

Government Stimulus Package I

Yesterday, September 9 2015, Jokowi's government announced the first out of three economic stimulus packages to the public.

1. To strengthen export funding through National Interest Account (NIA), whereby Minister of Finance delegated LPEI to disburse relatively cheaper cost of fund to designated projects.
2. To regulate a new scheme of gas price for particular domestic industry.
3. To develop industrial estate area, which will be discussed further by Minister of Finance to further strengthen Foreign Direct Investment.
4. To strengthen the capital requirement for "koperasi" to act as a trading house of micro and small medium enterprise.
5. To deregulate and simplify trading licenses.
6. To further simplify tourism licenses and regulation.
7. To convert fuel usage for fisherman from diesel to LPG.
8. To stabilize food commodity prices, particularly beef prices.
9. To intensify disbursement of subsidized rice for low income segment from a current 12 times to 14 times throughout the rest of the year.
10. To fasten the disbursement of village fund and to allocate the designated fund to build villages' infrastructure and irrigation system.

Our Comment:

We welcome the stimulus package announced by the President. While we share the government urgency to lighten the burden of lower income people, we feel that yesterday's announcement did not address the rapid depreciating rupiah. We would like to see more aggressive policies to invigorate capital inflow and to prevent capital outflow.

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