

Worst may have passed for RI's markets

Sept. 4, 2018
J. Post

Harry Suhartono
BLOOMBERG/JAKARTA

The worst may be over for Indonesia's markets, according to the country's biggest mutual fund manager.

The rebound in private consumption seen in the second quarter may keep going as the government maintains support to sustain the momentum, says Irwanti, director and portfolio manager at PT Schroder Investment Management Indonesia. The fund manager, who goes by only one name, expects the rupiah to stabilize, which she says will provide support for foreign investors to return to the country's stock and bond markets.

Indonesia has suffered in an

Schroder says rebound in consumption may be sustainable

Fund manager expects rupiah to stabilize, is buying bonds

investor exodus from emerging markets as the United States Federal Reserve raises interest rates, making the dollar more attractive. Weak economic growth has also weighed on stocks, bonds and the rupiah, which has depreciated 7.9 percent this year, making it the second-worst performing currency in Asia after the Indian rupee. Foreign investors have sold US\$6.6 billion of Indonesia's equities in the past 12 months

and \$2.3 billion of its government bonds in the second quarter.

"We are expecting better macroeconomic conditions," Irwanti, 36, said in an interview.

Irwanti, a graduate of the University of New South Wales in Sydney, says she is buying debt for starters as a way to express her optimism. She expects stocks to start rising a little later.

"We continue to accumulate bonds when the yield of 10-year debt hits 8 percent," she said. "Equities can follow the gains in bonds, but that is probably something that will happen in the fourth quarter of 2018 or the first half of next year."

Indonesia's 10-year bond currently yields slightly more than the 8 percent level that Irwanti

mentioned. The earnings yield of the Jakarta Composite Index is about 5 percent.

Irwanti, a 10-year veteran of Schroders Indonesia who joined the money manager after a stint as an equities analyst for Deutsche Bank AG, is betting that the recovery in household consumption will last as the government is expected to continue providing social support before general and presidential elections in April.

Private consumption, which accounts for more than half the output of Southeast Asia's biggest economy, saw the fastest quarterly expansion in four years in the second quarter.

The fund manager says consumer stocks, which account for about 20 percent of the Jakarta

Composite Index, should benefit if this trend continues.

Irwanti said she likes PT Astra International, the largest listed conglomerate in Indonesia, for its "cheap" valuation. The company trades at 13.1 times estimated earnings, versus a five-year average of 14.6 times and a current multiple of 14.3 times for the benchmark stock gauge.

Retailers and food companies will also benefit from the consumer spending recovery, she said. She gives PT Ramayana Lestari Sentosa, which operates department stores, and PT Mitra Adiperkasa, which operates the Starbucks Corp. and Burger King Worldwide Inc. chains in Indonesia, as examples.

Irwanti and Liny Halim were both appointed directors at the

84.6 trillion rupiah (\$5.8 billion) fund in May, joining chief executive officer Michael Tjoajadi, 52, chief investment officer Kiekie Boenawan, 56, and chief operating officer Francisco Lautan, 59. The two women are seen by some fund managers as likely to be the next generation of leaders at the company.

But despite her positive assessment of equities, Irwanti says the Jakarta Composite Index will only rise about 3 to 5 percent from its current level this year as the market started 2018 at an elevated valuation.

"I'm naturally an optimistic person," Irwanti said. "I always believe there is silver lining in every cloud, but it all comes down to valuation."

CURRENCY WOES

Govt caught between stabilizing rupiah, maintaining confidence

**Marchio Irfan Gorbiano
and Rachmadea Aisyah**

THE JAKARTA POST/JAKARTA

The government appears to be stuck between a rock and a hard place as it seeks to achieve a balance between stabilizing the rupiah without upsetting businesses already worried that planned measures may disrupt the economy.

The government insists that a number of hard measures have to be taken to safeguard the rupiah, which continues to weaken as the global market reacts negatively to sharp currency depreciations in Argentina and Turkey.

Speaking after a meeting with President Joko "Jokowi" Widodo at the State Palace in Jakarta on Monday, Finance Minister Sri Mulyani Indrawati said the government was focusing on efforts to narrow the current account deficit, which is identified as one of the sources of negative sentiment toward the rupiah.

Indonesia's current account deficit swelled to US\$8 billion in the second quarter of 2018 from only \$5.7 billion in the first quarter, bringing it closer to 3 percent of Indonesia's gross domestic product (GDP).

