

RAMADHAN

# Muslims to begin fasting Thursday

Kharishar Kahfi

THE JAKARTA POST/JAKARTA

Indonesian Muslims will begin fasting on the same day again, with major Islamic groups — including Muhammadiyah and Nahdlatul Ulama (NU) — concluding that the first day of Ramadhan falls on Thursday.

The government made the conclusion official during an *isbat* (confirmation) meeting at the Religious Affairs Ministry on Tuesday afternoon. The meeting was attended by representatives of major Islamic organizations.

“During the meeting, we heard explanations regarding the position of the *hila* [crescent], which was still under the horizon,” Religious Affairs Minister Lukman Hakim Saifuddin told reporters after the meeting.

The height of the moon, as of Tuesday afternoon, was still at 0 degrees, below the required 4 to 6 degrees stipulated in prevailing regulations and agreements.

“We also received reports from 32 officials across the country that they had yet to see the moon. Based on the MUI fatwa [regarding the Islamic calendar],

we therefore concluded that the first day of Ramadhan will fall on Thursday,” the minister said.

During Ramadhan, Muslims fast from dawn until dusk. The annual ritual has a huge impact on life in the country, with administrations cutting working hours for civil servants and asking nightclubs to close down. Some restaurants also close in daytime.

It is not uncommon for Indonesian Muslims to begin fasting or to celebrate Idul Fitri on different days, with Muhammadiyah and the NU, the two largest groups, using different methods in determining the start of Ramadhan.

Muhammadiyah often relies on astronomical and mathematical calculations of the Islamic calendar, while the NU uses field observations of the new moon.

Using its methodology, Muhammadiyah has determined Thursday as the first day of Ramadhan.

The group has also determined the date of Idul Fitri, which marks the end of the fasting month, as June 15.

NU followers, meanwhile, will have to wait for another *isbat* meeting and field observations

of the moon at the end of Ramadhan before being able to celebrate Idul Fitri.

Despite the use of different methods, however, the two organizations came to the same conclusions regarding the beginning and end of Ramadhan in the last three years, thanks to a natural phenomenon of a high position of the moon after a conjunction during sunset. That phenomenon is expected to last until 2021.

Several parties have proposed long-term solutions to overcome the problem of different important dates on the Islamic calendar.

In 2015, the religious affairs minister proposed to the MUI the unification of the Islamic calendar from the beginning to the end of the year — from Muharram 1 through Dzulhijjah 29. That would make it easier for Muslims to understand when Ramadhan starts, and it would erase the need for the government to hold the *isbat* meeting.

Some have questioned the need for an *isbat* meeting, particularly after a video of the religious affair minister announcing the start of Ramadhan had been circulating online before *isbat*.

The proposal was echoed by astronomer Thomas Djamaluddin, who is currently the head of the National Institute of Aeronautics and Space (Lapan).

While Muhammadiyah and the NU are set to celebrate Ramadhan and Idul Fitri on the same dates this year, there are small groups in a number of regions that start Ramadhan on different days, such as Naqsabandiyah in West Sumatra and An Nadzir in South Sulawesi.

Followers of Islamic group An Nadzir already commenced Ramadhan on Tuesday, two days earlier than most of the country.

An Nadzir leader Lukman A. Bhakti said the decision was based on calculations using astronomical calculations and visual observation of the new moon. The sect had also observed natural phenomena since mid-Syaban, the eighth month on the Islamic calendar, which fell in early May, in coming to the decision.

An Nadzir, the followers of which mainly live in Gowa regency, is one of several Islamic groups across the country that use their own methods to decide the first day of Ramadhan and the first day of Idul Fitri.

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J. Post

## TRADE BALANCE

# Govt confident despite April deficit

**Marchio Irfan Gorbiano  
and Anton Hermansyah**

THE JAKARTA POST/JAKARTA

The government is confident that the country will gain higher economic growth in the long run thanks to continued growth in investment, despite recording a trade deficit in April.

Indonesia booked a US\$1.63 billion trade deficit in April, overturning a surplus recorded a month earlier, due to surging imports, particularly on capital goods, the Central Statistics Agency (BPS) said on Monday.

Exports grew 9.01 percent year-on-year (yoy) in April to \$14.47 billion, predominantly driven by increases in mineral fuel, vegetable and animal oils as well as vehicles and spare parts.

Imports, meanwhile, were recorded at \$16.09 billion over the same period, an increase of 34.68 percent yoy as the country booked a surge in imported machinery and mechanical appliances, electrical tools as well as iron and steel.

The latest figure brought the

trade balance during the first four months of this year to a deficit of \$1.31 billion, from a recorded surplus of \$5.43 billion over the same period last year.

Imported capital goods, which accounted for 16.29 percent of imports in April, increased 40.81 percent yoy in April to \$2.62 billion. Raw material imports, which accounted for 74.32 percent of imports in April, also increased 33 percent yoy to \$11.96 billion over the same period.

