exits with the operation of four flyovers across Java, including the Klonengan and Kesambi fly-over in Tegal, as well as the Kretek and Dermoleng fly-overs in Brebes.

It is also building an underpass

to help ease congestion.

The Salatiga toll road exit, for example, is expected to welcome almost double the amount of normal traffic of more than 15,000 cars during the mass exodus period.

Apart from building the toll roads, Basuki said the ministry had also instructed all roadworks to stop 10 days before the Idul Fitri holiday, including the high profile Jakarta-Cikampek Elevated toll road development.

There will also be rest areas every 10 to 20 km, as well as parking bays.

Basuki also said while the ministry was busy building toll roads, motorists could also use the non-toll road as an alternative, especially in cities in southern Java.

"The road conditions this year is better and firmer compared to the previous years, and also because there will not be any emergency roads anymore," he said.

The ministry had previously revealed that it would allocate 57 percent of the Rp 41.6

trillion (US\$2.98 billion) state budget this year for the Bina Marga directorate general, which was overseeing the roads and bridges, for road and bridge maintenance.

The Transportation Ministry predicted that the number of private cars would increase by 16.6 percent to 3.72 million vehicles in the mass exodus this year compared to last year, while the number of motorcycles was expected to rise 33.3 percent to 8.5 million.

Meanwhile, the ministry's director general for land transportation, Budi Setiyadi, said it had set up a coordination team for the mass exodus operation, led by Transportation Minister Budi Karya Sumadi.

The team will operate between June 4 and 24.

"The Transportation Ministry has sent letters to the provinces' governors in Indonesia so each governor can set up a mass exodus operational plan in accordance to the situation and the condition of each area," Budi said.

Government told to focus on homework

Rachmadea Aisyah and
Riza Roidila Mufti

THE JAKARTA POST/JAKARTA

Business players in the oil and gas industry have again reminded the government to stop being complacent as there is still a lot of homework to do in order to enhance the domestic business climate.

In the past few months, it has amended or scrapped 186 regulations that deter investment and hamper business licensing processes in the oil and gas sector.

Among the daunting tasks within sight is to synchronize regulations issued by the central and regional governments as investors struggle with inconsistent rules, often leading to delayed investment, said Indonesian Petroleum Association (IPA) president Ronald Gunawan on the sidelines of the 42nd IPA Convex 2018.

"For example, on land acquisition, there is no problem at the ministerial level, as officials agree with us. But when we come to the regional level, we have to deal with various problems," he said during a panel discussion on Thursday.

The group also demanded the government engage business players more actively in decision-making and deliberation of regulations governing the oil and gas industry as their recommendations and insights will make them more applicable and compatible with real situations.

Ronald underlined the necessity of clear regulations in the sector, particularly to draw investors to exploration activities.

"This industry is a long-term and heavy-investment industry, and one of the key factors that can attract big investors is legal and regulatory certainty. Clear bureaucracy is necessary to accelerate industry growth," he said.

Indonesia, once one of the world's hottest destination for oil and gas investment, is now struggling to attract capital amid its exhausting resources.

The problem seems to be reflected in potential state revenues-to-

taling only US\$111 million derived from seven gas purchasing agreements sealed at the conclusion of the three-day event on Friday.

The figure is minuscule compared to \$5 billion in potential state revenue brought by five purchasing agreements during the same event last year, according to data from the Upstream Oil and Gas Regulatory Special Task Force (SKKMigas).

Global think tank Wood Mackenzie also called for the government to continuously explore existing and potential oil and gas fields as that was the underlying aspect of all issues surrounding the industry.

"Stimulating exploration needs to be the priority, because it takes so long to make a discovery and actually bring it on-stream," Wood Mackenzie research director for upstream oil and gas in Asia-Pacific Andrew Harwood told *The Jakarta Post*.

He pointed out that other developing countries, such as Brazil, Egypt and Mexico, which have conditions similar to Indonesia in terms of aging resources, still remained attractive to lure large oil companies because of better and more certain regulatory framework.

"The government has made positive steps, but there is a lot more work to do to make Indonesia truly competitive with other places in the world that are attracting investment," Harwood said.

The SKKMigas has calculated that proven domestic oil reserves plunged by around 30 percent to 2.98 billion barrels over the 2009 to 2017 period due to lack of new large discoveries.

Since 2009, domestic oil production has dropped sharply by 17.8 percent to some 780,000 barrels of oil per day (bopd) at present, of which approximately 500,000 bopd are refined locally.

