

Inflation under control

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The majority of Muslims who are fasting during Ramadhan can indulge in the consumption of spicy food, given that the price of chilli fell at the start of the holy month, when demand for spices is expected to be high, contributing to a relatively low inflation rate in May.

Together with rice, garlic and cayenne pepper, red chilli saw its price deflate over the past month.

The price of red chili, traditionally one of the main drivers of inflation as a result of its primary role as a condiment in many Indonesian dishes, actually decreased in May.

The commodity is available at Rp 34,700 (US\$2.4) per kilogram on average across all provinces as of Monday, significantly lower than Rp 39,158 at the start of May, according to price monitoring website *hargapangan.id*, which is run by the government and Bank Indonesia (BI).

On Monday, the Central Statistics Agency (BPS) announced that the consumer price index rose 0.21 percent last month, bringing year-to-date (ytd) inflation to 1.3 percent. Year-on-year (yoy) inflation, meanwhile, was recorded at 3.23 percent.

The latest annual inflation figure is well within the government's target range of 2.5 percent to 4.5 percent for this year, as outlined in the 2018 state budget.

Consumer prices rise 0.21 percent in May

Low inflation rate result of government price controls

A look at the components reveals that core inflation was 0.21 percent in May, while volatile food inflation was recorded at 0.19 percent over the same month. Inflation from administered prices, meanwhile, was recorded at 0.27 percent in May, with increases being recorded in the price of clove cigarettes and airfares.

"Volatility in food prices in May was under control thanks to the government's efforts to manage food distribution and market operations in many places," said BPS head Suhariyanto in Jakarta on Monday.

Inflation from foodstuffs was recorded at 0.21 percent, with several commodities, such as chicken, eggs, fish and shallots seeing price increases in May.

Suhariyanto called on the government to secure the supply of chicken and eggs, which traditionally see significant increases in prices in the period leading up to the Idul Fitri festivities, as demand for the commodities soars.

"Chicken and eggs usually contribute [to inflation] in the Idul Fitri season. This needs to be anticipated, because demand will go up until the Idul Fitri holiday," he said.

In addition, the BPS also asked

the government to keep an eye on inflation in the transportation sector, which usually contributes to headline inflation amid increasing demand from Muslims traveling back to their hometowns for the Idul Fitri holiday.

Finance Minister Sri Mulyani Indrawati responded positively to the latest inflation data, saying the figure for May was lower than for the previous period, even though it coincides with the beginning of Ramadhan.

BPS data show that May's monthly inflation of 0.21 percent and year-on-year inflation of 3.23 percent were lower than the equivalent figures in 2016 and 2017.

Sri Mulyani said the government would continue to work with BI to keep inflation in the central bank's target range as well as to maintain people's purchasing power.

"We will work together with BI to maintain the people's purchasing power, so that it will not be eroded by price increases [...]. The stability of food prices and supplies is also providing a good degree of certainty [to the public]," she said.

Trade Minister Enggartias Lukita said the government would continue its work to control the prices of key commodities, saying price declines could already be detected in commodities such as chicken, eggs and rice.

Center of Reform on Economics (CORE) Indonesia executive director Mohammad Faisal said the May figures reflected con-

trolled inflation at the start of Ramadhan and was lower than last year's figure of 0.39 percent.

Bank Central Asia's (BCA) economic, banking and industry research team said the inflation outlook beyond Idul Fitri was affected by two external factors: the strong United States dollar performance against global currencies — including the rupiah — as well as the increase in global oil prices.

"So far, the depreciation of the rupiah against the US dollar has caused a noticeable uptick in wholesale prices, although still far below the levels seen during the 2013 and 2015 depreciations," the team wrote in a research note

on Monday.

Meanwhile, the impact of rising global oil prices was relatively subdued, thanks to the government's commitment to maintain energy prices, the team said.

As the effects of these external shocks were likely to be limited, the team projected, inflation would reach 4 percent this year.

Maybank Indonesia economist Myrdal Gunarto said the relatively modest inflation rate in the period leading up to Idul Fitri was largely due to the government's efforts to rein in volatile food prices in a bid to maintain domestic price stability, which could increase people's purchasing power.

STATE BUDGET

2019 growth likely at lower end: Government

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The government has set its economic growth assumption in the 2019 state budget at between 5.4 percent and 5.8 percent, however economic pressure could mean the country is only able to attain the lower end of the target.

Finance Minister Sri Mulyani Indrawati said that because of pressure from economic-normalization policies in developed countries, Indonesia was likely to hit the bottom of the target.

