

Weak consumption poses threat

Marchio Irfan Gorbiano
THE JAKARTA POST/JAKARTA

The government would be wise to boost household consumption, the country's biggest economic engine, as the component has continued to show signs of a weak recovery in the first three months of the year, experts have said.

Household spending, which accounted for more than half of the gross domestic product (GDP) of Southeast Asia's largest economy, grew by 4.95 percent year-on-year (yoy) during the first quarter of 2018, a slight increase from the 4.94 percent recorded in the same period last year.

The slight increase in consumption contributed to the country's overall GDP growth, which expanded by 5.06 percent yoy in the first quarter of this year, the Central Statistics Agency (BPS) stated on Monday.

The overall GDP growth was slightly higher than the 5.01 percent and 4.94 percent booked in the corresponding periods of

Household spending weak in Q1, below traditional growth of 5 percent

Investment, exports projected as new engines of growth

2017 and 2016, respectively.

The weak growth in household spending, which has remained under the psychological level of 5 percent for many months now, could be a sign of a challenging second quarter for the economy, said Gadjah Mada University (UGM) economist Tony Prasetyantono.

Aside from stagnant consumption, Tony said there was fear of ongoing rupiah depreciation, which could exert pressure on inflation and the government's fuel subsidy budget.

"Fiscal conditions will be under pressure; I think the targeted 5.4 percent [in GDP growth this year] will be difficult to achieve and 5.3 percent is more realistic,"

he said on Monday, adding that maintaining a positive trend was of the utmost importance for the government.

The government set a GDP growth target at 5.4 percent this year as outlined in the 2018 state budget, higher than the 5.2 percent targeted in 2017.

The weak growth in household consumption, which traditionally expands by more than 5 percent, was primarily caused by a shift in the country's harvest season from the first quarter to the second, said Bank Permata economist Josua Pardede.

"[The Islamic festivity of] Idul Fitri will come [in June] so we hope consumption will increase in the second quarter from the first one," Josua said.

Coordinating Economic Minister Darmin Nasution previously said that because the harvest period might not be seen until the second quarter of this year, economic growth in the first three months might be slower than in the same period last year, when harvesting

began in March.

The projection of a shift in the harvest period was partly caused by an upgrade in the digital data gathered by the BPS through a satellite imaging system, which was launched to help increase accuracy and reduce margins of error.

The change in harvest time could impact the overall economic growth calculation as the agriculture sector was the second-highest contributor to the GDP in the first quarter of 2018 with a 13.26 percent share, BPS data shows.

Darmin said on Monday that the era of high consumption was over and called for the country to instead focus on boosting investment and exports.

Growth in investment might have indeed saved the day as the component, the second-largest contributor to the GDP after consumption, grew by 7.95 percent yoy during the first quarter this year, almost double the 4.77 percent yoy seen in the same period of 2017.

The investment figure was also better than the 7.27 percent yoy growth booked during the fourth quarter of 2017.

Finance Minister Sri Mulyani Indrawati stressed Monday that the government would continue developing programs to boost investment and exports.

The increase in investment is projected to continue triggering imports, which grew by 12.75 percent yoy in the first quarter this year, far exceeding the 4.81 percent booked during the same period in 2017.

"In the medium term, an increase in investment will absorb workforce, increase purchasing power and, eventually, jack up economic growth," said Tony of UGM.

Yose Rizal Damuri, the head of the economic department at the Centre for Strategic and International Studies (CSIS), said a bigger investment amount would encourage higher household consumption and, eventually, overall economic growth in the long run.

RI, China talk peace, trade

Marguerite Afra Sapiie

THE JAKARTA POST / JAKARTA

Indonesia and China have renewed their commitment to bolstering their partnership, which could advance peace and stability in the region and beyond despite reports of surfacing hostility in the disputed South China Sea.

President Joko "Jokowi" Widodo received Chinese Premier Li Keqiang at the Bogor Palace on Monday in a visit that marked the fifth year of the Indonesia-China Comprehensive Strategic Partnership, as well as 15 years of the ASEAN-China strategic partnership.

