

Easing key to loan, GDP growth, BI says

Rachmadea Aisyah

THE JAKARTA POST/JAKARTA

Bank Indonesia (BI) is confident a relaxation of the loan-to-value (LTV) ratio for mortgages will help improve demand for housing loans, which will boost the housing sector's contribution to the country's economic growth this year.

The central bank recently announced the ratio adjustment, which will take effect on Aug. 1, and also increased its benchmark policy rate by 50 basis points (bps) to 5.25 percent to ease external pressures.

Following the announcement, Filianingsih Hendarta, head of BI's macroprudential policy department, said the central bank had estimated that the easing could help boost housing credit growth to 13.46 percent this year.

As of May, housing loan growth stood at 12.75 percent year-to-date (ytd), doubling from 6.21 percent in August 2016, after complaints from real estate developers who had seen a downturn in residential sales over the past several years.

"These credit growth predictions are based on several considerations following the relaxation of macroprudential policies, especially the LTV [ratio]," Filianingsih said at the BI headquarters in Jakarta recently.

The overall loan growth stood at 8.9 percent year-on-year (yoy) in April, slightly higher than 8.5 percent yoy a month earlier, BI data shows.

Filianingsih said BI also estimated that the eased LTV ratio

LTV ratio relaxed to encourage loan demand in property sector: BI

Adjustment comes with measures to prevent property price surge

might contribute 0.04 percent in housing sector growth to the overall GDP this year.

Indonesia's economy grew by 5.06 percent during the first three months of the year, fueled by growth in consumption, which was the largest contributor to GDP, as well as investment, which stood at 7.95 percent, according to Central Statistics Agency (BPS) data.

Earlier, BI Governor Perry Warjiyo expressed confidence that the LTV relaxation would maintain the momentum of economic recovery as the property sector was deemed to have potential for acceleration and to create multiplier effects for the economy.

Filianingsih said industries like steel, cement and logistics would enjoy revenue increases as the property sector improved.

She claimed that a trend of relaxing LTV ratios could be observed globally, especially in countries where real estate sales were slowing down.

"This is a trending policy internationally," she said. "The G20 [countries] and the International Monetary Fund [IMF] are talking about it."

She added that the easing would allow banks to calculate their LTV ratios, which is the opposite of down payment, based on

their own risk appetites when assessing first time homebuyers applying for mortgages. The move, she said, would enable homebuyers to purchase houses with lower or even without down payments.

The easing also came with the instruction that banks ensure that customers do not transfer their housing loans to other customers for at least a year. With the move, Filianingsih said, first time homebuyers might be able to afford a house in the long run without triggering a property price surge.

BI, therefore, predicts the relaxation will show its full effects about nine months after it was established, or around the second quarter of 2019. Filianingsih said this was because BI had observed the implementation of the previous LTV adjustment in August 2016.

"According to our elasticity [estimates], the credit growth caused by the LTV [relaxation] will be fully visible by the next three quarters. But, third-party fund growth and the non-performing loan rate will be visible by the next quarter [after the implementation]," she said.

Nevertheless, Gadjah Mada University economist Tony Prasetyantono expressed scepticism that the relaxation of the LTV ratio would help balance BI's monetary tightening as the main problem lay in low public consumption.

"The purchasing power is there, but [people] prefer not to spend to anticipate the possibility of a worsening economy," Tony said as quoted by *kontan.co.id* recently.

Imports scrutinized amid pressures

Marchio Irfan Gorbiano
and Anton Hermansyah
THE JAKARTA POST/JAKARTA

The government plans to hit the brakes on rising imports to stabilize the rupiah, as the latest increase in Bank Indonesia's (BI) benchmark interest rate has yet to prevent the currency from depreciating further.

Finance Minister Sri Mulyani Indrawati said on Tuesday that the government would canvass through Indonesia's need for imported goods to assess whether they were essential to the economy or contributed to the rising current-account deficit, putting the currency at higher risk.

"We will start to assess the needs of imported goods; [...] whether they are in the form of capital goods or raw materials, and whether they support the domestic economic," she said in Jakarta on Tuesday.

The evaluation would also be carried out on imports of capital goods related to government projects, to gauge whether they were necessary and whether the projects required imported materials, she added.

Indonesia booked a trade deficit of US\$1.52 billion in May as imports surged 28.12 percent year-on-year (yoy), while exports only grew 12.47 percent over the same period, Central Statistics Agency (BPS) data revealed.