Consequently, about 46 percent of national crude consumption of 336.74 million barrels and 40 percent of the refined fuel demand of 99.17 million kiloliters last year were fulfilled from imports.

May 5-2018
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PDI-P has lead in polls thanks to Jokowi

Jurul Fitri Ramadhani
THE JAKARTA POST/JAKARTA

When the political parties in the ruling coalition declared support for President Joko "Jokowi" Widodo's reelection bid next year, one thing they all expected was that they would gain an electoral boost on his coattails.

However, a survey has revealed that only two parties: the ruling Indonesian Democratic Party of Struggle (PDI-P), the party to which Jokowi belongs, and the opposition Gerindra Party, founded by Jokowi's 2014 rival Prabowo Subianto, would do well if the legislative election was held now.

Of the political parties in the ruling coalition, the PDI-P has maintained its dominance with 27.7 percent of respondents supporting the party, while the Golkar Party and United Development Party (PPP), which have declared their support for Jokowi, have seen their electability slide.

Pollster Indikator Indonesia conducted its survey from March 25 to 31, questioning 1,200 respondents to measure the popularity of political parties. The results indicated that Golkar's electability declined to 8 percent from the 12 percent recorded in an October survey. Meanwhile, the PPP's electability also decreased from 4.6 percent to 3.5 percent. The NasDem Party saw a slight increase to 2.7 percent from 2 percent, but below the legislative threshold of 3.5 percent.

Political party of incumbent President Jokowi leads poll with 27 percent

Gerindra has 11.4 percent of support

In the opposition camp, Gerindra ranked second after the PDI-P with 11.4 percent, higher than the 10.3 percent in the previous survey. Gerindra has declared support for its chief patron Prabowo, who said during the party's recent national meeting that he "accepted the party's mandate" to be nominated as its presidential candidate.

A survey by *Kompas* newspaper conducted between March 21 and April 1 also showed that the PDI-P and Gerindra would likely lead the legislative election next year with 33.3 percent and 10.9 percent, respectively, followed by Golkar, the Democratic Party and National Awakening Party (PKB).

The surveys were conducted before Gerindra announced that it had given the presidential ticket to Prabowo.

Indikator executive director Burhanuddin Muhtadi said voters would indeed give more credit to the PDI-P and Gerindra, not only because both parties groomed their own figures, but also because not many people noticed which political parties supported whom.

"No matter how hard the other parties work to support Jokowi in winning the election, not many people know what candidates they support. It's no wonder that the PDI-P and Gerindra dominate in the coattail effect," Burhanuddin said.

According to the Indikator survey, Gerindra's closest ally, the Prosperous Justice Party (PKS), has enjoyed an increasing electability, from 3.3 percent to 4 percent, because the party has long been known for its affiliation with Gerindra.

"This is good for the PKS. The party can benefit from the coattail effect if it formed a coalition only with Gerindra," Burhanuddin said.

A leading PDI-P member encouraged other members of the coalition to produce their own figures to boost their electability.

"We understand that they have worked hard to boost Jokowi's [positive] image and electability. But people know that Jokowi was groomed by the PDI-P and the other parties did not contribute to that process," Maruarar Sirait said.

Golkar politician Bambang Soesatyo downplayed the survey, saying that the legislative election was still months away. Golkar aims to win big in the 2019 legislative election and become the largest faction in the House of Representatives for the 2019-2024 period.

"The registration [for the legislative election] is still months away. We can overtake [the other parties]," he said.

Though the Democrats, the fourth-largest faction in the House, lag behind Golkar as numerous surveys have shown, their electability has been steadily increasing.

In a PolcoMM Institute survey, the Democrats ranked fourth after Golkar with 7.29 percent, up from 5 percent in the previous survey.

Observers attributed the increase to Agus Harimurti Yudhoyono — the eldest son of Democrats' chief patron former president Susilo Bambang Yudhoyono — a central figure that Yudhoyono senior and his party are grooming to be a future leader. Surveys have shown that Agus remains among the most favored vice-presidential candidates for either Jokowi or Prabowo.

"The Democrats now have Agus, although his effort [alone] is not enough to boost the party's electability. Gerindra and the PDI-P have their central figures, something that Golkar and the PKS don't have," Burhanuddin said.

Senior Democrat politician Amir Syamsuddin said the party would be persistent in promoting Agus as a potential presidential candidate, believing that supporting figures from other parties would not necessarily boost the party's electability.