In the meeting — which was held amid growing concerns over reports of China's "militarization" of the South China Sea — both leaders discussed ways to improve cooperation, as well as regional and global issues.

"As two big countries, I said [to Li] that the Indonesia-China partnership must be able to contribute to the realization of world peace, stability and prosperity based on a respect of international laws and norms," Jokowi said in a joint statement.

The President said over the course of 50 years, ASEAN had been able to make a significant contribution to peace and stability in the Southeast Asian region. "Such an achievement will be maintained and improved upon by ASEAN."

Reports from a United States broadcaster, which cited sources with direct knowledge of US intelligence, claimed that China had installed missiles on disputed reclaimed islands in the South China Sea.

Over the years, Indonesia along with ASEAN, some of whose members also lay claim to the territory in the disputed sea, has pushed for the conclusion of ongoing negotiations for a code of conduct, which is expected to become a foundation for long-term stability in the area.

In his statement, Li said China was committed to peaceful settlement of disputes over the South

Jokowi, Li Keqiang talk about peace, regional stability

Increasing commodity exports to China high priority

China Sea with Southeast Asian nations despite differing views, as he believed the countries in the region had the wisdom to maintain peace and stability.

"Together, [China and ASEAN] will safeguard peace, stability as well as freedom of navigation and overflight in the South China Sea," Li said.

During the meeting, Jakarta and Beijing also agreed to bolster trade and investment cooperation, something that Jokowi highlighted during the meeting amid his efforts to narrow Indonesia's trade deficit with China.

"Premier Li has agreed to increase [Indonesia's] palm oil exports to China by up to 500,000 tons [per year]," Jokowi said.

China is a major importer of Indonesia's palm oil. According to the Indonesian Palm Oil Producers Association, Indonesia exported 3.73 million tons of crude palm oil to China in 2017, an increase of 16 percent from 3.23 million tons in 2016.

Moreover, Jokowi said he had asserted the importance of increasing commodity exports to China, including swift's nests, coffee and cocoa, as well as tropical fruits such as mangosteen and dragon fruit.

Responding to the matter, Li said he would immediately brief related ministries and organizations on the increase of Indonesian palm oil exports. He also said China would increase imports of the promoted commodities, however he did not elaborate on import volume targets.

In 2017, China was the third-

largest foreign investor in Indonesia with US\$3.36 billion, a significant increase from \$2.66 billion in 2016. Such a significant increase has been apparent since China introduced its Belt and Road initiative in 2013, which resulted in growing outbound investments, including to Indonesia.

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 other projects.

Indonesia and China also signed two documents on Monday, including a memorandum of understanding (MoU) on the development of regional economic corridors, including those in North Sumatra, North Kalimantan, North Sulawesi and Bali.

Coordinating Maritime Affairs Minister Luhut Pandjaitan previously said that the development in

the four economic corridors had an investment value of \$51.9 billion. However, when asked about the details of the MoU on Monday, Luhut said he would explain the matter on a separate occasion.

The other document was the review notes on the development of Jene-Lata Dam in Gowa regency, South Sulawesi, and Riam Kiwa Dam in Banjar regency, South Kalimantan.

Li said China would send a delegation of experts to look into the proposed collaborations, which included port construction, economic development in coastal areas and fishing industry development. Beijing would also encourage Chinese investors to invest in Indonesia's four economic corridors, Li said.

"We will urge Chinese businesses who invest in Indonesia to employ local people to contribute to employment, which will therefore create a positive outcome for both countries," he added.

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Li asks ASEAN members to jointly promote free trade

Agnes Anya

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ASEAN member states are being urged to work hand-in-hand to promote trade liberalization in the world amid rising protectionism.

Chinese Premier Li Keqiang made the call on Monday during a ceremony for the 15th anniversary of the China-ASEAN Strategic Partnership at the ASEAN Secretariat in South Jakarta.

He said that China, ASEAN member states and other countries have benefited from globalization and free trade. Hence, they must not give up on the process and should "move along the trend of globalization and free trade".

After 15 years of strategic partnership, he said, China hoped to see new progress in the negotiations for the Regional Comprehensive Economic Partnership (RCEP) with ASEAN.