Around 90 percent of the imported goods in May were in the form of raw materials and capital goods.

Meanwhile, the rupiah continued to hover at above Rp 14,000 per United States dollar, despite increases totaling 100 basis

Govt to assess imported goods, including in state-backed projects

BI's aggressive rate hike yet to help rupiah

points (bps) in BI's policy rate in the last six weeks to counter a depreciation.

The rupiah traded at Rp 14,418 per US dollar as of Tuesday, according to the Jakarta Interbank Spot Dollar Rate (JISDOR), sliding from Rp 14,331 a day earlier.

Sri Mulyani said the government would coordinate with BI and the Financial Services Authority (OJK) to narrow the current-account deficit by boosting exports and supporting economic activities that could produce foreign exchange, such as in tourism

Without quick measures to tackle these issues, pressures could intensify and risk Indonesia's balances of trade and payment, both of which were still in a deficit, according to Taye Shim, head of research at Mirae Asset Sekuritas Indonesia.

A negative net export would also discount Indonesia's economic growth for 2018 and 2019, he added.

Separately, BI Governor Perry Warjiyo stressed on Tuesday that the central bank continued to defend the rupiah with its dual intervention policy in the currency and secondary bond markets.

Also on Tuesday, the domestic stock market faced pressures from a recent depreciation of the Chinese yuan, which was seen as China's move to counter ongoing trade war tensions with the US.

The Jakarta Composite Index

(JCI) — the main gauge of the Indonesia Stock Exchange (IDX) — dropped 1.96 percent, closing Tuesday's trading at 5,633, with foreign investors recording a net sell of Rp 2.91 trillion (\$216.87 million).

CIMB Niaga chief economist Adrian Panggabean said the yuan's depreciation was a strategic move by the People's Bank of China (PBOC) to face the ongoing trade war, pointing out that the Chinese government's policy seemed to have shifted from that of "financial deleveraging [to a] targeted monetary loosening".

With such a move, Adrian said China would have a cushion for its economic growth amid the trade war, even though it was risking its own currency.

Previously, PBOC Governor Yi Gang said the central bank would maintain the yuan exchange rate at reasonable and balanced level.

Meanwhile, Eric Sugandi, an economic observer at the Asian Development Bank (ADB) Institute, said the yuan's depreciation could prompt countries that had similar export products as China to conduct a competitive devaluation of their currency.

"Massive competitive devaluation can initiate a global trade war that can disrupt Indonesian exports to main markets, especially the US and China," Eric said, adding that fundamental support for the rupiah would decrease as the current-account deficit swelled.

"Moreover, global portfolio investors' perception of slower growth in emerging markets will speed up capital outflows, although not all of the perceptions are true," Eric told *The Jakarta Post*.

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KNOWLEDGE SHARING

Indonesia, UK to cooperate in infrastructure

Rachmadea Aisyah

THE JAKARTA POST/JAKARTA

The United Kingdom is set to facilitate a knowledge sharing program on infrastructure development in Indonesia, which is currently undergoing massive development in various cities.

The program, to run for three years with assistance from the UK's Infrastructure and Projects Authority (UK IPA), will bring in British infrastructure experts to help the government maximize efficiency and obtain the necessary private funding for projects.

Speaking at the agreement's signing on Tuesday, National Development Planning Agency (Bappenas) head Bambang Brodjonegoro said it had become increasingly important for the government to develop different methods to realize its infrastructure projects, as infrastructure was one of President Joko "Jokowi" Widodo's priorities.

"This agreement is about how the government can learn to prioritize its infrastructure projects," Bambang told the press following the signing at his office.

He pointed out that the government had attempted to set its infrastructure priorities by establishing national strategic projects (PSN).

However, another challenge was presented when the available funds were not sufficient to complete the projects.

"We usually identify a project as ready to build when it has secured partnership with state-owned enterprises or private firms, so that [funding is guaranteed]," Bambang said, pointing out that the UK was a leading country in terms of infrastructure planning.

Lord Mayor of the City of Lon-

don Charles Bowman visited Jakarta in May, when he discussed with the Indonesian government the potential for private and green financing for the country's infrastructure projects.

In addition to Bambang, Bappenas deputy for infrastructure Wismana Adi Suryabrata, British Ambassador to Indonesia Moazzam Malik and UK IPA CEO Tony Meggs also signed the agreement on Tuesday.