Democrats reiterate call for third camp

Nurul Fitri Ramadhani

THE JAKARTA POST/JAKARTA

The Democratic Party is lobbying other midsized parties to form a third alliance in the 2019 general election, arguing that the parties would not gain electoral support for backing either of the two popular hopefuls.

The Democrats have encouraged the National Awakening Party (PKB) and the National Mandate Party (PAN), which are members of a coalition led by the Indonesian Democratic Party of Struggle (PDI-P), as well as the Prosperous Justice Party (PKS) to field an alternative figure to challenge both President Joko "Jokowi" Widodo and his 2014 rival Prabowo Subianto.

A number of recent surveys suggest that parties that have declared support for Jokowi's reelection bid, such as the Golkar Party, the United Development Party (PPP) and the NasDem Party did not gain any electoral benefits from branding themselves as close allies of the President.

Only the two main backers — the ruling PDI-P and the opposition Gerindra Party — enjoyed an increase in popularity from supporting Jokowi and Prabowo as their respective icons.

"If we just follow in the footsteps of either the PDI-P or Gerindra, the electoral bonus will only benefit those two parties," Democratic Party deputy secretary-general Didi Irawadi said on Saturday.

The Democrats, along with the

Midsizes parties unlikely to benefit from supporting Jokowi or Prabowo: Dems

PAN, PKB, PKS open to possibility of forming third alliance

PKB and the PAN, have yet to announce their support for any presidential candidate. The Democrats have been proposing Agus Yudhoyono, the son of former president and party chairman Susilo Bambang Yudhoyono, to be Jokowi's running mate, but some sources say negotiation on the matter have reached a deadlock.

The secretaries-general of the Democrats, PAN and the PKB have held several closed-door meetings about forming a third alliance, but no decision has been made yet. PAN secretary-general Eddy Soeparn said the discussions with the PKB and the Democrats, however, were still ongoing.

In what some perceived as a move to test the waters, PAN chairman Zulkifli Hasan and PKB chairman Muhaimin Iskandar toured Jakarta together on Vespa scooters on Saturday, during which Zulkifli asked Muhaimin about the third camp idea.

The PKB has been aggressively promoting Muhaimin as a vice-presidential candidate through billboards and flyers in recent months, but it has yet to officially declare support for Jokowi, who is expected to name a running mate

with a strong Muslim background.

Analysts are skeptical about the plan for a third camp, given that the four parties lack popular figures to turn the 2019 presidential election into a three-horse race. Various surveys show that the electability ratings of Muhaimin and Agus are far behind those of Jokowi and Prabowo.

On Saturday, Muhaimin said his party wanted to run together with PAN in the 2019 election.

The Democratic Party is widely expected to invite the PKS, its old ally during a decade of Yudhoyono's presidency, to join a third alliance, when Yudhoyono and PKS chairman Sohibul Iman meet in the near future.

For the PKS, which is known as Gerindra's closest ally but has yet to declare support for Prabowo, a new coalition could be doable.

"I believe it all depends on who will be Jokowi's running mate," PKS politician Hidayat Nur Wahid said.

A third alliance would be a force to be reckoned with if supported by the Democrats, PAN, the PKB and PKS, given that those four parties dominate the Muslim voter base, said analyst Hendri Satrio.

He said, however, that forming another alliance would be hard, given that the four parties had no outstanding figures.

"Unless they get Kalla," Hendri said, referring to Vice President Jusuf Kalla, who, despite his high electability would likely be unable to run, as the Constitution barred candidates from running after serving two terms.

Mosques could turn into campaign venues

Gisela Swaragita

THE JAKARTA POST/JAKARTA

Widely spread footage of a Muslim preacher telling his audience at a mosque in Surakarta, Central Java, that voting for President Joko "Jokowi" Widodo is haram has sparked concern about political sermons at houses of worship ahead of the 2019 election.

In the video, Sugi Nur Raharja began his sermon by saying that it was only natural for Muslims to use mosques to talk politics in election years.

"At the time of Prophet [Muhammad], the mosque was the place to settle all kinds of problems, from businesses to politics."

He went on to make a case against voting for Jokowi, who he said had failed as president, asking the people attending his sermon that they could leave the mosque if they supported the incumbent.

The sermon, titled "Indonesia sangkit dari Masjid" (Indonesia rising from the Mosque), was delivered at the Jami MUI mosque on April 29.

A video of the sermon was uploaded on Sugi's YouTube channel and immediately sparked criticism from internet users who

Cleric says mosques can be used to talk politics in election years

Observers argue that mosque should be neutral public sphere

believed bringing politics into the mosque was wrong.