Once concluded, RCEP, which involves ASEAN and its six partners — Australia, China, India, Japan, South Korea and New Zealand — is expected to further pro-

Globalization, free trade benefit China, ASEAN, other countries, Li says

ASEAN, China should work together on code of conduct in South China Sea

mote global free trade, Li said.

"We hope to see a breakthrough in our negotiations this year, giving a strong boost to trade liberalization and investment facilitation in our region. Also, it will send a strong message to the rest of the world that we are both committed to advancing trade liberalization," he said through an interpreter.

He said that earlier he had discussed the negotiations with ASEAN Secretary-General Lim Jock Hoi. Li also touched on the South China Sea dispute, saying that ASEAN and China should work together on the negotiations for a code of conduct to uphold freedom of navigation and flight in the area. This way, he

said, the South China Sea "will be truly the sea of peace, friendship and cooperation".

He also said that "China is determined to stay on the path of reform and opening up".

"Reform and opening up have lasted for decades and China has brought tangible benefits to the Chinese people. Hence, there is no reason for China to shut its doors to rest of the world," he said.

Li said last year ASEAN and China had the worth of their two-way trade exceed US\$500 billion, while a total of 50 million people traveled between the two regions.

"This figure shows that there is tremendous progress and also potential for further win-win cooperation between the two sides," he said, adding that China and ASEAN countries were "good neighbors, friends and partners connected by the same mountains and rivers".

Meanwhile, Lim said that China had been an important partner of ASEAN since the strategic partnership was established in 2003.

"China's support has also helped to advance ASEAN community building efforts, including in narrowing the development gap," he said.

Lim added that China's commitment to open multilateral trade continued to benefit not only the people of China but also those in ASEAN.

"This year is the time for Singapore's chairmanship, which uses the theme 'Resilient and Innovative'. Therefore, it's time for us to learn from each other and explore new areas of cooperation and innovation in our relations and strengthen our strategic partnership," said Lim.

Earlier on the day, Li met President Joko "Jokowi" Widodo at Bogor Palace to commemorate the fifth anniversary of the comprehensive strategic partnership.

Li is scheduled to meet Vice President Jusuf Kalla and attend a Chinese-Indonesian business summit on Tuesday, after which the premier goes to Japan to attend a China-Japan-South Korea leaders' meeting.

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Govt keeps Idul Fitri holiday extension

The Jakarta Post
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After creating confusion among the public over the length of leave for this year's Idul Fitri holiday, the government has finally decided to stand by its initial decision to extend the holiday to 10 days, from June 11 to 20, from the previous seven days.

The decision, which was regulated by a Joint Ministerial Decree (SKB), met a mixed response, with the public largely welcoming the idea. However, most businesses complained about the suddenness of the decision, citing potential losses that may occur from having to rearrange production schedules. The government was supposed to sign the decree last week but it was postponed following protests from business leaders.

The Coordinating Human Development and Culture Minister Puan Maharani explained that she, along with other relevant ministers, had decided to enforce the SKB after considering mostly social issues.

"The government feels that extending the holiday dates will give people who live away from their hometowns enough time to interact with their families," she told reporters at her office in Central Jakarta on Monday.

Aside from Puan, the manpower; administrative and bureaucratic reform; home; social affairs; and transportation ministers, as

Ministries sign decree extending Idul Fitri holiday to 10 days

Private companies not obliged to follow rule

well as the head of the Financial Services Authority (OJK), also attended the press conference.

Puan also guaranteed that public services would continue to operate as usual. Each government institution will be required to assign employees to serve the public during the Idul Fitri holiday.

"Civil servants who have to work during the Idul Fitri holiday will be allowed to take their leave at another time," she said.

Previously, despite the warm welcome from their employees, business and industry players, especially exporters and importers, protested the decision, arguing that the sudden holiday extension would affect productivity.

The Indonesia Stock Exchange (IDX), for example, argued that the long holiday extension would result in reduced transactions by foreign investors.

The chairman of the Indonesian Employers Association (Apindo) Hariyadi B. Sukamdani, said not every employee would be happy with the holiday extension.