Wismana said the agreement would be divided into two phases. In the first phase, the government will learn how to properly utilize the methodologies introduced by the British experts.

"We have yet to decide if there are any national strategic projects in which we could partner [with the British government] as the selection would depend on which methodology is chosen," Wismana said at the signing on Tuesday.

Speaking to *The Jakarta Post* on the sidelines of the event, Ambassador Malik said the UK was committed to providing financial assistance as part of the agreement, such as by bearing the costs of bringing in the country's infrastructure experts.

"Indonesia has very ambitious plans for infrastructure [...] under the government of President Jokowi, a lot of infrastructure has been built," he said.

"[Therefore], project selection is very important, as well as project design, proper assessment and economic appraisal [of the projects]."

He added that the knowledge sharing would not be limited to only certain categories of infrastructure, as the agreement would focus on the bigger picture by helping the Indonesian government to constantly improve its methodologies in developing infrastructure projects.

KCIC to catch up on construction after long delay

Farida Susanty

THE JAKARTA POST/JAKARTA

Indonesia-China consortium Kereta Cepat Indonesia China (KCIC), the investor of the first high-speed railway in Southeast Asia, is seeking to catch up on the project's construction after a long delay.

The groundbreaking ceremony of the high-speed railway connecting Jakarta and Bandung in West Java took place in January 2016, which was officiated by President Joko "Jokowi" Widodo.

However, to date, progress on the construction has only hit 5 percent because of various technical and financial issues.

The project finally saw light at the end of the tunnel on Tuesday as it secured land in the Halim Perdanakusuma area in East Jakarta, where the Indonesian Air Force (TNI) is based.

Land procurement in the area was hampered after the TNI did not immediately give their approval to the KCIC.

To secure the TNI's approval, KCIC built 408 houses in five different areas around Halim Perdanakusuma air base in addition to amenities such as a park and mosque for the TNI personnel affected by the land acquisition.

Newly appointed KCIC president director Chandra Dwiputra said approval from the TNI prompted the company and contractor to expedite construction.

"Our homework is how to push [the contractors] to work even faster. We have received help, the Air Force has helped and supported us in their own ways. We should speed up," he said during a handover ceremony of the houses from the KCIC to the TNI in Jakarta on Tuesday.

Development was already in

motion in 22 critical spots, the company noted.

The firm meant business as Chandra revealed that the move in Halim had cost the company Rp 300 billion (US\$20.8 million), part of the high-speed railway project costs that have ballooned to \$6.1 billion.

The project costs were previously estimated to hit \$5.9 billion.

With the progress, Chandra assured that land procurement for the project, previously estimated to reach 600 hectares, would be completed this year.

"We have procured 73 percent [of the required land] to date, we just have to procure [the remaining land]," he said.

He added the firm had inspected the land yet to be acquired, spread across eight regencies and cities, to collect the necessary data. The KCIC now needs to wrap up the payment for the land

this month.

In the meantime, construction would continue in parallel with land procurement to expedite the process, he said, with the firm handing over 60 percent of the land to the contractors.

The KCIC aimed at 25 percent construction progress by the end of the year.

The company also targeted to complete construction in the first half of 2021, a two-year delay compared to the initial expectation to wrap up the project by 2019.

The KCIC also expected to secure \$1.78 billion in loans from the China Development Bank (CDB) this year. The bank would cover three fourths of the project cost.

The company in April received the first installment of the loan totaling \$170 million. Chandra said more installments totaling

\$1.1 billion were expected this month.

The KCIC's data showed that it would receive \$500 million more in loans from the CDB by Oct. 12.

"The [loan from the CDB] will be used to for a down payment for the contractor and consultant," he said.

The consortium has also raised Rp 8.9 trillion from its equity for land procurement.

The 142.3 kilometer high-speed railway will pass four stations, namely Walini, Tegalluar, Karawang and Halim Perdanakusuma.

The Air Force's chief of staff Air Marshall Yuyu Sutisna said the handover of the houses would give way for the development of the high-speed railway.

"The wrap-up of the housing [...] is evidence [of] the commitment to realize the agreement [between the Air Force and KCIC]," he said.

Rise of local technocrats

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Karina M. Tehusjarana and
Nurul Fitri Ramadhani

THE JAKARTA POST/JAKARTA

The simultaneous regional elections held last week indicate that voters prefer technocratic candidates with can-do attitudes in the mold of President Joko "Jokowi" Widodo and former Jakarta governor Basuki "Ahok" Tjahaja Purnama, an analysis of exit poll data has found.

