

Wednesday, Oct. 7th, 2020

GENERAL NEWS AND HEADLINES

Unions brave police threat to protest jobs law

The Jakarta Post, headline

The Confederation of Indonesian Trade Unions (KSPI) had said that around 2 million workers representing 32 labor unions would take part in mass rallies to express their opposition to the passage of the omnibus bill across Indonesia.

"As of today, we ask the permission [of the authorities and factory owners] for these three days to use our constitutional right [to express] our strong rejection of the passage of the job creation bill," KSPI president Said Iqbal told *The Jakarta Post* on Tuesday.

He said the nationwide strike was largely concentrated in the industrial areas where the workers were employed, adding that he urged the workers to stage their protest in compliance with health protocols to prevent COVID-19 transmission.

The chairman of North Sumatra's Federation of Indonesian Metal Worker Unions (FSPMI), Willy Agus Utomo, told the Post on Tuesday that about 2,000 workers from 40 companies in Medan, Deli Serdang, Serdang Bedagai and Labuhan Batu took to the street to protest the new law. "We will continue until Oct. 8," he said.

"Workers certainly are afraid of COVID-19, but we are more scared of the omnibus law, which would kill workers slowly," said one of the workers, Kamal.

Regions continue to monitor price ceiling for COVID-19 swab tests

Koran Tempo; Kompas, p. 1

The Health Ministry has issued a circular that stipulates a price ceiling for COVID-19 real time polymerase chain reaction (RT-PCR) tests across Indonesia. The circular was signed by acting health services director general Abdul Kadir.

According to Abdul, the policy's implementation will be evaluated in cooperation with the Development Finance Comptroller (BPKP). "We ask all health agencies in provinces, regencies and cities to continue monitoring the price ceiling [for the tests], he said.

No complaints from hospitals have been recorded yet, however. In West Java, for example, the local health agency claims to still be monitoring the new policy.

"Up till now, there have been no complaints on the maximum price for swab tests," said West Java Health Agency head Berli Hutama Gelung Sakti on Tuesday.

The circular stipulates that the price for PCR tests is set at a maximum Rp 900,000.

Regional elections temporary voters list reaches 100.3 million

Republika, p. 3

General Elections Commission (KPU) commissioner Ilham Saputra said the temporary voters list (DPS) for the upcoming regional elections has reached 100.3 million voters. This figure was based on the accumulation of DPS determined by the provincial, district and city KPU offices across the 270 regions that will be holding elections.

"The total number of voters we have recapitulated from 270 regions is 100,309,419," Ilham said in a population coordination and civil registration meeting held by the Home Ministry virtually on Tuesday.

He explained that the DPS consisted of 50.12 million male voters and 50 million female voters. The research was conducted across 4,242 subdistricts, 46,641 villages across Indonesia.

Ilham went on to remind the Home Ministry to continue issuing certificates for first-time voters to replace e-KTP that could not be issued by voting day on Dec. 9.

Moeldoko's claims of false diagnoses deemed harmful

The Jakarta Post, p. 1

As Indonesia struggles to suppress COVID-19 cases and deaths, government officials appear to be shifting the blame to hospitals by raising claims of false diagnoses -- which medical professionals say would erode public trust and further delay treatments, all the while missing the core of the problem: long testing turnaround times.

The Indonesian Hospital Association (PERSI) slammed the government over claims it said were not based on facts and evidence, saying they would "prompt stigma and have an extraordinary influence on eroding public trust in hospitals".

"It is feared that this will have a negative impact on the healthcare service provided by hospitals," the association's chairman, Kuntjoro Adi Purjanto, said in a statement.

Presidential Chief of Staff Moeldoko made the controversial statement after a meeting with Central Java Governor Ganjar Pranowo in Semarang last week, during which he conveyed his skepticism about the number of fatalities declared to have been caused by or linked to COVID-19.

"Not all deaths are caused by COVID-19," he said, as quoted by various media reports. "This needs to be clarified. Don't let this benefit those who seek profit from the [medical] definition."

Jakarta's flood Pansus uncovers several issues concerning flood control

Media Indonesia, p. 5

The special committee (Pansus) for floods at the Jakarta Council held an online meeting on Monday to discuss issues that caused severe flooding in the capital earlier this year, in anticipation of the upcoming rainy season.

"According to the Natural Resources Agency, there are currently 40 flood pumps that do not function, either because they are under maintenance or were destroyed due to previous floods," said Pansus member Nova Harivan Paloh.

Additionally, there is still a shortage of mobile pumps in residential areas, which can potentially hamper inundation control.

“There is also a need for land acquisition near several river and reservoir locations so that we can work on reducing water runoff to residential areas. This issue is difficult to address, however, because we’re constrained by budget,” Nova explained.

Moreover, Jakarta is at risk of tidal floods on its coasts due to incomplete construction of the National Capital Integrated Coastal Development’s (NCICD) sea wall, as it fails to cover 33 kilometers of the capital’s coastal areas.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

Guessing the new severance pay scheme

Bisnis Indonesia, headline

The Job Creation Law contains innovation in a social security scheme for laid-off workers. The program will be implemented by the Workers Social Security Agency (BPJS Ketenagakerjaan) based on social insurance principles.