Meanwhile, consumer goods also increased by 38.01 percent yoy in April to \$1.51 billion.

Coordinating Economic Minister Darmin Nasution said the increase in imports showed the positive progress of private investment as well as the realization of government infrastructure spending.

"The huge increase [in imports] was extraordinary, but it was good from an economic development standpoint; as it showed investments were being realized, both from private and government investments in infra-

structure," he added.

Investment, the second-biggest contributor to gross domestic product (GDP) growth during the first quarter this year, recorded a growth of 7.95 percent yoy, almost double from the 4.77 percent recorded during the corresponding period last year.

Finance Minister Sri Mulyani Indrawati said the government would continue its policy to improve the investment climate in the country, particularly through fiscal incentives, aimed at improving Indonesia's external account.

She added that attracting investment would be vital for Indonesia to bolster its economic resiliency against external shocks.

"We hope that investment and industrialization will strengthen the resilience of our economy so that when we face a period of high growth we won't be hampered by a negative current account deficit or balance of payment that is under pressure," she said.

The current account is part of a component to calculate a coun-

try's balance of payment, which is an indicator of trade activities between one country and the rest of the world.

BPS head Suhariyanto said the huge increase in capital goods and raw material imports was "unusual" as it occurred close to Ramadhan.

"Capital goods and raw material imports so close to Ramadhan were unusual as [producers] usually imported [the goods] two months prior to the holy month thanks to an extended holiday period [at the end of Ramadhan]," said Suhariyanto in Jakarta on Tuesday.

Asian Development Bank (ADB) economist Eric Sugandi said the increase in imports was a natural consequence of economic growth, which was projected to be better this year compared to last year.

Because many manufactured products exported from Indonesia relied on imported raw materials or components, Eric said, the government should also direct its fiscal incentives to midstream industries.

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# Lenders anticipate rate hike

Winy Tang and  
Anton Hermansyah  
THE JAKARTA POST/JAKARTA

As if one hint of a possible policy rate hike was not enough, Bank Indonesia (BI) has reiterated that the option remains open ahead of its board of governors meeting, amid ongoing pressure on the rupiah and rising global uncertainty.

After a meeting with dozens of bankers on Tuesday, BI Governor Agus Martowardojo, who will be replaced by Perry Warjiyo on May 23, said the possibility of an increase in the benchmark interest rate — the seven-day reverse repo rate — was based on assessments of global dynamics.

Agus said several forms of pressure had hit the rupiah, such as a stronger United States dollar, which was partly supported by favorable sentiment toward the US economy and US plans to adjust import tariffs on steel.

"We will hold a two-day board of governors meeting, starting from tomorrow. During that time, we will give some responses; we are open to the possibility of adjusting the benchmark rate," Agus said after the National Banks Association's (Perbanas) Annual Bankers Gathering in Jakarta.

BI had lowered its benchmark rate by 200 basis points (bps) over the last two years to the current level of 4.25 percent as a monetary stimulus for the country's economy. The current rate has stood unchanged since September last year.

Investa Saran Mandiri analyst Hans Kwee said a rate hike would prevent rupiah fluctuation and reduce the effect of inflation coming from imports, also known as imported inflation, which triggered a trade deficit in April.

"Indonesia recorded a bad trade balance in April because of imported inflation, so the central bank has to make a decision," he told *The Jakarta Post* on Tuesday. "Maybe there will be two rate hikes this year."

Indonesia booked a US\$1.63 billion trade deficit in April, overturning a surplus seen a month earlier as a result of increased imports, particularly of capital goods, the Central Statistics Agency

Increase in policy rate possible as BI seeks to curb rupiah volatility

Banks expect 25 bps rate hike

(BPS) announced on Tuesday.

The ongoing rupiah volatility also impacted the Jakarta Composite Index (JCI) — the main gauge of the Indonesia Stock Exchange (IDX) — as trading closed at 5,838.12 on Tuesday, falling 1.83 percent compared to the previous day.

The financial sector dropped the most at 2.96 percent, followed by consumer goods at 2.52 percent and infrastructure at 2.51 percent.

However, Agus claimed the current global dynamics that caused the rupiah to weaken to Rp 14,020 per US dollar as of Tuesday evening — past its psychological level of Rp 14,000 — was normal as other currencies had also depreciated against the greenback.

With current conditions, Aviliani, a senior economist at the Institute for Development of Economics and Finance (INDEF), argued that it would be too late for BI to raise its benchmark rate by only 25 bps, saying the central bank should increase it by at least 50 bps to defend the rupiah and prevent capital outflows.

Aviliani was of the opinion that with an increase of 50 bps, the government would still be able to boost economic growth by 5.2 percent this year as BI was currently facing tough choices between maintaining growth and stabilizing the currency.

Should BI raise interest rates, she said, it was feared credit growth would slow, yet the rupiah could also strengthen, pointing out that a stable exchange rate would boost investor confidence.