Data collected from exit polls conducted by the Jakarta-based pollster Saiful Mujani Research and Consulting (SMRC) in six major provinces showed that while political party preference may have continued to have an effect, voters picked candidates who had a proven track record regardless of party backing.

In the exit poll, SMRC asked voters about their political party affiliation and the candidates they had voted for in the election. It also asked which presidential candidate they would vote for in the next election.

The result showed that in West Java, winning candidate Ridwan

Exit poll shows voter disregard for party affiliation

Voters opt for candidates with clean track records

Kamil gained around 32 percent of the vote despite being backed by a coalition consisting of the National Awakening Party (PKB), the United Development Party (PPP), the NasDem Party and the Hanura Party, which collectively only had 15 percent support among the voters surveyed.

The same was true of Khofifah Indar Parawansa in East Java, who is leading with 53 percent of the vote, despite being backed by parties that had only 21 percent support among voters surveyed.

In South Sulawesi, governor-elect Nurdin Abdullah crushed long-time Golkar Party politician Nurdin Halid by a 14-percent margin, despite running in a province that is widely considered to be a Golkar stronghold. Central Java could be an exception to the rule with former energy and min-

eral resources minister Sudirman Said losing against incumbent governor and Indonesian Democratic Party of Struggle (PDI-P) politician Ganjar Pranowo.

Sudirman, a former antigraft activist with a long track record in both the private and public sector, however, outperformed early expectations but still lost by about 17 points.

"In general I think that the exit polls show the birth of a new generation of leaders in Indonesia," Centre for Strategic and International Studies executive director Philips Jusario Vermonte said in a press conference to announce the findings of the exit poll on Tuesday.

Philips said voters had been willing to forgo their party affiliation to pick clean and capable candidates.

"Several of the winning candidates, according to the quick count results, have traits that are very similar to the current President [Jokowi]," he said. "They prioritize good governance, public service and transparency."

Philips pointed to the project-

ed victories for Ridwan Kamil, Khofifah and Nurdin as examples of technocratic candidates prevailing over those with closer ties to party machines.

Ridwan is a former architect who gained popularity while serving as mayor of Bandung, while Nurdin is a former academic who gained acclaim from voters and antigraft institutions for his two terms as regent of Bantaeng.

And while Khofifah has longstanding ties to the PKB and Islamic mass organization Nadhlatul Ulama (NU), she ran with widely popular Trenggalek Regent Emil Dardak. The pair is expected to defeat Saifullah "Gus Ipu" Yusuf, the great-grandson of early NU leader Bisri Syamsuri and Puti Guntur Soekarno, the granddaughter of East Java native and first president Sukarno.

SMRC research director Deni Irvani said the exit poll analysis showed that while political parties might still have had an effect on voter preferences in the regional elections, it was very limited.

"There is a relationship be-

tween party support and gubernatorial candidate choice, but the relationship is far from solid," he said. "Candidates that are backed by a large coalition of parties will not necessarily win the election."

Deni said that as in Central Java, candidates' track records were now more important than party machines.

"Although he [Sudirman Said] lost, he gained more than 40 percent of the vote in Central Java, a traditional PDI-P stronghold. This shows that Sudirman's personal qualities played a large role," Deni said. "If it was purely based on party support he wouldn't have done that well."

Philips said the success of technocratic candidates in the regional elections could prompt both Jokowi, and his main challenger Gerindra chairman Prabowo Subianto, to pick such individuals as their running mates.

"In the previous election, JK [Vice President Jusuf Kalla] could meet the criteria, but because of constitutional constraints now they must find someone different," he said.

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Moeldoko may resign from Hanura

JAKARTA: In a surprise move, Presidential Chief of Staff Moeldoko announced on Monday that he was prepared to resign from a leadership position in the Hanura Party.

Moeldoko, who has served as deputy chairman of Hanura's advisory board since December 2016, said his duties as the head of the Office of the Presidential Chief of Staff required more attention.

"I have considered resigning because my duties are increasing here," Moeldoko said on Monday. "I suppose that I need [to resign from Hanura] to focus more [on the Office of the Presidential Chief of Staff]."

The retired military general, who was appointed the presidential chief of staff by President Joko "Jokowi" Widodo in January, said he had never been involved personally with Hanura's daily affairs because he served only on the party's advisory board.

"Thus, my involvement in the party does not have any direct impact," he said.