A current account deficit means a country is spending beyond its means in terms of for-

ign exchange liquidity, therefore leaving its currency vulnerable to external shocks as it needs to cover the deficit with foreign capital inflows from portfolio or foreign direct investments (FDI).

A growing current account deficit is usually viewed negatively in the financial market, posing a challenge for any government looking to maintain investor confidence.

One measure seen as controversial in reducing the current account deficit is the government's plan to increase the import tax on 900 imported consumer goods that have local equivalents.

Sri Mulyani on Monday said she hoped such a measure would encourage local industries to produce import-substitute goods.

However, Shinta Kamdani, deputy chairwoman for international relations at the Indonesian Chamber of Commerce and Industry (Kadin), urged the government to be careful in determining the imports to be slapped with the higher tax.

She said the policy would not affect businesses if it applied to non-essential consumer goods. However, it would create a problem if the duty was levied on capital goods, she argued.

"The government should be careful in implementing such a policy as it could potentially in-

vite negative reactions, such as being reported to the WTO [World Trade Organization], triggering retaliation from other countries and sending the wrong signal while attempting to attract investment," said Shinta.

As negative sentiment continued to affect the global market, the rupiah declined to Rp 14,767 to the US dollar on Monday, weaker than the Rp 14,711 recorded at the end of last week, according to the Jakarta Interbank Spot Dollar Rate (JISDOR).

While aggressively raising its key policy rate by 125 basis points in the past few months to safeguard the rupiah, Bank Indonesia (BI) has continued to intervene in both the foreign exchange market and secondary market of sovereign bonds.

BI's rupiah stabilization has not been without cost as it has seen the country's foreign exchange reserves drop from \$131.98 billion in January to \$118.31 billion in July.

Sri Mulyani said controlling the need for foreign exchange was one policy that could be implemented quickly, stressing that the government would look at supplying foreign exchange liquidity directly to state-owned enterprises with huge demand for it, such as state energy giant Pertamina and state electricity firm PLN.

Sep. 4, 2018

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RI steel gets tariff exemption from US

JAKARTA: The United States has made the decision to exempt 19 Indonesian steel products, namely carbon and alloy and stainless steels, from its 25 percent tariffs, Trade Minister Enggartiasto Lukita has said.

The US government's decision was made on Aug. 2, said Enggartiasto, claiming that it came as a result of an Indonesian mission to Washington from July 23 to 27.

Led by the minister himself, the mission included a meeting on trade issues with US Trade Minister Wilbur Ross.

"Apart from trying to convince the US government, we also sought support from business communities, particularly from the importers of the Indonesian steel products," Enggartiasto said in a statement received on Monday.

He said the mission was to convince the US government that Indonesia still deserved to be part of the Generalized System of Preferences (GSP).

"We were trying to convince the US government that Indonesia still deserves to be part of the GSP because the characteristics of Indonesian products were different from those produced in the US," he added.

Trade Ministry international trade director general Oke Nurman said 12 Indonesian steel products with a total volume of 336,688 tons annually were still seeking exemption from the US.

He said the Indonesian government would continue to communicate with the US. —JP

DELIVERY SERVICE

Pos Indonesia modernizes to catch up to competitors

Riza Roidila Mufti

THE JAKARTA POST/JAKARTA

With tough competition in the logistics business, state-owned postal service firm Pos Indonesia is modernizing as it attempts to catch up to and one-up its competitors by diversifying its services.

Pos Indonesia is collaborating with digital kiosk firm PT M Cash Integrasi (MCAS) to make its services more digital-friendly and user-oriented.

"Currently our core businesses are courier and payment services, and in its development, we want these two services to be more accessible to customers through digitalization.

"We are collaborating with MCAS as it is a trusted, high-profile company in providing digital products and technology," said Pos Indonesia commercial director Charles Sitorus during the collaboration announcement on Monday.

In courier service, Pos Indonesia and MCAS are developing so-called M Box Pos, a 2-square-meter box that functions as a locker and post office box.

Through the box, customers can drop off goods for delivery as well as pick up goods delivered to them.

To deliver a package using M Box Pos, customers follow instructions that appear on the box's screen and fill in a digital form on sender, receiver and parcel details.

M Box Pos can also be used as a locker where customers can pick up packages from a sender or from online sellers.