"Some employees might object to the decision since it will take seven days out of their 12 days annual leave," he said as quoted by

kompas.com.

Manpower Minister Hanif Dhakiri explained that the holiday extension for private sector employees would be facultative, meaning that private companies would be allowed to arrange their own holidays without following the SKB arrangement.

"Collective leave in private companies can be arranged following an agreement between management and workers," he said.

Hanif said the Idul Fitri holiday extension would reduce private company workers' annual leave. "So they have the right to decide when they will use it."

OJK chairman Wimboh Santoso said the stock exchange would resume business on June 20. "On June 20, the stock exchange will open as usual. We have also decided that clearing activities will be operational starting from June 19, so anyone who wants to transact on the stock exchange on June 20 will be able to do so," he said.

Wimboh added that banking services would continue, albeit in a limited way, during the 10-day Idul Fitri holiday.

"Services will continue during the [Idul Fitri] holiday. ATMs and banks may also be available for operation as well," he said.

The SKB was originally designed as part of the government's effort to prevent serious traffic congestion that often occurs during *mudik* (holiday exodus period). (dpk)

Directorate to extend passport validity to address backlog

Gemma Holliani Cahya

THE JAKARTA POST/JAKARTA

The Immigration Directorate General is planning to extend the validity of passports from five years to 10 years to cope with the increasing demand for passports in the country.

With only 125 immigration offices and 10 passport service points across the country, the directorate received 3.093 million passport applications in 2017, an increase from 3.032 million in 2016 and 2.878 million in 2015.

The directorate's head of general public relations, Agung Sampurno, conceded that it was overwhelmed with the increasing

demand for passports, both new applications and renewals.

"With limited resources, we cannot keep up with the demand. The number of offices, officers and equipment we have remain the same, but the demand for passports keeps increasing; it's more than we can handle," Agung told *The Jakarta Post* on Sunday.

In 2017, nearly 400,000 passport applications could not be processed, he added.

The directorate hopes that extending a passport's validity to 10 years will help reduce the number of applications it receives, particularly for renewals, and ultimately address the backlog.

"It will reduce [the number of

applications] because passport holders will only come to the office every 10 years," Agus said.

Although the results of the plan remain to be seen, it has been welcomed by many, especially those who must frequently travel abroad.

"This is good news for me," Berthold Sinaulan, 58, a Jakarta-based writer and scoutmaster, said recently.

Berthold said he traveled abroad on business trips at least six times a year. Although he enjoys the experience, the mandatory task of renewing his passport every five years gives him a headache, he added.

"I feel that the passport system suffered a setback, not an improvement," he said.

Berthold recalled that in 2013, he was surprised by the directorate's move to set up an online passport application service that which was "almost paperless".

The system allowed him to upload every document needed to renew his passport from his computer at home.

The only time he needed to go to the immigration office was to pick up his new passport five days after submitting the request.

It then took only an hour for him to receive the new passport.

However, it all changed when he needed to renew it once again in January.

Berthold said he did not receive a waiting number until two

months later. Once he did get the number, he waited for more than six hours at an immigration office to get his new passport.

The immigration office had discontinued the online passport application service in 2016 due to financial issues.

"That [system] was funded by non-tax state revenue, some of which came from foreign visa revenues. The new regulation on visa exemption for 169 countries affected the system's sustainability," Agus said, adding that the policy led to some Rp 1.3 trillion (US\$92.6 million) in potential losses in non-tax revenue.

However, he hoped the system could resume in 2019.

Indonesia's growing demand for passports reflects the trend of an expanding middle class with a rising purchasing power.

Additionally, both local and foreign airlines increasingly offer special prices for flights from Indonesia to popular destinations abroad to lure more customers.

More than 9.1 million Indonesians traveled abroad in 2017, a significant increase from 8.1 million in the previous year.

A growing number of young travelers aged between 15 and 35 backpack around the world on the back of increasing traveling community groups, which make the experience more enjoyable and affordable for them.