Bankers are prepared for the possibility of a rate hike. Bank Central Asia (BCA) finance director Vera Eve Lim said BI would probably raise the policy rate by 25 bps, projecting that banks' lending rates were not likely to rise.

"I don't think a 25 bps hike will have that much of an impact on [customers'] appetite for credit," she said.

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## JUDICIAL REVIEW

# Kalla's third vice presidential bid now in hands of MK

Marguerite Afra Sapiie

THE JAKARTA POST/JAKARTA

The Constitutional Court (MK) has begun a hearing on judicial review cases that could pave the way for Vice President Jusuf Kalla to run for a third time in the upcoming 2019 election.

On Monday, the court looked into two petitions filed by two individuals and two little-known civil society groups to challenge the 2017 Election Law, which bans a president and vice president from seeking a third term.

The petitioners argued that two provisions in the law violated an article in the Constitution, which itself, in fact, prohibits a candidate from running for a third time.

"The disputed articles in the election law are vague and thus have caused hesitancy as well as legal uncertainty [...] when it is compared to [the passage] in the Constitution," Dewi Kemala Mirza

Andalusia, a lawyer for the group of plaintiffs in the first judicial review case, told the court on Monday.

Muhammad Hafidz, who claimed to be part of Kalla's campaign team when the veteran politician contested the presidential election in 2009, is among the plaintiffs in the first group.

Others are the Singaperbangsa Labor Federation (FSPS) and the Association of Proletariat People for the Constitution.

If granted, their petitions could again open the door for Kalla, the former Golkar Party chairman, who is one of the most influential political figures in the country.

His high electability would benefit Jokowi should he be chosen as the President's running mate.

Kalla, however, has served two terms as vice president, for both Jokowi and his predecessor, Susilo Bambang Yudhoyono, in 2014 and 2004, respectively.

Yet, some politicians and ana-

lysts have said the Constitution could be interpreted differently, as Kalla did not serve the two terms consecutively.

Two of the biggest political parties backing Jokowi, the Indonesian Democratic Party of Struggle (PDI-P) and Golkar, have mulled options to support Kalla as Jokowi's running mate.

But since the debate on his eligibility began, Kalla has made it clear that the proposal to pair him with Jokowi again should be in line with the Constitution.

The second group of petitioners at Monday's hearing, which consisted of two individuals who said they were concerned about the elections, argued that the provisions were applicable only to a person who had served two consecutive terms as either president or vice president.

The panel of justices, however, said the logic behind the plaintiffs' argument was flawed.

Justice Saldi Isra said the peti-

tions appeared to automatically dispute the provision in the Constitution itself, arguing that the court only had the power to interpret laws that were considered to contradict the Constitution and not the Constitution itself.

"How can a Constitutional Court justice reinterpret the Constitution?"

Monday's hearing was only a first hearing, but observer Feri Amsari said the chance was slim for the court to grant the petitions because the plaintiffs have no legal standing.

"Petitioners must be able to explain that the provisions [on presidential and vice presidential terms] are related to their constitutional rights, not merely to Kalla."

Besides, the original intent of the Constitution was to limit the power of president and vice president to only two terms, whether they served in office consecutively or not, Feri said.

# RI goes on offense over palm oil issue

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**Kornelius Purba**

THE JAKARTA POST/VATICAN CITY

Indonesia is willing to engage with the European Union in a dialogue over palm oil, but as the world's largest producer of the commodity, it is not afraid to launch a diplomatic offensive to counter the European Parliament's efforts to impose a total ban on palm oil, a senior minister said on Tuesday.

Speaking at an international conference at the Vatican-run Pontifical Urban University, Coordinating Maritime Affairs Minister Luhut Pandjaitan said that, given the role of palm oil as the country's largest agricultural commodity, the government would do whatever it took to protect the industry.

Last year the export of 31.05 million tons of palm oil, up 23 percent from 21.11 million tons the year before, brought in a record US\$22.97 billion.

Luhut said that millions of Indonesians depended on the industry for their livelihood, with more than 6.9 million smallholder palm oil plantations. In 2014 alone, the sector employed no fewer than 40.12 million workers, or 33 percent of the total labor force.

"What we would like to see is dialogue, not a zero-sum policy of 'my farmers against your farmers'. We can establish a constructive dialogue on vegetable oils to see whether it is possible to address the issue of efficiency in vegetable-oil production," said Luhut, a retired four-star general.

Luhut implied the dispute over palm oil actually sprung from protectionism in agriculture. "We fully understand that to some countries [in the EU], the issue of palm oil is not really an issue of deforestation or the environment but is part of broader agricultural measures in favor of local production," he said.

Luhut added that Indonesia was also ready to take aggressive measures to counter negative campaigning against palm oil.

Earlier in his opening remarks, Luhut thanked Pope Francis for his prayers for the victims of the bombings in Surabaya, East Java, on Sunday. He said the government would continue to guarantee religious freedom.