MCAS director M. Anis Yudianto said the company would provide both the hardware and software for M Box Pos and would be responsible for placing the boxes in strategic areas.

"The lockers will be deployed in several strategic places such as apartments, office buildings, supermarkets and other public places such as train stations and airports," Anis during the same occasion.

Anis believed that the presence of M Box Pos could make parcel delivery more timely, as

customers no longer need to visit the post office to send or pick up their parcels.

He said within the next three months, MCAS would deploy at least 100 M Box Pos units, with a target of around 500 to 1,000 lockers next year.

"After deploying M Box Pos, we will focus on reviewing the performance of the digital locker to know which places are strategic and the sizes of parcels that are frequently being delivered via the box," he said, adding that currently M Box Pos had been deployed at several points, such as Mal Ambassador and Kresna Tower, both in South Jakarta.

In payment services, Pos Indonesia, through the collaboration with MCAS, is set to enrich its billing products through its payment service POSPAY.

Previously, Pos Indonesia tapped into the payment business by serving payments for several products, such as flight and train tickets, electricity bills, phone vouchers and e-commerce payment, through POSPAY. However, POSPAY service could only be accessed at post offices or through Pos Indonesia agents.

POSPAY can now also be accessed at M Box Pos, offering more digital payment services such as game and restaurant vouchers and e-money top ups.

Pos Indonesia has 4,800 physical post offices across the country with networks reaching villages and remote areas. Pos Indonesia delivers some 11 million parcels each month.

However, Pos Indonesia has found competition in private logistics companies, which have challenged the former to diversify and modernize its services to lure more customers.

"We are also preparing some digitalization measures. In the near future, POSPAY mobile apps can also be accessed by customers directly through their smartphones, but we are still working on it," said Charles, adding that currently the apps could only be accessed by Pos Indonesia agents.

Sep. 4. 2018
J. Post

Digital nozzles to help govt make data-driven policies

Riza Roidila Mufti

THE JAKARTA POST/JAKARTA

Digitalization at gas stations run by state-owned energy giant Pertamina is set to provide more accurate data on nationwide fuel consumption to help the government make informed decisions.

Deputy Energy and Mineral Resources Minister Arcandra Tahar said digitalization would enable the government to gather and access big data on fuel consumption as a basis for its policies.

"This program [digitalization] enables us to access data online from our mobile phones; for example, how much fuel is needed at each gas station? Have gas stations distributed as much Solar [diesel brand sold by Pertamina] as needed? [...] All this data will help us manage the consumption of subsidized fuel," said Arcandra after the recent signing of a cooperation agreement between Pertamina and state-owned telecommunication company Telkom Indonesia in Jakarta.

Previously, Pertamina had announced that it would digitalize 5,518 gas stations across Indone-

Digital nozzles to provide accurate data on fuel supply, consumption

Telkom responsible for IT development in digitalization process

sia by the end of this year in a bid to improve supervision of fuel consumption and to control the sale of subsidized fuel.

It was agreed that Telkom would be in charge of developing the information technology to be used in this process.

State-Owned Enterprises (SOEs) Minister Rini Soemarno, at the same event, said digitalization at gas stations was a significant step toward increasing transparency concerning fuel supply and demand.

"Digitalization must be implemented as soon as possible, because [our data on fuel consumption] is far from accurate. That inaccuracy often leads to fuel shortages [...]," Rini said, adding that real-time data could help to manage supplies more efficiently.

The calculation of revenue from fuel sales at each gas station

could also be faster and more accurate through digitalization. Rini went on to say that digitalization at gas stations could prevent foul play in the distribution of fuel.

Upgrading Pertamina's gas stations to the new technology is to be conducted in several phases.

Telkom's enterprise and business service director, Dian Rachmawan, said the digitalization effort was still in its initial stage. In the first phase of digitalization, where Telkom would be taking the lead, Pertamina and Telkom would focus on matching fuel supply and fuel consumption.

"In the first stage, we will focus on ensuring that the fuel fed into gas station tanks equals the amount of fuel distributed through the nozzles. All transactions must be summarized, and in the end, all analytical data is used to predict national consumption," said Dian.

Pertamina retail director Mas'ud Khamid said that, in the future, the digitalization of gas stations was not only about matching input and output data of fuel supply and consumption, but would shift to be more

user-oriented.