Moeldoko added that he had not yet conveyed his possible resignation to Hanura chairman Oesman Sapta Odang, although he had informed the party's advisory board chairman and former Hanura chairman, Wiranto.

Separately, Wiranto, who is also the coordinating political, legal and security affairs minister, claimed he had no knowledge of Moeldoko's resignation plan prior to the announcement. — *JP*

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Lawmakers plan inquiry against elections body

Nurul Fitri Ramadhani
and Ivany Atina Arbi

THE JAKARTA POST/JAKARTA

Members of the House of Representatives are not happy with the General Elections Commission's (KPU) decision to ban former graft convicts from contesting the 2019 legislative election, saying they will take action to make the poll body revoke the "illegal" policy.

The House said it would summon KPU officials for a hearing on Wednesday to convince them to annul the provision, which is stipulated in the 2018 KPU regulations on the nomination of legislative candidates for the House and regional legislative bodies.

Article 7, paragraph 1 of the regulation stipulates that legislative candidates must never have been convicted of corruption, drug abuse and the sexual assault of a child. Most political parties have rejected the policy on the grounds that some of their members have been charged with or convicted for graft, and they are planning to run in 2019.

If lobbying does not work, the House said, it will launch a formal inquiry into the KPU's decision.

"Members of all factions in the

House to summon KPU officials on Wednesday

Lawmakers to launch inquiry if lobbying fails

House Commission II [overseeing home affairs] plan [to launch the inquiry], but we will wait for the [political lobbying] by the House speakership," Achmad Baidowi of Commission II said on Monday.

Political parties will have to register their legislative candidates between July 4 and 18.

The KPU issued the regulation on Saturday, defying objections from the House, the Law and Human Rights Ministry and the Election Supervisory Agency (Bawaslu), which claim that the ban violates the 2017 Elections Law.

The law says that former convicts can run in elections, as long as they do not try to hide their criminal backgrounds.

Law and Human Rights Minister Yasonna Laoly, who is also a member of the Indonesian Democratic Party of Struggle (PDI-P), has refused to sign the KPU regulation, which would serve as a guideline for the election.

He said the regulation was not legally binding without his signature, but the poll body begged to differ, saying that the regulation was effective with or without the minister's approval.

Political parties said the regulation would affect them the most.

A number of Golkar Party politicians who are former convicts, are running for legislative seats because they are still popular, said Golkar lawmaker Firman Soebagyo.

"They are former convicts. That means they have served their jail terms. We'll consider them," he said.

Nurdin Halid is one of the Golkar executives who may contest the 2019 legislative election after failing to win the South Sulawesi gubernatorial election. In June 2005, Nurdin was sentenced to two-and-a-half years in prison for a customs violation on the import of rice from Vietnam.

Muhammad Taufik, a Gerindra Party politician and Jakarta Council deputy speaker, is also said to be running next year. He was convicted of corruption 12 years ago.

Gerindra secretary-general Ahmad Muzani claimed the KPU regulation was against the law.

"We will, again, ask the House

Commission II to summon the KPU to explain the matter."

Muhammad, meanwhile, said the KPU was acting arbitrarily.

Responding to the backlash, KPU chairman Arief Budiman called on all parties to abide by the commission's regulation, "so that the election can run smoothly, because we're counting down to the registration [stage]."

Anyone who disagreed with the KPU's decision could file a judicial review with the Supreme Court, Arief added.

The KPU has garnered support from the Indonesian Child Protection Commission (KPAI), mainly because of the provision banning child predators from the election. However, it cannot state for certain how many lawmakers or regional councilors have been convicted of child sexual abuse.

Unlike the ban on former graft convicts, the prohibition on child predators was met with no opposition from House members.

KPU commissioner Pramono Ubaid said that child molestation constituted a so-called extraordinary crime, like corruption and drug trafficking, and "poses serious impacts on society".

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Garuda pilots prepare to go on strike

JAKARTA: Pilots of national flag carrier Garuda Indonesia have said they would go on strike this month after a failed mediation between the pilots and the company's management.

Garuda Pilot Association (APG) chairman Bintang Hardiono confirmed that the association was preparing to go on strike as they were unsatisfied by the mediation, which had been facilitated by the Coordinating Maritime Affairs Ministry.

"We are preparing [for a rally]. As for the date, we will inform [the public through] a press release," Bintang said on Tuesday as quoted by *kompas.com*.