"The economic growth assumption is 5.4 percent to 5.8 percent in 2019 but we estimate that the projection will rather be at the lower end," she said during the macroeconomic assumption meeting with the House of Representatives in Jakarta on Monday.

To meet the growth target, the government plans to maintain consumer spending growth at 5.1 percent to 5.2 percent year-on-year (yoy) through job creation. Keeping inflation low is also the key to maintaining people's purchasing power.

National Development Planning Minister Bambang Brodjonegoro said that during the last seven years, every percentage point of economic growth could create between 350,000 and 780,000 additional jobs. In 2019, Indonesia needs to create between 2.6 million to 2.9 million new jobs.

"At least we need to maintain the ratio of economic growth to new jobs at the level of 450,000 to each percentage point of growth in 2019," he said.

He added that currently Indonesia was relying more on the service sector rather than manufacturing in terms of job creation. Meanwhile, more and more people were leaving agriculture to pursue careers in the service sector.

"In the last five years, the manufacturing sector absorbed 2.9 million workers and the service sector absorbed 10.3 million workers. At the same time, 2 million workers from the agricultural sector moved into services," he said.

Sri Mulyani said the government would soon issue tax incentives for small and medium enterprises (SMEs) especially for those that were export-oriented. It will also launch the new online single submission (OSS) system to simplify license issuance for new investments.

She expects investment to grow at the level of 13.8 percent to 14.7 percent in 2019. This is equal to Rp 5.39 quadrillion (US\$388.08 billion) to Rp 5.44 quadrillion in new investments from government-budget disbursement, state-owned enterprises (SOEs) capital expenditure and private-investment activities.

"To support the investment growth, banking loans must grow at the level of 13 percent to 17 percent and securitization activities in the capital market including initial public offerings [IPOs], rights issues and bond issuances must grow at the level of 20 percent to 30 percent," she said.

In 2017, working capital loans grew at 8.5 percent and investment loans increased by 5 percent. Meanwhile, IPO values decreased by 20 percent but rights issues and corporate bond issuance activities grew at the level of 31 percent and 34 percent, respectively.

Sri Mulyani added that the disbursement from the state budget and SOEs would also be pushed. In 2019, the government would have to disburse between Rp 242 trillion and Rp 275 trillion compared to Rp 204 trillion in 2018.

The SOEs capital expenditure will also increase to between Rp 613 trillion and Rp 635 trillion compared to the Rp 488 trillion target in 2018.

"We have 700 SOEs and subsidiaries. In 2017, their capital expenditure was only 65 percent of their budget plans. But in 2019 their capital expenditure must be at least 80 percent to 83 percent of their budget plans," the finance minister said.

Meanwhile, Bank Indonesia Governor Perry Warjiyo said the central bank predicted growth in 2019 would be between 5.2 percent and 5.6 percent. Despite Indonesia enjoying advantages from rising commodity prices, global uncertainty would hinder growth.

Fuel supplies for Idul Fitri secure

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THE JAKARTA POST/JAKARTA

As Idul Fitri nears, millions are preparing to leave Jakarta to head back to the towns and villages they hail from across the archipelago, in an annual occurrence known as *mudik* (exodus).

While most travel by plane or train, many also travel by private vehicle, including motorcycles. It is therefore crucial that enough gasoline is available to accommodate millions of road trips.

The Downstream Oil and Gas Regulatory Agency (BPH Migas) has assured travelers that fuel supplies will be safe for the upcoming Idul Fitri exodus, which is expected to commence later this week.

The agency on Monday announced that as many as 38 gas stations operated by state-owned energy giant Pertamina on Java, Madura and Bali had been supplied with Premium-branded gasoline. The BPH Migas would ensure the availability of the subsidized fuel at 571 selected gas sta-

BPH-Migas to distribute Premium to 571 selected gas stations in Java, Madura, Bali

Electricity supply deemed safe as consumption seen to decline in holiday period

tions from the total 3,218 in the three regions.

The 571 stations were chosen because their facilities were the most prepared.

"We expect that the [refueling of the gas stations] will complete in the next few days, so that there will be no shortage of fuel during [the exodus]," BPH Migas committee member Ibnu Fajar said.

Ibnu added that the agency had ordered Pertamina to distribute at least 8,000 liters of Premium fuel per day. He believed that Premium would be mainly used for motorcycles, rather than for cars.

Currently, around 1,519 gas stations still sell Premium gasoline in Java, Madura and Bali, after the issuance of Presidential Regulation No. 191/2014, which stipulates that the research octane number (RON) 90 fuel is not obligatory in the three regions.