Once the first digitalization phase was rolled out on a mass scale, Mas'ud said, Pertamina would begin to implement digital payment services at gas stations on a massive scale. Pertamina also had plans to provide self-service digital nozzles.

"When cashless payment services are [massively] implemented, we will also try to provide [self-service digital nozzles]. [Customers] only need to open their smartphone to buy fuel and pay digitally, and after they pay [...], the gate will open and customers can serve themselves," he said.

The agreement between Pertamina and Telkom on the digitalization of gas stations covers the procurement of digital infrastructure at gas stations, data centers and connectivity at 5,518 gas stations with 75,000 nozzles across Indonesia, and maintenance of the digital infrastructure for five years.

Pertamina and Telkom Indonesia are also set to cooperate to develop a digital platform for fuel distribution to oversee stocks in gas station tanks, fuel distribution and revenue.

AUTOMOTIVE

Govt looks to secure Hyundai investment in Indonesia

Rachmadea Aisyah

THE JAKARTA POST/JAKARTA

The government is hoping to persuade South Korean automotive maker Hyundai Motor Group to establish a production plant in Indonesia ahead of President Joko "Jokowi" Widodo's official visit to the East Asian country.

High-ranking government officials gathered on Monday to discuss the President's trip to South Korea next week, where Jokowi will discuss various issues with his counterpart, President Moon Jae-in.

Coordinating Economic Minister Darmin Nasution, who was present during the meeting along with Industry Ministry Airlangga Hartarto and Coordinating Investment Board (BKPM) head Thomas Lembong, said the meeting was a preparation for the President's visit to South Korea.

Darmin, however, declined to

reveal the contents of their discussion as they were still preliminary.

"We are just communicating about what Hyundai has been saying [regarding investments] as the President will be making a trip to South Korea, so we are preparing some materials for him," Darmin said. "We in fact see barely any developments from their [Hyundai's] side [...] we don't believe they have firm plans yet."

He went on to say that Hyundai had requested several incentives, which the government could not yet confirm it would grant.

The government hoped there would be some enlightenment on the plan from Hyundai after Jokowi had concluded his South Korean trip, Darmin added.

Minister Airlangga confirmed Darmin's statement, saying the officials discussed no specific topics in the meeting.

Hyundai has reportedly been

considering building a car plant in Southeast Asia, with Indonesia and Vietnam as possible locations. However, it has yet to make a decision.

Hyundai has been facing fierce competition from its Japanese and Chinese counterparts, as seen in its sales record this year.

From January to July 2018, Hyundai only sold 731 out of the more than 600,000 new cars sold in Indonesia, data from the Association of Indonesian Automotive Manufacturers (Gaikindo) show.

Previously, the Korea International Trade Association's (KITA) Jakarta chairman, Daniel Kweon, said that South Korea's real non-tariff barrier in Indonesia was competition from its much bigger East Asian neighbors.

"Indonesia is a big market but China and Japan already arrived here earlier," Kweon said.

Kweon said President Jokowi's

visit to South Korea should be able to help convince Hyundai to invest in Indonesia.

Earlier in August, Indonesia Chamber of Commerce and Industry vice chairwoman for international relations Shinta Kamdani said that businesspeople had been trying to reel Hyundai into developing a factory in Indonesia.

"We are currently after Hyundai so they will be willing to produce in Indonesia — its investment [is estimated to be of] significant size," Shinta said recently. "[Hyundai said] it was able to get free land and other things in Vietnam, so I told them to speak up here and we will see what we can do," she added.

When contacted by *The Jakarta Post*, Hyundai Indonesia president director Mukiat Sutikno declined to share details on Hyundai's investment plans in Indonesia, citing "confidentiality reasons".

Jokowi rides high on Games success

Karina M. Tehusijarana
and Rachmadea Aisyah
THE JAKARTA POST/JAKARTA

"Don't let this romance end too soon," jazz singer Lea Simanjuntak crooned at the Asian Games' closing ceremony on Sunday night.

"I want to remember this romance forever," her singing partner Bambang "Bams" Reguna Bukit intoned in reply.

The classic love song "*Kemesraan*" (Romance) was a fitting note to end Asiad on; the last two weeks have indeed been something of a love fest, uniting a nation whose political and ideological divisions have never seemed starker.

Supporters cheered on athletes from minority religions and ethnicities. Tears were shed as the national anthem played 31 separate times. Rival candidates embraced. And the biggest beneficiary of these warm and fuzzy feelings seem to be President Joko "Jokowi" Widodo.