Mahendra Siregar, executive

Luhut says Indonesia will vigorously defend palm oil interests

Millions of Indonesians depend on palm oil for their livelihood

director of the Council of Palm Oil Producing Countries (CPOC), meanwhile, warned that palm oil producers alone would not be affected by the trade boycott plan, but also EU consumers and companies, which would suffer severe economic losses.

Mahendra said Indonesia was not just the world's largest producer of palm oil, but also its largest consumer. More than two-thirds of the world's supply of palm oil is consumed by developing countries, while EU imports continue to decline.

He also rejected as unsubstantiated most of the EU allegations against Indonesia's plantation practices.

Mahendra added that Indonesia should be more forward, and even aggressive, in promoting its major export to EU citizens.

The EU as a bloc is the second-largest importer of palm oil from Indonesia after India, but as a nation China actually holds second place.

"We should think out of the box [...] in the end the biggest loser [from a palm oil ban] would be the EU itself," said Mahendra, who once served as both deputy minister of finance and trade.

Last year, the European Parliament voted in favor of proposals for the elimination of palm oil use in biofuels by 2020 at the latest. It also called on the use of a single sustainability standard. Indonesia insists it already has a sustainable palm oil standard.

The seminar on sustainable palm oil was organized following a recent meeting between Luhut and Pontifical Council for Justice and Peace director Cardinal Peter Turkson. The cardinal reiterated that the Vatican never involved itself in politics and that the Holy See only facilitated the conference because it wanted to give the opportunity for all sides to be heard. "There is another story of palm oil to be told."

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J. Post

## FUEL

# Govt set to issue regulation on Premium gasoline

Stefanno Reinard Sulaiman

THE JAKARTA POST/JAKARTA

The government is set to issue a regulation that will require state-owned Pertamina to ensure the availability of low-priced Premium gasoline across Java, Madura and Bali before Ramadhan ends in mid-June.

The plan to issue the regulation follows President Joko "Jokowi" Widodo's populist policy to keep inflation in check and maintain people's purchasing power.

The planned regulation is a revision of Presidential Regulation No. 191/2014 on procurement, distribution and fuel retail prices, which scraps Pertamina's obligation to ensure that they make Premium available in Java, Madura and Bali.

"The meeting between the Downstream Oil and Gas Regulatory Agency [BPH Migas] and Pertamina [the state-energy firm that is the sole distributor of Premium] discussed this regulation," said Djoko Siswanto, the oil and gas director general at the Energy and Mineral Resources Ministry, in Jakarta on Tuesday.

Premium-branded gasoline is a subsidized fuel of the 88-RON (research octane number) or the lowest kind of RON, which is sold at Rp 6,550 (46 US cents) per liter or below the lowest price of non-subsidized fuel Peralite, which is sold at Rp 7,600 per liter.

Djoko said both Pertamina and BPH Migas would discuss its implementation once the regulation was issued. Besides the BPH Migas and Pertamina meeting, Djoko said the next assignment would be making sure that there were enough Premium gasoline tanks (fuel dispensers) at gas stations in Java, Bali and Madura.

The energy ministry recorded that there were at least 3,500 gas stations in Java, 2,000 of which do not have Premium gasoline tanks.

Djoko said the move to make Premium gasoline tanks available would start as soon as Jokowi signed the regulation.

"The adjustment will take time as the gas stations need to drain their Peralite [RON 90-branded gasoline] to make space for Premium, but we targeted that the market will have Premium fuel a week before

the Idul Fitri holiday," he added.

BPH Migas head Fanshurullah Asa said Jokowi would sign the regulation pending approval from the finance minister and the coordinating economic minister. "Once both have signed, the next stop is the President," he added.

This year, the government has set a target of 7.5 million kiloliters of Premium, excluding Java, Madura and Bali. Therefore, BPH Migas calculated that the government has to provide 5.1 million kl of Premium for Jawa, Madura and Bali until the end of this year, resulting in 12.5 million kl or the same amount of Premium gasoline that was provided last year.

"It could be more than that [5.1 million kl] as there are several factors, such as new cars, economic growth and higher price of Peralite that could make customers switch to cheaper gasoline, which is Premium," Fanshurullah added.

Previously, as reported by *Kontan*, BPH Migas fuel director Setyorini Tri Hutami said there would be a 20 percent increase in fuel consumption during Ramadhan and Idul Fitri, which is projected

to reach 720,000 kl.

Fanshurullah said BPH Migas will intensify the supervision of Premium distribution during the holy month to avoid the hoarding of stocks. "We also have teamed up with the National Police to secure the distribution of Premium."

House Commission VII deputy chairman Herman Khaeron believed that the policy to resupply the subsidized fuel to Java, Madura and Bali was needed amid increasing global oil prices, which had reached over US\$70 per barrel. "However, the next question is how will the government ensure that Premium gasoline is distributed to those who really need it?"

Besides ensuring that Premium gasoline is supplied to Jakarta, Madura and Bali, the revision will also regulate distributors in the country to get approval from the energy ministry before increasing the price of gasoline.