A Twitter user with the handle @AfifTuads, who identifies himself in his twitter profile as a part of the youth wing of Nahdlatul Ulama (NU), the largest Muslim organization in Indonesia, said he rejected the use of mosques as venues to spread hatred or provocation.

"The house of God should not be filled with profanity, especially when the preachers talk trash, erroneously and full of logical fallacies," he said.

"Mosques should be a neutral public sphere that can be shared with anyone looking for universal kindness," said International Center for Islam and Pluralism (ICIP) director Syafieq Hasyim.

He argued that Muslims during the time of Muhammad used the mosque for political consolidation, because Muslims were a more homogenous group.

"When the Prophet was still

alive, Muslims could easily look up to him for guidance to solve their problems," he said.

He added that contemporary Muslims could not just ignore the fact that they live in a diverse society. "What Sugi delivered was not a religious sermon."

Sugi, however, had one high-profile defender: former Indonesian Military (TNI) commander and presidential hopeful Gatot Nurmantyo, one of Jokowi's potential contenders who appeared to have backtracked on the position he held last year while serving as military chief, that holding any campaign-related activities in places of worship was prohibited under the law.

"It pains me if anyone says you should not talk about politics in mosques," Gatot said while speaking at an event at the Gadjah Mada University Mosque in Yogyakarta on Friday, as reported by *tempo.co*.

He said the Prophet himself talked about politics in Nabawi Mosque. "What should be banned is provocation, not political talk."

Using the pulpit at the mosque for political campaigns is not new in Indonesia, particularly after the heated Jakarta gubernatorial election last year, which pitted a Muslim candidate against a

Christian.

Some Muslims in Jakarta reported that religious sermons at their mosques became increasingly political ahead of election day.

The trend forced the Religious Affairs Ministry to find ways to "standardize" religious sermons at mosques, mainly during Friday prayers. According to the ministry, the policy was devised to ensure that preachers giving Friday sermons were competent and stuck to their roles as clerics.

But the policy has been widely seen as ineffective, as the ministry lacks the resources and legal authority to enforce it. It was also later forced to soften the policy after being accused of trying to censor religious sermons.

Indobarometer political analyst Muhammad Qodari expects increased use of mosques for political campaigning in 2019. "There is a possibility that mosques will be turned into campaign venues and used for political mobilization," he said.

"This kind of campaign strategy was successful at the regional level last year," he said, referring to the Jakarta election. "There are indications that the strategy will be used again at the national level."

DEFAMATION

Police drop charges against FPI leader

Gisela Swaragita
and Arya Dipa

THE JAKARTA POST/JAKARTA

The West Java Police have dropped the investigation into a defamation case involving fugitive Islam Defenders Front (FPI) leader Rizieq Shihab, citing a lack of evidence.

"The [West Java Police's] general crimes division closed the case as of last month, maybe even in late February," West Java Police spokesperson Adj. Sr. Comr. Trunoyudo Wisnu Andiko told *The Jakarta Post* on Friday.

Rizieq was accused of insulting the state ideology of Pancasila and the nation's founding father, Sukarno, when a video of him comparing the early version of Pancasila drafted by Sukarno and the Jakarta Charter's version went viral on social media.

The original version of the Jakarta Charter's Pancasila, which was formulated by the nine founding fathers, including Sukarno, places belief in God as the first principle, along with an order for Muslims to abide by sharia. Sukarno's version, meanwhile, places belief in God as the fifth principle.

In the video, Rizieq says: "In Sukarno's Pancasila, faith in God is placed in the butt, but in the Jakarta Charter's Pancasila, faith in God is placed in the head. Which one is better? Sukarno's or the Jakarta Charter's?"

The West Java Police's chief detective, Sr. Comr. Umar Surya Fana, said they had to drop the case because they only had a clip of the video.

"The judges want us to provide the video of the whole sermon, which we do not have," he said.

"We have asked the plaintiff to provide the full video, but they are unable to provide it."

The report against Rizieq was made by Sukmawati Soekarnopu-

tri, the third daughter of Sukarno. The firebrand cleric was charged under articles 154 and 320 of the Criminal Code on insulting the state ideology and defamation.

Rizieq's supporters have accused the government of criminalizing their leader.

In a meeting with President Joko "Jokowi" Widodo at the Bogor Palace last month, several Islamic groups, including the FPI, asked Jokowi to stop criminal investigations into their leaders.