"Whether we like Jokowi or not, we must admit that the Games have shown his leadership and managerial skills," Pelita Harapan University political expert Emrus Sihombing told *The Jakarta Post* on Monday. "This will no doubt provide an incentive for people to support both the President's current government and his reelection bid in 2019."

The Games, which only came to Indonesia because Vietnam withdrew from hosting it in April 2014, have been widely hailed as a resounding success, with no major snafus to speak of and Indonesia surpassing its initial target of 16 gold medals.

The government poured in Rp 8.1 trillion (US\$545.9 million) from the 2018 state budget to fund Asiad, with an additional Rp 800 billion coming from sponsors, including Telkom, Telkomsel, Bank Nasional Indonesia (BNI) and Bank Rakyat Indonesia (BRI).

Sports and Youth Ministry secretary and Indonesian Asian Games Organizing Committee (INASGOC) member in charge of finance Gatot S. Dewa Broto said the committee had yet to calculate the net revenue as it still had to hand over some of the earnings to the Olympic Council of Asia, which is entitled to 50 percent of the Games' total earnings.

For Jokowi, however, the financial benefits may be beside the point, with the hosting of the Games itself, and the ensuing achievements proving a boon for his reelection bid.

Before the Games even started, rival presidential candidate

Political supporters,
critics embrace Asiad
success

Positive mood may not
last until election: Expert

Prabowo Subianto instructed his team to refrain from making any negative comments about the government, while even the administration's most outspoken critics have been quick to laud the event.

"The Asian Games received appreciation from all over Asia. All eyes are on Indonesia right now," House of Representatives deputy speaker and Gerindra Party executive Fadli Zon said on Sunday.

"Congratulations to the committee, to the government, the organization [of the Asian Games] has gone well," National Awakening Party (PKB) chairman Zulkifli Hasan said on Monday. "Praise God, [it has been a] success."

Starting a week after the presidential and vice-presidential candidates officially registered for the 2019 elections, there was initially some concerns about the lack of enthusiasm for the Games, with the public seemingly more concerned about the inconvenience caused by the expansion of the odd-even license plate policy.

But that changed after a bombastic opening ceremony that saw a stuntman, appearing as Jokowi, make a dramatic entrance to the Gelora Bung Karno sports complex in Central Jakarta on a motorcycle.

The President's presence was felt throughout the two-week event, personally bestowing medals on several Indonesian champions, even hugging rival Prabowo at one of them. Later, Jokowi chose to watch the closing ceremony from Lombok, West Nusa Tenggara, with victims of last month's earthquake.

Firman Noor, the head of the Indonesian Institute of Science's (LIPI) Political Research Center, cautioned, however, that it was still early days, given that the elections would only be held in April.

"I think that the success will increase Jokowi's appeal to the 'floating mass' of voters who are still undecided, but it depends on whether Jokowi can maintain this goodwill," he said on Monday.

"Die-hard Prabowo supporters, on the other hand, will be able to find criticism in anything that Jokowi does," he said. "They might also try to give the credit [for the success of the Games] to Jakarta Governor Anies Baswedan instead."

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Sept. 4, 2018
J. Post

2019 ELECTIONS

Ministers' roles in 2019 campaigns raise concerns

Nurul Fitri Ramadhani

THE JAKARTA POST/JAKARTA

President Joko "Jokowi" Widodo, who is seeking reelection, has included a number of his Cabinet ministers in his list of campaign team members.

Among them are Industry Minister Airlangga Hartarto, Coordinating Human Development and Culture Minister Puan Maharani, Cabinet Secretary Pramono Anung and the newly appointed Social Affairs Minister Agus Gumiwang Kartasasmita.

Neither the 2017 Elections Law nor the General Elections Commission (KPU) ban ministers from taking part in presidential campaigns, but oblige them to take leave to carry out any campaign activities on weekdays. The regulations stipulate that ministers can only take one day of leave

each week during the campaign period, while those wanting to carry out campaign activities on weekends or national holidays do not need to take leave.

However, the issue has raised concerns of possible abuses of power to benefit certain candidates during the campaign period, which will start on Sept. 23.

As ministers, they have the ability to issue policies that could influence the political situation ahead of the election.

The Indonesia Ombudsman has, therefore, demanded that ministers who wish to join the upcoming presidential campaign resign from their posts.