However, President Joko "Jokowi" Widodo recently inked the regulation's revision, which requires the sale of the high omission fuel at gas stations in the three regions.

The regulation was criticized, as it was seen as a populist policy by Jokowi, who also ordered Pertamina to maintain fuel prices until 2019.

Jokowi also exerted government control over private fuel distributors by obligating them to ask for permission before increasing prices.

Previously, Pertamina logistics, supply chain and infrastructure director Gandhi Sriwododo said that the firm predicted a 7 percent surge in the daily consumption of Premium-branded gasoline dur-

ing the exodus to around 27,000 kiloliters.

For aviation fuel, Pertamina expected consumption to increase by 5 percent during the exodus, especially in Jakarta, Surabaya, Bali and Makassar.

Gandhi assured that the firm's fuel reserves were sufficient to meet the needs of gasoline during the Idul Fitri holiday period, adding that the reserves of Premium, Solar and other gasoline categories were sufficient for the next 27 days, 24 days and 25 days, respectively. Meanwhile Dextrite-branded gasoline was safe for 20 days.

"I believe that our fuel stocks are more than enough, so there is no need to worry," he said.

Ibnu said two private fuel distributors, PT AKR Corporindo, a Jakarta-based petroleum and chemicals distributor, and United States-based oil and gas giant ExxonMobil, had also decided to participate in ensuring gasoline availability during Idul Fitri by setting up "mini" gas stations at several locations.

"[ExxonMobil] plans to distribute around 2,000 liters of RON 92 gasoline per day through its 5 mini gas stations in Purwakarta, West Java, which will be established at locations prone to traffic congestion," Ibnu said.

As for AKR Corporindo, Ibnu said that the distributor would open three fuel stalls in Central Java and East Java on Friday. One of the locations will be the Gempol-Pasuruan toll road in East Java.

BPH Migas predicted that the electricity supply was also safe, because consumption will likely decline during Idul Fitri as most people will be on holiday. Therefore, industrial consumption would decline.

"However, there are several regions that are usually in alert status [a condition when reserves are lower than the capability of the most productive power plant in the area], namely Java, Bali, Lombok and Kalimantan," BPH Migas stated in recent a press statement.

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KPU, Bawaslu dance with House over election policies

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THE JAKARTA POST/JAKARTA

Three months before the official start of the campaign period for the 2019 legislative and presidential elections, the General Elections Commission (KPU) and the Elections Supervisory Agency (Bawaslu) are still at odds with the House of Representatives over regulations regarding campaigning and candidate nominations.

According to the 2017 General Elections Law, both the KPU and Bawaslu are obligated to consult with lawmakers and the government in devising regulations. But the consultations have been contentious, with House Commission II overseeing home affairs taking issue with many of the election organizers' decisions.

The KPU and Bawaslu have stuck to its guns, pointing to a Constitutional Court decision in 2016 that ruled the KPU is free to ignore the House's conclusions.

During the most recent consultation meeting on Monday, in which Bawaslu's regulations on general election campaigning was discussed, one senior Commission II member suggested that the meetings be done away with altogether.

"There's no need for these con-

House favors lax interpretation of Elections Law

KPU, Bawaslu look to close loopholes

sultations if [the KPU and Bawaslu] are just going to make their own regulations anyway. Especially as it seems that we have completely different perspectives on many issues," Golkar Party lawmaker Rambe Kamarul Zaman said before announcing that he would leave the meeting.

The dispute during the meeting was on whether the KPU and Bawaslu had the right to regulate parties' activities before the official campaign period starts on Sept 23.

In its draft regulations, both the KPU and Bawaslu limit parties to displaying flags with its logos and internal political education meetings.

"Before September, it's not even counted as campaigning, so why is [the KPU and Bawaslu] getting involved?," asked Indonesian Democratic Party of Struggle (PDI-P) lawmaker Sirmadji, citing a provision in the 2017 law that states campaigning can only start three days after legislative and presidential candidates are

officially verified.

KPU commissioner Pramono Ubaid said while it was true that the law had a limited definition of campaigning, adhering strictly to the letter of the law would open the door to excessive campaign abuses.

"For example, not long ago there was a party that would continually air ads on TV, every single day," Pramono said, obliquely referring to media mogul Hary Tanoesoedibjo's Perindo Party's aggressive promotion on television stations owned by its chairman.

Pramono said without the regulations proposed by the KPU and Bawaslu, the period between parties registering for elections and the official start of campaigning would essentially be a free-for-all.