The FPI leader reportedly fled to Saudi Arabia after a steamy conversation allegedly involving him and a woman was uploaded online. The police have charged him with spreading pornography and, as of now, have yet to drop the case.

The State Palace has said President Jokowi would not interfere with the law.

Jokowi, who is seeking reelection in 2019, confirmed the meeting with the Islamic groups at Bogor Palace, but dismissed suggestions that it was political.

"The purpose was to build cordial relations with ulema, religious figures, and clerics from across the country [...] in order to maintain brotherhood and unity."

The Islamic groups are all linked to the Dec. 2 sectarian rally calling for the prosecution of then-Jakarta governor Basuki "Ahok" Tjahaja Purnama — a close ally of President Jokowi — for blasphemy in 2016.

A number of clerics spearheading the rally, including Rizieq, have been subjected to criminal investigations following the rally.

Ahok is currently serving a two-year prison term after being found guilty of blasphemy in May last year.

Rizieq, meanwhile, has said he would not return until the police drop all cases against him, which he believes are political.

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Palm oil lobby turns to Holy See

Anton Hermansyah

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In a desperate attempt to safeguard the long-term interests of the palm oil industry, the government is seeking support from the Vatican to lobby against the European Union's plans to ban biodiesel imports.

Coordinating Maritime Affairs Minister Luhut Pandjaitan visited the Holy See on April 25 to meet with Cardinal Peter Turkson, director of the Pontifical Council for Justice and Peace.

During the meeting, the cardinal expressed his concerns over the fate of oil palm farmers and the millions of people whose livelihoods depend on the industry, Luhut said.

"He particularly questioned what would happen to these people, who are mostly Muslims, if they don't have an income," he said in a statement.

During the 40th anniversary summit of the ASEAN-EU cooperation in Manila late last year, President Joko "Jokowi" Widodo pointed out that at least 17 million Indonesians relied both directly and indirectly on the palm oil industry, with 42 percent of existing oil palm plantations owned by

RI seeks Vatican support over palm oil in EU

Vatican to hold seminar on palm oil

smallholders.

Luhut added that the cardinal had proposed the idea to hold a seminar on palm oil at the Vatican's Pontifical University in May.

The event is slated to gather European organizations, multinational companies, oil palm growers from Indonesia and Malaysia and religious groups.

The minister recommended inviting Indonesia's largest religious groups, Nahdlatul Ulama (NU) and Muhammadiyah, due to concerns over the emergence of radicalism caused by poverty.

Turkson, who hails from Ghana, is often considered a top Vatican cardinal and part of Pope Francis' inner circle.

The pope himself is widely known for having a strong concern for environmental issues. In 2015, he released *Laudato Si* (Praised Be), a provocative encyclical on the environment that criticizes consumerism, irresponsible development and environmental degradation.

Last October, the Argentina-born Catholic leader implicitly criticized the United States for withdrawing from the Paris agreement on climate change, which he considers a way to curb the effects of global warming.

Luhut's lobbying in the Vatican came at a time when Europe, where Catholics remain the largest religious group, is deliberating concrete moves to restrict purchases of palm oil.

Earlier this year, the EU Parliament approved draft measures to phase out the use of palm oil, which it attributes to deforestation, in motor fuels by 2021.

Indonesia is the world's largest producer of the commodity, which is used in a wide range of applications, from soaps to biofuel. The archipelago is also home to the world's third-biggest tropical rainforest after the Amazon and Congo basins.

In addition to environmental issues, Indonesia has faced repeated allegations from the EU over unfair trading practices linked to palm oil, including the government's provision of subsidies to the industry and anti-dumping measures.

Indonesian Palm Oil Producers Association (Gapki) spokes-

man Tofan Mahdi said the seminar in the Vatican would be part of a long-term campaign to change Europe's widespread perception of palm oil as a major cause of deforestation of tropical forests.

"Will the Europeans' perception regarding palm oil change after the one-day seminar? No, but we hope their minds will be more open after that," he told *The Jakarta Post* on Friday.

In February, the association met European Palm Oil Association (EPOA) chairman Frans Claassen in Jakarta. He proposed a communication strategy to improve the commodity's image in Europe and vowed to pave the way for Indonesian palm oil groups to hold talks with European stakeholders.

Tofan said the Vatican-backed seminar would be a good start, because the Holy See held a wide influence in Europe.

Gapki executive director Dandang Girindrawardana added that the seminar would focus on the role of palm oil in poverty alleviation in Indonesia, as well as in the country's effort to attain its sustainable development goals (SDGs). He underlined that the industry's social impact remained underexplored.