"As government officials, their public statements during the election might be biased; it also has the potential for maladministration," Ombudsman commissioner Alamsyah Saragih said.

Opposition also came from an organization linked to the Gerindra Party, Advokat Cinta Tanah Air (ACTA), which recently filed a formal objection with the Election Supervisory Agency (Bawaslu).

"A number of ministers are allegedly engaged in campaigning ahead of schedule," ACTA deputy chairman Ali Lubis said.

Airlangga, for instance, made a statement in his capacity as a minister at the opening speech of the Gaikindo Indonesia International Auto Show (GIIAS) in early August that all industrial players were ready to back Jokowi's presidential bid, ACTA said.

Another example was Villages, Disadvantaged Regions and Transmigration Minister Eko Putro Sandjojo, who reportedly said that the village funds would be increased if Jokowi won reelection.

Agus, however, said there was

nothing wrong with having the ministers in Jokowi's campaign team as long as they managed their time properly.

"We'll try to manage the time [between being a minister and campaign team member]," he said.

Puan, meanwhile, gave an assurance that ministers would act professionally.

"We'll see later whether there is any abuse of power. I think we'll work professionally," she said.

But not everyone who has been offered the job has accepted the offer. Finance Minister Sri Mulyani Indrawati recently turned down the offer to become a campaign team steering committee member as she preferred to focus solely on her ministerial position for the sake of the economy.

The issue has been a matter of debate in previous elections.

Sep. 4, 2018
J. Post

GRAFT

Syafruddin faces 15 years imprisonment in BLBI case

Marguerite Afra Sapiie
THE JAKARTA POST/JAKARTA

A probe into alleged irregularities surrounding the disbursement of Bank Indonesia liquidity support (BLBI) reached new heights on Monday with Syafruddin Arsyad Tumenggung, former chairman of the Indonesian Bank Restructuring Agency (IBRA), facing a prison sentence for his alleged role in the case.

Corruption Eradication Commission (KPK) prosecutors demanded the Jakarta Corruption Court sentence Syafruddin to 15 years behind bars after an investigation found that he allegedly manipulated a commercial bank's credit status, so that the recipient bank did not have to pay back its debt in full.

The prosecutors also demanded Syafruddin pay Rp 1 billion (US\$67,465) in fines for allegedly playing an "active and major role" in the corruption case, which reportedly caused Rp 4.58 trillion in state losses.

Syafruddin was accused of issuing a letter in 2004 for Sjamsul

Nursalim, the owner of Bank Dagang Negara Indonesia (BDNI), absolving him from paying debt owed to the government.

KPK prosecutors also found that Syafruddin had allegedly cooperated with Sjamsul and his wife Itjih S. Nursalim, as well as then-coordinating economic minister and Financial System Stability Committee (KSSK) chairman Dorodjatun Kuntjoro-Jakti in the graft case.

"We demand Jakarta Corruption Court judges declare the defendant guilty of corruption together [with the other parties]," prosecutor Haerudin said on Monday, adding that the defendant allegedly swindled state funds to enrich himself or others.

The case dated back to the 1997 Asian financial crisis when BDN received Rp 28 trillion in BLBI funds, which were disbursed by the government through the central bank to 48 commercial banks to help them cope with massive runs during the crisis.

It was later found that 95 percent of the Rp 144.5 trillion funds had been embezzled.

Syafruddin, who was appointed IBRA chairman in 2002, allegedly sent a letter to Dorodjatun in February 2004 recommending the KSSK write off some of Sjamsul's debt, claiming the decision was based on a Cabinet meeting led by then-president Megawati Soekarnoputri.

Dorodjatun later issued a KSSK decree in accordance with Syafruddin's recommendation, while in fact the two officials, who had attended the Cabinet meeting, knew that the meeting never concluded or approved of writing off the debt, prosecutors said.

The decree issued by Dorodjatun also included clauses that revoked two previous KSSK decrees issued by his two predecessors, which initially ordered Sjamsul to pay off his debt.

"The recommendation made by [Syafruddin] as IBRA chairman and the KSSK decree [...] have annulled the rights of the state to collect Sjamsul's debt through IBRA," prosecutor Kiki Ahmad Yani said.