Through the revision, the ministry will scrap the minimum margin of 5 percent. Therefore, gasoline distributors may be forced to sell their products at low market prices.

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## BUSINESS COMPETITION

# KPPU to keep tabs on food prices ahead of Ramadhan

Rachmadea Aisyah

THE JAKARTA POST/JAKARTA

The first assignment for newly-elected members of the Business Competition Supervisory Commission (KPPU) is to make sure prices of staple food remain stable ahead of Ramadhan.

Prices of food commodities in Indonesia typically rise sharply during the fasting month and the Idul Fitri holiday marking its end.

New KPPU chairman Kurnia Toha said the commission was planning to monitor the prices of various food commodities daily to sniff out any foul play by business players.

"We have seen prices increasing since February, such as for garlic, even though it was still in the harvesting period [at the time]," Toha told reporters on the sidelines of a press conference on Tuesday.

"It could be because of an instant increase in demand [...], but if there were any indications of anticompetition actions, we would have to prevent that."

The KPPU will also monitor the distribution and sale of shallots, beef, chicken, rice, eggs, sugar, salt and flour across the Indonesia.

The commission's move comes after an arduous road for the new members to assume their positions, which they will remain in until 2023.

The previous members of the commission ended their terms last December, but the House of Representatives (DPR), which is responsible for conducting a fit-and-proper test for the candidates to ensure their impartiality, failed to do its job according to the set schedule.

The previous members had their tenures extended un-

til April, when House Commission VI finally determined nine new members. President Joko "Jokowi" Widodo inaugurated them earlier this month.

Last week, KPPU officials in Medan, North Sumatra, went on an impromptu visit to a slaughterhouse in Kampung Lalang in an effort to ensure the smooth distribution of beef ahead of the fasting month.

"A recent meeting by the local food task force has concluded that there was a surplus in beef supply, so there is no reason for distributors to [increase] the price," KPPU Medan chairman Ramli Simanjuntak said recently, as reported by *tribunnews.com*.

Toha said the commission would continue to intensify measures to disseminate information on business competition regulations.

It would also attempt to identi-

fy the big players in each industry, which were more likely to breach the competition regulations, he added.

"However, we must assert that we are not against the big companies, because their purpose is in line with business competition, which is to innovate and be efficient to stay on top," he said.

Speaking at the same occasion, incumbent KPPU member Chandra Setiawan said the KPPU had strengthening its cooperation with other government authorities, particularly the National Police, the Supreme Audit Agency (BPK) and the Trade Ministry.

"We have signed memorandums of understanding with these bodies [...]. We also receive [information on] investigations from the BPK, for instance, if something is happening within a government institution," said Chandra.

# Surabaya returns to normal after blasts

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Wahyoe Boediwardhana  
and Safrin La Batu

THE JAKARTA POST/SURABAYA

While counterterrorism squad Densus 88 presses ahead with a crackdown on suspected terrorists in East Java and beyond, city life in Surabaya has returned to normal after a string of terrorist attacks in the provincial capital and the neighboring regency of Sidoarjo.

The East Java Police have revoked the city's highest alert status while instructing lower-level police offices to remain vigilant and maintain security monitoring in their respective areas.

"We hope citizens resume activities as usual and that shops, shopping malls and traditional markets continue their operations, especially with the Ramadan month of fasting coming up," East Java Police chief Comr. Gen. Machfud Arifin told a media conference on Tuesday. The government has announced Thursday as the start of Ramadhan.

Following coordinated suicide bombings on Sunday morning at three churches in Surabaya, an explosion in Sidoarjo later in the evening and another suicide bombing at the Surabaya Police headquarters on Monday morning, Densus 88 has intensified its crackdown on suspected terrorists since Sunday, arresting 13 and killing four during raids in Surabaya, Malang, Mojokerto, Pasuruan and Sidoarjo. Three families affiliated with Jamaah Anshar Daulah (JAD), an extremist group linked to the Islamic State (IS) network, are believed to be behind the terror attacks.

Among the suspected terrorists killed by Densus 88 was Budi Satriyo, believed to have been the second-in-command of JAD in Surabaya after Dita Oeprianto, a suicide bomber in Sunday's church attacks. Densus 88 is reportedly pursuing two main ideologues who brainwashed the bomber families.

Machfud promised that the police would remain vigilant despite the top alert status being revoked.

"We have beefed up security in the headquarters, but we are no longer on the highest alert status. [Surabaya] has to return to normal to ensure economic activities resume as usual," he said.

Following the change in the security status, traffic in Surabaya, the country's second-largest city with a population of 3 million, returned to normal on Tuesday — in stark contrast to Monday, when the roads were unusually quiet.

As *The Jakarta Post* observed on Monday, only a few cars were seen on the main thoroughfares

Police revoke highest alert status

Traffic returns to normal on Tuesday

of the city and not many residents were seen at public places like shopping malls.