Through the program, the government guarantees severance pay for workers who have lost their job. Some benefits from this program include cash benefits, access to job market information and training. More details, including the amount and receiving period in this program, will be regulated in the supporting government regulation.

Workers are concerned about the implementation of this new program, in particular about the state budget and financial resources from BPJS Ketenagakerjaan that will be used to fund this program. They are also concerned that the JKP program will not reach all workers since not everyone is enrolled in the BPJS Ketenagakerjaan scheme. The workers demand a more transparent deliberation process for its supporting regulations so that the program can be well implemented.

Selecting stocks affected by job creation law

Kontan, headline

Despite the mounting opposition, the Job Creation Law has led to positive sentiment in the Jakarta Composite Index (JCI) and strengthened the rupiah's exchange

rate. The new law provides legal certainty on the government's commitment to increase foreign direct investment (FDI) across all sectors.

The financial sector gained a 1.65 percent increase yesterday, highest compared to other industries. Property and construction sectors are also likely to be positively affected by the Job Creation Law. It benefits investors interested in expanding their business and building new factories or companies in Indonesia, said NH Korindo Sekuritas analyst Ajeng Kartika Hapsari.

Besides, the prospect of property sales is also supported by the new law that allows foreign ownership of properties. However, both property and infrastructure sectors will still be under pressure as long as the COVID-19 pandemic continues.

The new job creation law could also put more pressure on domestic players, including retail and poultry sectors. The automotive industry will not be too impacted by the new law since it has long been dominated by foreign players.

The consumers goods sector could also be negatively affected in the short-term as the new law could lower workers' salaries. Nevertheless, it could also open up new employment opportunities with the increasing flows of foreign direct investment in the mid-term.

Govt pledges to protect labors

Investor Daily, headline

The government has claimed that the newly passed Job Creation Law will protect workers through job creation and acceleration of economic recovery. Ida Fauziyah asserted that the spirit of the Job Creation Law is bringing more jobs instead of laying off workers from companies.

Manpower Ida Fauziyah said the law had accommodated the unions' demands as it regulates protections for temporary workers (PKWT) and outsourced workers, sectoral working hours, and lay-off mechanisms.

The law also maintains the inflation and economic growth factors in the calculation of minimum wages and provides a new unemployment fund (JKP) for workers who get laid off.

Responding to rejection from the labor unions, Manpower Ida Fauziyah said the government is open for discussion with the unions and expects employers to communicate with their workers.

She added that her ministry would actively seek supports from stakeholders, particularly labor unions and employers, so that the law can be implemented efficiently.

Omnibus law not likely to attract investment

Koran Tempo, headline

The newly passed Job Creation Law will likely not attract investment as investors are more concerned about the government's handling of the COVID-19 pandemic and also the law's weak protection of the environment, according to experts.

Institute for Development of Economic and Finance (Indef) economist Bhima Yudhistira Adhinegara said that during the pandemic, when demand is weak, investors will not come. So, if the government wants to attract investment, it should focus on handling the pandemic.

He also said the omnibus law had downgraded environmental standards and labor protection, and this would not be good for big investors in the developed countries, who uphold fair labor practices and decent work as well as environmental protections.

A group of global investors managing US\$4.1 trillion in assets have written to the Indonesian government to express concerns that the omnibus law will have damaging consequences for the environment.

Among 35 investors to sign the letter, a copy of which was seen by *Reuters*, were Aviva Investors, Legal & General Investment Management, the Church of England Pensions Board and Netherlands-based asset manager Robeco.

Vaccine hunt to make or break JCI in Q4

The Jakarta Post, headline

The performance of the Jakarta Composite Index (JCI), the main gauge of the local stock exchange, in the fourth quarter hinges on vaccine developments, analysts have said, as the progress of the COVID-19 pandemic remains an important driver of the index' movement.

Despite several tailwinds supporting the JCI's outlook in the second half of the year, volatility will remain, at least until a vaccine has been approved, Bank Negara Indonesia (BNI) Sekuritas said.

“All boils down to vaccine approval. We maintain our view that the approval for population use could be secured in the fourth quarter of this year or the first quarter of next year,” BNI Sekuritas research head Kim Kwie Sjamsudin told *The Jakarta Post* over a text message on Monday.

The firm expected the eventual approval would materially prop up the global market as the effective and safe vaccines would boost people’s confidence to resume normal activities and in turn jump-start the battered global economy, it wrote in a report on Aug. 7.

Kim said Monday his view remained “largely the same” as written in the report, which projected the JCI to close at 5,550.

“Without foreign capital, the lift would be difficult,” Bahana TCW head of macroeconomics and director for investment strategy Budi Hikmat said on Monday, referring to a difficult rally across all asset classes, including stocks. In the case in which foreign investors return to Indonesia, they are likely going to invest in safer assets, such as government bonds, he added.

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