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Govt expedites construction worker certification

Farida Susanty

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The government is aiming to expedite the certification of construction workers by getting companies on board following major construction accidents in the country.

As of 2017, only 702,279 of the total 7.7 million construction workers in Indonesia had had their skills certified.

The government aims to certify 1 million construction workers this year and targets 3 million certified workers by 2019.

On Monday, the government commenced the process to certify 3,896 workers, including skilled workers comprising field workers, supervisors, drafter surveyors and operators, among others.

Most of the workers were from state construction firm Waskita Karya, which has been involved in many construction-related accidents since last year.

The workers participating in the process were those that worked on the construction of strategic projects such as the

Govt aims to certify 3 million construction workers by 2019

Companies bear majority of cost to certify workers, govt aiming to hand over 100% of cost

Cileunyi-Sumedang-Dawuan toll road in West Java; the Karian dam in Serang, Banten; the Bekasi-Cawang-Kampung Melayu toll road, which spans from Jakarta to Bekasi in West Java; as well as the Soekarno-Hatta railway project spanning from Banten to Jakarta.

Workers from state construction firms Adhi Karya and Wijaya Karya also participated in Monday's certification process.

Public Works and Housing Ministry director general for construction Syarif Burhanuddin said that to expedite the certification process, the government was seeking alternative funding by sharing the cost with the private sector.

"Previously, we used to just rely on the state budget, with which we could certify 40,000 to

45,000 workers annually," he said on Monday, adding that the government disbursed some Rp 20 billion (US\$1.4 million) per year for the certification process.

Now, the government shares the cost with the private sector, with the government bearing 15 percent of the cost and the private sector 85 percent.

"We are even going for zero [cost borne by the government], so that [construction] service users will bear 100 percent [of the cost]. If we modify it like that, there will be more [certified workers] because now [service users] feel like they need them," he said.

Private companies and state construction firms involved in infrastructure projects are required to employ certified construction workers based on the newly passed Construction Law or risk being sanctioned, with the penalties ranging from warnings to withdrawal of permits.

This year alone, the country has seen at least seven construction accidents, the latest being on the Manado-Bitung toll road project in North Sulawesi, where

17 workers became trapped and two died after the structure collapsed.

Many of the accidents over the last two years implicate Waskita Karya, which has since seen a major shake-up in its board of directors.

Waskita Karya and Wijaya Karya have since also created a new position, a Quality, Health, Safety and Environment (QHSE) director, to ensure construction safety.

The government also stepped up its efforts to improve the quality of human resources in the construction sector and also established the Construction Safety Commission (K3).

Meanwhile, Work and Construction Safety Expert Association (A2K4) head Lazuardi Nurdin said the move to certify the workers was important to prevent accidents, as many construction workers did not receive sufficient information and education.

"Field workers are prone to making mistakes [at work]. Their actions can sometimes be unsafe, and they need to understand [the risks]," he said.

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COURT RULING

Government wins case against HTI

Kharishar Kahfi

THE JAKARTA POST/JAKARTA

The road leading to the Jakarta State Administrative Court was swamped on Monday morning by hundreds of Hizbut Tahrir Indonesia (HTI) members, who were waiting for a ruling that would determine the legality of the conservative Muslim group.

In October last year, the HTI filed a motion with the court challenging the government's decision to disband it, after President Joko "Jokowi" Widodo enacted a regulation in lieu of law (Perppu) granting his administration the power to disband mass organizations without judicial process.

Largely dressed in white robes or shirts, the HTI's members prayed and chanted Quranic verses while expressing hope that the judges would rule in their favor.

Later that day, however, the court rejected the petition and declared the government's decision to disband the HTI as legitimate.

The bench concluded in its ruling that the HTI had "developed and promoted the concept of an Islamic caliphate within the Unitary State of the Republic of Indonesia [NKRI]".

Such a conclusion has been denied repeatedly by the HTI.

But the judges cited an array of evidence that underlined its decision, such as witnesses and expert testimonies, including a June 2013 video clip showing an international congress on an Islamic caliphate held by the HTI in Gelora Bung Karno Stadium in Jakarta. The video had been uploaded to YouTube.