"This road is usually crowded on normal days, especially during afternoons like this. Now, it is very quiet," local resident Tri told the *Post* on Monday afternoon.

Silence also prevailed on the roads around Plaza Surabaya. Among the most popular spots in the area is the famous Submarine Monument on the western bank of the Kalimas River, but very few people were seen visiting the site.

Surabaya Mayor Tri Rismaharini declared Monday a day off for all elementary and junior high schools in the city. The policy remained in effect on Tuesday.

On Sunday evening, however, thousands of people gathered in downtown Surabaya to denounce terrorism. During the gathering, public figures told the people not to be afraid of terrorists.

GP Ansor, the youth wing of Nahdlatul Ulama, the country's largest Muslim organization, called for unity in the fight against terrorism. GP Ansor has also deployed its members to guard churches across Surabaya.

Terror attacks on Sunday and Monday have claimed the lives of 25 people, including the suicide bombers and some of their children, and injured at least 41. Attempted bombings were also reported at two other churches on Sunday morning, where bombs failed to detonate.

Hours after the church attacks, a bomb went off prematurely at a low-cost apartment building in Wonocolo, Sidoarjo, killing three members of a suspected terrorist's family: the father, the mother and their eldest son.

On Monday morning, a third family attacked the Surabaya Police headquarters in another suicide bombing. The family's 8-year-old daughter survived the attack and was taken to hospital.

The Densus 88 crackdown extended beyond the province of East Java. The squad shot dead four suspected terrorists in Cianjur, West Java, on Sunday and another one in Teluk Nibung, Tanjung Balai regency, North Sumatra, on Tuesday. The North Sumatra team also wounded a suspected terrorist, who has been taken to a hospital in Medan for treatment.



# Family, residents refuse

## to bury Surabaya bombers

**Wahyoe Boediwardhana**

THE JAKARTA POST/SURABAYA

Strong rejection by relatives and local residents has left the dead bodies of those involved in the Surabaya and Sidoarjo explosions in limbo, as no parties are willing to claim and bury them.

As of Tuesday, the bodies of terror perpetrators and some of their children, who died in separate incidents were being stored at Bhayangkara Ngagel Hospital. The 13 bodies belonged to three families who carried out a series of bombings in Surabaya and Sidoarjo on Sunday and Monday.

At least 12 of the bodies have been identified by a disaster and

victim identification team. No one has come to claim and retrieve the bodies.

The majority of Indonesians have condemned the attacks, with civil society groups across the country and overseas holding vigils and declaring unity in the fight against terror. Even the relatives of the identified perpetrators stood back and dismissed any relation with the deceased. The perpetrators' neighbors in their respective hometowns also rejected the idea to bury them in their neighborhoods.

Among those who refused to claim the bodies was the family of Puji Kuswati in Banyuwangi East Java. The police identified Puji as the suicide bomber who blew her-

self up along with her two daughters aged 9 and 12 at Diponegoro Indonesian Christian Church (GKI) on Sunday morning.

A representative of the family, Rusiono, said the family was "still in shock about the news of Puji being one of the perpetrators of the attacks".

Rusiono further said the family had not considered Puji part of the family for a long time because Puji had parted ways with them, possibly because of ideological differences. The family also claimed they did not give their blessing for her relationship with her husband, Dita Oeprianto, also a suicide bomber in Sunday's attacks and reportedly the leader of the Surabaya

chapter of Jamaah Anshar Daulah (JAD), an extremist group linked to the Islamic State (IS) network. IS has claimed responsibility for the coordinated bombings.

"The family couldn't accept [their] principles and beliefs," Rusiono told journalists on Tuesday.

The relatives from Dita's side also expressed a similar sentiment. Local residents of Tembok Dukuh subdistrict, Bubutan district in Surabaya, where Dita came from, have spurned a plan to bury Dita in their neighborhood.

Dita was identified by the police as the person who detonated a car bomb at Surabaya Pentecostal Church (GPPS).

The initial plan for Dita's re-

mains was to bury him at Tembok Dukuh Islamic public cemetery, located near his parents' house. The plan, however, hit a brick wall as local public figures and officials gathered to discuss an alternative for the dead body.

"I heard rumors that some residents refused the burial plan," Abdul Hamid, head of the neighborhood unit in the area around the public cemetery, said, adding that the final decision regarding the plan would be made at a future meeting between local residents and the police.

The police previously concluded the suicide bombings at three churches across Surabaya on Sunday had been carried out by a family of six. Dita and Puji,

who was accompanied by her two daughters, led separate suicide bombing missions at two different churches, while their two teenaged sons carried out an attack at a third church.

Responding to the issue, National Police spokesman Insp. Gen. Setyo Wasisto said the police would leave the decision about the funeral to respective relatives. In the case of rejection, the state would then take care of the deceased.

"We cannot force [the relatives to accept the bodies]. The government will provide graves for them in Pondok Rangon cemetery in Jakarta, designated for unknown people or those rejected by their relatives," Setyo said.