"So what we are trying to do is strike a balance between allowing parties to carry out political activities and duties while making sure certain parties don't take advantage of the room allowed in the law," he said.

Bawaslu chairman Abhan agreed, saying while his agency did not want to overstep the law, it also did not want to leave room for abuse.

Nevertheless, House members continued to express disagreement with the regulations,

and House Commission II deputy chairman Nihayatul Wafiroh closed the meeting by urging the KPU and Bawaslu to revise the campaign regulations according to input from lawmakers.

After the meeting, Bawaslu commissioner Fritz Edward Siregar said the agency maintained its opposition to putting up campaign advertisements before the official campaign period.

"However, the KPU will have a meeting tonight and we will see what they have to say," he said.

Bawaslu has four draft regulations on campaign funds, legislative candidates' nomination, presidential candidates' nomination and election equipment that have yet to receive House approval.

"We hope these regulations can be completed by tomorrow, keeping in mind that time is running out," Fritz said.

As for the KPU, it is now ready to issue a set of regulations to implement fairer yet tougher rules despite that recent deadlocks between election organizers and lawmakers frustrated the plan.

Last month, the KPU insisted it proceed with a regulation prohibiting former graft convicts from running in the 2019 legislative elections, despite vigorous opposition from House Commission II members.

BILATERAL RELATIONS

Nurses, warships boosting RI-Japan ties

Dian Septiari

THE JAKARTA POST/ JAKARTA

Indonesia and Japan are seeing increased people-to-people contacts this week as Japan received hundreds of prospective nurses and caregivers and Indonesia hosts Japanese naval-officers-in-training on their first world tour.

One of the prospective caregivers, 24-year-old Imam Harahap, said initially he had not considered working abroad when he lived in his hometown in North Sumatra. He went to Medan to study in a nursing school five years ago when he heard Japan had been receiving Indonesian nurses and caregivers since 2008.

"I will be leaving for Japan tomorrow [Tuesday] night, but at least 30 of us will depart tonight," Imam told *The Jakarta Post*.

Imam was one of 329 prospective nurses and caregivers who received intensive language training since December 2017, as a part of the Economic Partnership Agreement signed by Indonesia

and Japan in 2008.

"I have taken the test twice before [...] hopefully I will pass the final test," he said. "The Japanese language is quite hard, I never learned it before. However, it is easier than English."

In Japan, Imam is to take another six months of language training before taking an internship in a healthcare facility, which would allow him to take Japan's national test for caregivers.

Since 2008, Japan had accepted 2,116 prospective nurses and caregivers, Japanese Ambassador to Indonesia Masafumi Ishii said at the sending-off ceremony at the Japanese Embassy.

Noting that this year was the 60th anniversary of Japan-Indonesia diplomatic relations, he said the prospective nurses and caregivers have been "an important bridge to connect the two countries".

Only 551 out of 2,116, however, have passed the national tests.

The Health Ministry's official overseeing standardization and certification of human resources,

Diono Susilo Yuskasran, said the government had tried to increase workers' capabilities through setting up international classes so Indonesia could meet not only Japanese demand but also that from other countries.

The deputy chairman of the Placement and Protection of Indonesian Migrant Workers Agency, Teguh Hendro Cahyono, admitted that Japan's foreign workers regulations were very simple and well organized.

"The small number of the Indonesian workforce in Japan is because of a policy limiting the presence of foreign workers in their country, especially middle-to lower-class workers," he said.

Earlier in the morning, two warships from the Japan Maritime Self-Defense Force — the *Kashima*, a 4,050-ton cadet training ship and the *Makinami*, a 4,650-ton destroyer — arrived at Tanjung Priok Port.

The two ships are crewed by a total of 580 personnel, including 119 second lieutenants from a training squadron under the command of

Rear Adm. Hiroyuki Izumi. The junior officers are to sail around the world and visit 12 places in 10 countries in the next five months.

"Indonesia is our first stopover from Japan [because] we think Indonesia is the largest maritime country in the region," Hiroyuki said through a translator. "This voyage is a long-distance exercise to train our newly appointed officers and also to improve relations between Japan and Indonesia."

During their four-day stay in Jakarta, the second lieutenants will pay a courtesy visit on Indonesian Navy officers and the North Jakarta mayor and pay their respects at the Kalibata National Heroes' Cemetery in South Jakarta.

On Wednesday, the *Makinami* holds an open house for the public while in the evening, the officers are to display their musical talents in the atrium of Plaza Senayan in Central Jakarta. The show will feature performances of Taiko (Japanese percussion), a medley of AKB48 songs and music from the animated *Totoro* film.