However, he did not elaborate on the results of the mediation, which he deemed unsatisfactory for the employees.

Bintang said APG and the Garuda Workers Union (Sekarga) had agreed to go on strike, and would hold discussions later this week.

Previously in January, Sekarga highlighted what it believed to be a "high number of directors" on Garuda's management board, with nine directors leading the airline.

It argued that several positions were unnecessary, such as that of production director, as the airline already had an operational director and a technical director.

The company should have six directors at most, the union said.

To address the complaints, Garuda held a shareholders meeting in which the production director position was eliminated. — *Kompas*

Situation under control

despite Agung eruptions

Farida Susanty and
Ni Komang Erviani

THE JAKARTA POST/JAKARTA/
DENPASAR

A Strombolian eruption on Mount Agung, Bali, on Monday evening following a rise in volcanic activity, did not cause any casualties or impact surrounding areas, officials said on Tuesday.

Strombolian eruptions involve moderate bursts of expanding gases that eject clots of incandescent lava in cyclical or nearly continuous small eruptions.

Volcanic activity on the mountain has been ongoing since last November, leading to temporary closures of I Gusti Ngurah Rai International Airport. On Monday night, it spewed ash 2,000 meters from its crater.

The volcanic ash from Mt. Agung has so far drifted to the northwest and west, according to data from Volcanic Ash Advisory Center (VAAC) Darwin, one of nine such VAACs.

State airport operator Angkasa Pura (AP) I, in charge of Ngurah Rai airport, stressed that the airport continued to operate normally on Tuesday as it was unaffected by Monday night's eruption.

"We can see from the BMKG [Meteorology, Climatology and Geophysics Agency] report that the volcanic ash spread has not impacted Ngurah Rai Interna-



AFP/ Sohny Tumbelaka

Looming danger: A plume of ash is released as Mount Agung erupts in this image taken from the village of Tulamben in Karangasem, Bali, on Tuesday. The volcano erupted on Monday, belching a plume of ash 2,000 meters high as bright orange lava cascaded from its summit.

tional airport," AP I corporate secretary Israwadi said over the phone on Tuesday, adding that the airport was still monitoring the mountain's activity.

"It's an eruption, nobody can detect it. What we can detect is the wind direction."

Based on AP I's paper test and satellite observation at 9 a.m. and 10 a.m. local time, there was no volcanic ash in the airspace of the airport, the company said in a statement.

The company had contingency plans, Israwadi said, as it pre-

pared for the worst-case scenario as part of the airport's management plan for natural disasters.

However, Monday night's eruption did force the closures of Blimbingsari Airport in Banyuwangi and Notohadinegoro Airport in Jember, both in East Java. Blimbingsari Airport was closed from 3:40 a.m. until 3 p.m., while Notohadinegoro Airport was closed from 5:48 a.m. to 3 p.m.

Soon after the announcement, state-owned low-cost carrier Citilink announced it had canceled two flights to and from Blimbingsari.

As of Tuesday evening, at least 2,731 people living on the slopes of Mt. Agung had fled their homes for 28 shelters across Karangasem regency, where the mountain is located. However, authorities have yet to declare that their home areas are dangerous.

Karangasem Disaster and Mitigation Agency (BPBD) head Ida Bagus Ketut Arimbawa told *The Jakarta Post* that all the evacuees came from villages located 4 to 8 kilometers from the crater. Most of the people left independently as they were frightened by the

eruption, he said.

Last Friday, the government and state air navigation firm AirNav closed down Ngurah Rai airport at 3 a.m. local time following an eruption after weeks of declining activity. It was reopened at 2:30 p.m. local time.

Last week's closure affected 318 flights, impacting a total of 26,862 passengers. Of these, 12,904 passengers were scheduled on international flights.

Bali remains Indonesia's most popular foreign-tourist destination, contributing 40 percent of the total visits to the country, followed by Jakarta at 30 percent.

The island will also host the upcoming IMF-World Bank Annual meetings in October.

Transportation Minister Budi Karya Sumadi previously told the *Post* that the government still planned to hold the annual meetings in Bali despite the current situation.

After Monday night's eruption, Mt. Agung erupted three times more on Tuesday. The eruptions spewed smoke from 500 to 2,000 m into the air.

"As of now, the alert level is still at level three. However, the situation could change at any time," said Devy Kamil Syahbana, a seismologist at the Volcanology and Geological Disaster Mitigation Center (PVMBG), adding that the alert level had not been upgraded.