# Radicalized at religious gatherings

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Safrin La Batu

THE JAKARTA POST/SURABAYA

For many of his neighbors, Dita Oeprianto, 47, was a friendly man who always smiled whenever they met him around the neighborhood. His wife Puji Kuswati, 43, was also known as a person who easily mingled with people.

Dita spent most of his time in Tembok Dukuh, Bubutan district, Surabaya, East Java. He married Puji and they had four children — two boys aged 16 and 18 and two girls aged 9 and 12.

Puji was born in nearby Banyuwangi regency but grew up in Magetan, another regency in East Java.

"When he lived here, he behaved well. [He was] friendly and his words were always nice," Abdul Hamid, the head of neighborhood unit (RT) 8 in Tembok Dukuh, told reporters on Monday.

Not long after he married Puji, Dita bought a new house and his family moved to the Wisma Indah residential complex in Wonorejo Asri in Surabaya.

While ensconced in their new residence, Dita and his family did not raise any suspicion.

But on Sunday, his neighbors were surprised when police officers raided his house in the wake of the church bombings in the city earlier that day, which killed 12 people, mostly Christians who were attending Mass.

The police later announced that Dita, Puji and the four children had been involved in the attacks. All of them were killed.

In the deadly scenario, Dita was responsible for crashing his car and blowing himself up at the Surabaya Pentecostal Church (GPPS) on Jl. Raya Arjuna, while Puji and her two daughters were assigned to attack the Diponegoro Indonesian Christian Church (GKI) on Jl. Diponegoro.

Their two sons were sent to attack Saint Mary Immaculate (SMTB) Catholic Church on Jl. Ngagel Madya.

On Tuesday, East Java Police chief Insp. Gen. Machfud Arifin said despite his apparent friendly attitude to his neighbors, Dita had probably been radicalized when he was a senior high school student in the city.

It was only recently that he contemplated suicide after becoming even more radicalized at religious gatherings taking place in his house.

They wanted to go to heaven together: East Java Police chief

Police suspect gatherings used to teach participants how to make bombs

"The father [Dita] has had peculiar thoughts since he was a senior high school student," Machfud said.

Puji had likely become radicalized because of Dita, who was the Surabaya leader of Jamaah Anshar Daulah (JAD), a pro-Islamic State (IS) terror group.

"And they played a crucial role in radicalizing their children," Machfud said.

According to the police, Dita led religious gatherings at his house every Sunday in which several families, along with their children, participated.

During the gatherings, all the participants were radicalized through religious sermons and movies about violent jihad.

The police suspected that the gatherings were also used to teach the participants how to make bombs.

"They invited one another because they wanted to go to heaven together," Machfud said.

The East Java Police are hunting several radical preachers who preached at the gatherings.

A total of 13 suspected terrorists have been arrested as of Tuesday.

Among the regular guests at Dita's gatherings were Anton Ferdianto and his family.

Anton, his wife Puspitasari and one of their children died when a bomb exploded in their apartment in Sidoarjo on Sunday night.

The bomb was allegedly prepared for another attack in Surabaya but went off prematurely while Anton was assembling it.

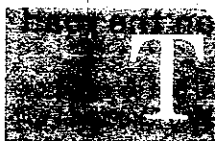
His three other children survived and are currently undergoing psychological therapy under a deradicalization program at police headquarters.

National Police chief Gen. Tito Karnavian previously said terrorist attacks involving families, including children, was a new-found method employed by terrorists to avoid suspicion.

He added that the perpetrators in the Surabaya attack were all connected to JAD.

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## Fundamentals remain strong



The financial market predictably remained calm and stable despite the latest spate of terrorist bomb attacks in the East Java capital of Surabaya earlier this week. The Jakarta share price index and the rupiah remained virtually flat.

As far as the economic fundamentals are concerned, perception and reality remain positive. This does not mean that the economy is not encountering bigger external downside risks, notably the steady rise in both the dollar rate and oil prices. But by and large, barring any sudden and steep hike in oil prices, the macroeconomic stability will sustain.

True, over the last few months, capital outflows have put downward pressure on the rupiah, forcing the central bank to dip into its international reserves to defend the currency. But the reserve buffer has been such that Bank Indonesia (BI) reserves are in a safe position, seen from its capacity to meet demand for short debt servicing and imports.

The almost 3.8 percent rupiah depreciation so far this year is still manageable with the current-account deficit remaining below 2.3 percent; the fiscal deficit well-controlled way below the 3 percent ceiling allowed by the law and the central bank's hedging rule has been strongly implemented.

Yet most important is that inflation will most likely remain fairly stable even though private consumption will reach its annual peak during the fasting month starting this week and Idul Fitri celebrations next month. But most analysts still foresee a one-off rate hike this year, because the United States Federal Reserves' money tightening measure for the whole year has been well-predicted and factored in.