Another event held in March 2016 at Bogor Agricultural University (IPB) that featured thousands of young people pledging to promote an Islamic caliphate was also highlighted in the ruling.

"The panel of judges concluded that this evidence proved the plaintiff had attempted to go against the principles of the state [...] as well as trying to transform the NKRI into an Islamic caliphate," Judge Roni Erry Saputro said.

The HTI was also found of wrongly registering itself as a mass organization with the Law and Human Rights Ministry in 2014 when seeking legal recognition. The group, however, is in fact a "global political party", the court said.

The ministry had issued a permit recognizing the HTI, only for it to be revoked three years later after the group was accused of promoting the establishment of a caliphate.

The foul play resulted in the court banning the organization from reapplying for a mass organization permit. According to the court, it could only operate in the country if it listed itself as a political party.

The HTI's representatives immediately expressed disappointment over the ruling, with its spokesman Ismail Yusanto saying "we will never accept such a ruling. We will file an appeal later".

The ministry's legal team, which represented the government in the case, lauded the ruling, particularly the conclusion that the HTI had yet to contribute to the country and therefore had not fulfilled its obligations as stipulated in the Perppu, which was passed into law by the House of Representatives in October last year.

"The HTI doesn't have a *madrasa* [Islamic school], school or even health facilities. They only have a political agenda to promote an Islamic caliphate to young people," said the ministry's legal team member Achmad Budi Prayoga.

The ruling on Monday is said to be a victory for Jokowi, who has been a target of smear campaigns and hoaxes from conservative Muslims who consider him too liberal.

Such attacks culminated in a massive rally by conservative protesters in 2016 calling for the prosecution of then-Jakarta governor Basuki "Ahok" Tjahaja Purnama — one of Jokowi's key allies — for blasphemy.

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MANUFACTURING

Tariff on tinsplate imports leave can makers in distress

Riza Roidila Mufti

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Domestic can manufacturers have urged the government to revoke the antidumping tariff on tinsplate imports from China, South Korea and Taiwan, as the policy is hurting the industry.

Indonesia Packaging Can Manufacturer Association (APKKI) head Halim Parta Wijawa said the association opposed the tariff on tinsplate imports.

"We will be in deep trouble if the Indonesian Antidumping Committee [KADI] recommends that the Trade Ministry extend the policy," Halim told the press before a meeting with KADI at the Trade Ministry on Friday.

According to the association, the antidumping tariff has strangled the industry in recent years as it has raised the price of tinsplate, a basic material in can manufacturing.

At present, manufacturers must bear the costs of the 4.4 to 7.9 percent tariff as well as the 12.5 percent import duty.

The antidumping measure was implemented in 2014 at the request of tinsplate producer PT

Pelat Timah Nusantara (Latinusa). The request was made as the producer reported lower profits due to increasing competition from overseas producers.

To protect the national tinsplate producer, the government, through Finance Ministry Regulation No. 10/2014, imposed tariffs on tinsplate imports from China, Taiwan and South Korea for a five year period. The tariff is set to expire in 2019 and is undergoing a review to determine whether it will be continued.

Despite that can manufacturers buy most of its tinsplate from Latinusa, they still need to import tinsplate to meet demand.

"Latinusa's production capacity is only 60 percent of national consumption, so we have to import tinsplate to fulfill the remaining 40 percent," said Halim.

According to the APKKI, Latinusa, as the only tinsplate producer in the country, produces 160,000 tons of tinsplate every year, while national tinsplate consumption needs are 250,000 tons per year.

According to the association, which comprises 12 companies, can manufacturers are struggling

as the industry is reportedly no longer profitable.

Arief Junaidi, deputy CEO of can manufacturer PT Ancol Terang Metal Printing Industry, said high production costs as a result of the tariff meant the company had laid off 400 employees out of its 1,600 strong workforce.

"As it is becoming difficult to make large profits we have had to implement cost efficiency measures to ensure the company survives and continues to produce cans and bottle caps. Since 2015, we have continued to reduce the size of our workforce," he said on Friday.