In April 2004, Syafruddin later signed a letter stating that Sjamsul, as the bank's majority shareholder, had fulfilled his obligation

as a creditor to pay off Rp 28 trillion to IBRA, while in fact the businessman had yet to fully pay the debt.

Syafruddin was the first suspect and defendant in the case filed by the KPK in April last year following a three-year investigation, which initially began under Abraham Samad's chairmanship in 2014.

The probe, however, went nowhere after Abraham was removed from his post in February 2015 following a standoff between the KPK and police after the antigraft body named Megawati's former aide Insp. Gen. Budi Gunawan a graft suspect. The case was launched again under Agus Rahardjo's leadership.

To date, Sjamsul, Itjih and Dorodjatun remain witnesses in the case.

While the KPK successfully brought in Dorodjatun for questioning, it faced hurdles when interrogating Sjamsul and his wife because they had reportedly taken residence in Singapore.

KPK spokesman Febri Dian-syah said investigators had gone to extreme lengths in gathering evidence for the case.

Peace pact signed in wake of Meiliana case

Apriadi Gunawan

THE JAKARTA POST/MEDAN

Following the uproar over the guilty verdict for Meiliana, who was jailed for blasphemy for complaining about the volume of the *adzan* (Islamic call to prayer), a group of locals in Tanjung Balai, North Sumatra, has signed a peace pact to end the controversy surrounding the jailing of the Buddhist woman.

Religious leaders in Tanjung Balai joined with local government leaders to sign the peace pact at an event organized by the local police.

The leader of Tanjung Balai's Tri Dharma Buddhist community, Tjoa Kien Lie, called on people

Local leaders sign peace pact to maintain order in Tanjung Balai

Declaration made following court decision to send Buddhist woman to prison for blasphemy

to stop arguing about Meiliana's guilty verdict, especially on social media, and especially now that Buddhists in the area had already moved on from the issue.

"Buddhists here don't question the verdict anymore, we just want to live peacefully in Tanjung Balai," the Buddhist leader told *The Jakarta Post* after the signing of the peace pact on Monday.

Tjoa further called on locals, especially Buddhists in the community, to honor the Medan State Court's ruling, which sentenced Meiliana to 18 months in prison.

"As law-abiding Indonesians, we have to respect the judge's decision. It doesn't need to be debated because it could divide us," said Tjoa, who also sits on Tanjung Balai's Religious Harmony Forum (FKUB)

On Aug. 21, the Medan District Court sentenced Meiliana to 18 months in prison for complaining about the volume of the *adzan* coming from a mosque near her house.

Meiliana, 44, a local resident of Chinese descent, was found guilty of blasphemy as stipulated in articles 156 and 156A of the Criminal

Code on blasphemy.

The country's two largest Muslim organizations Nahdlatul Ulama and Muhammadiyah had condemned the verdict and called for the amendment of the blasphemy legislation.

Human Rights group Amnesty International Indonesia has deemed the verdict "ludicrous" and called for the immediate release of Meiliana.

Last week, Corruption Eradication Commission (KPK) investigators arrested Wahyu Prasetyo Wibowo, the judge who presided over Meiliana's blasphemy trial. He was alleged to have accepted bribes while serving at the court.

A senior Muslim figure in Tanjung Balai, Buya Gustami, also

made a similar call for locals to stop debating Meiliana's verdict, saying that it was the outcome of a legitimate legal process.

"Don't disrupt peace in Tanjung Balai by debating about the verdict. Locals only want to live in peace," Gustami said.

Other local religious leaders aired similar sentiments and called for the return of calm in the area.

Local figures attending the ceremony included local Christian leader Ramli Gultom, Catholic priest Tarsius Son and Hindu figure Vijay Kumar.

Nahdlatul Ulama Executive Board (PBNU) spokesperson Robikin hailed the peace pact as a breakthrough in easing tension in Tanjung Balai.

"We support anything that could improve social harmony. It is our role as human beings to bring positivity by respecting differences, rather than contributing to making efforts that would create disruption," he said.

Chairman of Tanjung Balai Interfaith Dialogue Forum Haidir Siregar said the peace pact would be crucial to preventing future outbreaks of religious tension.

Tanjung Balai Police chief Adj. Sr. Comr. Irfan Rifai also said the peace pact could be a guarantee of long-term order in the area.

"With this declaration, let's always maintain order in Tanjung Balai. Don't be easily provoked," Irfan said.

— JP/NERISA INDAHSAARI