BI certainly must ensure the rupiah would not decline significantly as a sharp currency depreciation would raise the risk of higher imported inflation, notably due to the burgeoning oil import bill. This would cause stronger inflationary pressures and consequently push down the rupiah with other negative impacts of a vicious cycle.

This is, we think, the danger the government has been trying to avoid by controlling the rise in energy prices. Fortunately, the government has from the outset designed the 2018 state budget in such a way that there will still be fiscal space for accommodating a bigger fuel subsidy up to a certain level of oil prices. As a net oil importer, Indonesia is highly vulnerable to oil-price volatility.

Several analysts may attack the temporary freezing of energy prices as a populist measure to fulfill the short-term interests of the current government in the election year, and as a reversal of the long-term energy policy to diversify away from fossil fuels and enhance the harnessing of renewables. But this contingency measure is still worthwhile to maintain macroeconomic and political stability.

Nevertheless, the government should seize the latest terrorist bomb attacks as a momentum to push through the enactment of the long-stalled terrorism bill. Terrorist acts are extraordinary, egregious crimes against humanity. We are simply not able to cope with terrorist acts within the conventional criminal justice system.

# RI e-commerce lures China tech giants

Cindy Silviana  
and Ed Davies  
REUTERS/JAKARTA

In a warehouse on the outskirts of Indonesia's capital, supervisors at e-commerce company Lazada use bikes or electric scooters to zip around a floor the size of four soccer fields, where up to 3,000 staff pack and dispatch goods around the clock.

The warehouse is one of five that Lazada has opened across Indonesia to cut costs and expand its reach in an archipelago whose 17,000 islands are sprinkled across an area bigger than the European Union.

Chinese tech firms, including Lazada's top investor, Alibaba Group Holding, have poured at least US\$6 billion into nearly every aspect of Indonesian e-commerce.

Lazada uses Alibaba's inventory management systems and has tied up with ride-hailing companies, often using their motorbikes to deliver goods in a country with creaking infrastructure and traffic-clogged cities.

The payoff could be huge. It is a market forecast to grow from about \$7 billion last year to \$63 billion by 2027, according to Morgan Stanley.

"Indonesia, both in terms of the customers and behavior, is a very unique challenge and we need to adapt," Florian Holm, co-chief executive at Lazada Indonesia, told Reuters.

Lazada and Tokopedia, in which Alibaba is also an investor, dominate Indonesia in customer traffic, with more than 117 million monthly website visits each, according to data from e-commerce aggregator iPrice.

Alibaba doubled its investment in loss-making Lazada to \$4 billion in April, underscoring its

Chinese tech firms pouring billions of US dollars to Indonesian e-commerce

E-commerce firms innovate to cut high logistics costs

global ambition to secure a bigger share of the e-commerce market.

Between the investment and the rewards, however, lie enormous complexities.

The World Bank has said logistical costs swallow up around a quarter of Indonesia's gross domestic product, citing bottlenecks in supply chains, long dwelling times in ports and lengthy trade clearances.

Lazada has opened warehouses in places like Balikpapan, on the coast of Borneo, to avoid hauling everything from Jakarta. Holm said that had in some cases reduced shipping costs by 90 percent.

Competitive pressure is growing. Another Chinese heavyweight, JD.com, arrived in Indonesia in 2016. And the United States giant Amazon, which opened a warehouse in Singapore last year, may be prepared to dip a toe into the Indonesian market soon.

Indonesia's e-commerce sales are set to rise from 3 percent of retail activity now to 19 percent by 2027, Morgan Stanley estimates. The same report said there were 159 million smartphones in Indonesia at the end of 2016, a number that could rise to 275 million by 2021.

Indonesia's young population and room for improvement in transportation and communications add to the prospects for growth, the bank said.

That has attracted other Chinese companies. Tencent Holdings, which owns regional e-commerce player SEA, has entered the fray.

Tencent and JD.com have stakes in Indonesia's ride-hailing firm Go-Jek, while JD.com has invested in online travel company Traveloka.

But Usman Akhtar, a partner at Bain & Co. in Jakarta, said Indonesian companies such as Blibli, backed by a unit of the Djarum group, remain a force.

"I would not characterize Indonesia as turning into a replica of China's e-commerce market, at least not yet," said Akhtar, referring to how JD.com and Alibaba dominate in China.

Kusumo Martanto, who heads Blibli, told Reuters the company had seven warehouses in Indonesia with seven more planned, and said it was important for local e-commerce companies to compete against Chinese players.

Alibaba founder Jack Ma is on an Indonesian government steering committee for e-commerce, advising on areas such as tax, cyber security and human resources.

Indonesia's communications minister, Rudiantara, said there was no conflict of interest in Ma's role, describing him as a "guru" who could help sell the country's potential.

But some policies seem to be turning toward Ma's home turf.

Indonesia, which is trying to tackle a shortage of talent in the digital sector, dropped sponsorships for 20 students to study in places like Australia and the US.

Instead, 10 students will go to India and 10 to China to study this year "because the future of the digital economy is in China and India", said the minister, who uses one name.