Arief said high production costs meant it was difficult to be globally competitive, especially when foreign can and bottle cap manufacturers could easily sell to Indonesia at a considerably lower price.

"We truly hope that the government is not just considering the interests of one party but also thinking of us, the can and bottle cap manufacturers. The industry will continue to decline if the government extends the tariff because we can no longer compete globally," he said.

As the antidumping policy on tinsplate imports will end in 2019,

KADI is conducting a sunset review regarding the policy. The sunset review's outcome will determine whether KADI will recommend that the government continue the policy or not on the request of Latinusa.

KADI's head Ernawati said the sunset review is being conducted to determine whether dumping is still taking place. During the review, KADI will also receive reports, opinions and complaints from related parties on the implementation of the tariff, including from the APKKI.

"The investigation is ongoing. We want to make sure that we accommodate all opinions so we can make the right recommendations," she said on Friday.

Erna said the sunset review, which is expected to be completed by October, could result in an array of outcomes. After considering reports from related parties including Latinusa, can manufacturers and exporters, KADI will give recommendations on whether to continue, halt or adjust the policy with a shorter period or lower tariff.

"But every decision must be made by considering all aspects [of the industry]," she said.

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LOCAL CONTENT

Apple opens developer academy

Winnie Tang

THE JAKARTA POST/ TANGERANG

United States tech giant Apple has opened a developer academy in Bumi Serpong Damai on the outskirts of Jakarta as part of its move to comply with a government regulation on local content requirements (TKDNs).

The newly opened Apple Developer Academy is the first in Asia and third in the world, with two other academies located in Italy and Brazil. Apple plans to open at least two more academies, one in Java and another outside of Java.

Based on the government regulation, there is a 30-percent-local content requirement for all 4G gadgets sold in Indonesia. The TKDN is calculated based on manufacturing, software and innovation development.

To comply with the regulation, Apple chose to use the TKDN calculation with a focus on innovation development, Industry Minister Airlangga Hartarto said on Monday.

"In the past, [the public thought] TKDNs were about hardware. However, it is also about innovation," the minister told reporters during the inauguration of the academy in Tangerang, Banten.

Under Industry Ministry Regulation No. 29/M-IND/PER/7/2017 on provisions and procedures used to calculate local component levels for cellular phones, handheld devices and tablet computers, there are three TKDN calculation models: TKDNs based on manufacturing, software or innovation centers.

Discussions about a plan by Apple to invest in the construction of a research and development (R&D) center in Indonesia began circulating in local media in August 2017. However, the tech giant decided to build an innovation center, instead of an R&D center for hardware and software.

"There are various types of R&D, such as for engineering and manufacturing. Instead of doing that, they are focusing on human capital and app development," Communications and Information Minister Rudiantara said.

The academy, inaugurated by Apple on Monday in collaboration with Binus University, trains local students to develop applications for the iOS operating system, with a total investment of US\$44 million from 2017 to 2019.

The academy is situated on 1,500 square meters of land in BSD City, Tangerang. The tech giant agreed to rent the space from property developer Sinar Mas Land for five years.

Apple-trained instructors have been teaching 75 Binus students at the academy as part of a one-year program. Students are being taught programming languages Objective-C and Swift. Swift is Apple's programming language, which was created to build apps for iOS, Apple TV and Apple Watch.

"We are thrilled to be opening the Apple Developer Academy in Jakarta to help provide the next generation of developers the skills they need to develop iOS apps and join the fast-growing app economy," Lisa Jackson, Apple's vice president of Environment, Policy and Social Initiatives, said in a statement.

During the facility tour on Monday, students from Binus University registered with the program presented the results of their two to three week group collaboration on creating apps.

The results include prototypes of an app called Toll X, designed to help people identify toll fares in advance, as well as another app developed by a group of young students called S.A.F.E, created to simplify access to emergency services.

In the next phase, the Apple developer academy will open to students of other universities in the country.

With the new innovation center, the government hopes that Apple can help the country to create around 200 new local developers every year.

Apple said the iOS developer community in Indonesia was expanding, with an increase of over 50 percent in the last two years. In 2017, iOS developers worldwide earned \$26.5 billion.