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Empty Plates Ahead?

Looming Soaring wheat, soybean prices threaten nation's food security >2

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THE NEWS GRID
 Today's Paper at a Glance

More Sumatran Tigers Than Earlier Believed
 A bit of bright news for Sumatran tigers. A survey conducted from 2007 until 2009 found that at least 600 of the tigers are inhabiting as many as 29 reserves. The figure is higher than the government's 1994 report that put the number at between 400 and 500. > 4

Spot Corruption? Just SMS Antigrift Officials



Corrupt Indonesians might not be so brazen after a new text messaging service set up by the country's antigrift body means the public will be able to report cases of corruption by SMS. The Corruption Eradication Commission (KPK) is collaborating with 10 cell-phone companies to open the text message "hotline." > 8

Preventable Diseases Take Heavy Toll on Youth
 Nearly 150,000 Indonesians under age 5 die of preventable diseases ev-

ery year, according to UN children's agency Unicef. Unicef officials say that low awareness of basic preventable health care among the poor causes many children to die unnecessarily from communicable illnesses. > 9

Jakarta Great Sale Pulls In Massive Profits
 The Jakarta Great Sale Festival ended on Saturday with a new record high in revenue generated from the annual shopping event. According to organizers, 73 malls and shopping centers in Jakarta took in more than Rp 10 trillion (\$1.1 billion) from the event. > 19

Young Garuda Hope to Turn Loss Into Lesson
 While the Young Garuda failed to advance to the AFC Under-22 Championship, the target set by the Indonesian Football Association, the team is hoping to turn the loss into a lesson. > 40

Correction
 In Monday's page 2 report on the euro crisis, the first sentence of the second paragraph should have read: "The euro closed Friday at \$1.2249..." In the original report, the dollar sign was omitted.

For breaking news 24/7 see www.thejakartaglobe.com

WEATHER

Jakarta		Morning		Noon		Evening	
Shower	26-32	Cloudy	Cloudy	Cloudy	Cloudy	Cloudy	Cloudy
Humidity	68%	Northern	Cloudy	Southern	Cloudy	Eastern	Cloudy
Air pollution	247/19 µg/m ³	Western	Cloudy	Bogor	Cloudy	Shower	Shower
Wind	8 km/h, NW	Tangerang	Cloudy	Depok	Cloudy	Shower	Shower
Sunrise	06:05	Bekasi	Cloudy	Shower	Shower	Cloudy	Cloudy
Sunset	17:52						
Indonesia							
Aceh 23-33	Cloudy	Makassar 24-32	Cloudy	Pontianak 24-33	Shower		
Bali 23-27	Rain	Mataram 19-31	Partly Cloudy	Riau 25-30	Shower		
Bandung 21-29	Shower	Medan 23-33	Shower	Samarinda 24-31	Shower		
Banjarmasin 23-32	Shower	Manado 23-31	Shower	Semarang 23-33	Cloudy		
Jayapura 23-32	Shower	Padang 21-31	Cloudy	Solo 21-26	Partly Cloudy		
Kupang 22-32	Cloudy	Palangkaraya 23-32	Shower	Surabaya 23-33	Partly Cloudy		
Lampung 22-33	Shower	Palembang 23-32	Shower	Ujungpandang 23-30	Rain		
Lombok 22-27	Partly Cloudy	Palu 23-32	Shower	Yogyakarta 21-30	Cloudy		
World							
Amsterdam 10-19	Rain	Ho Chi Minh 25-33	Cloudy	Phuket 24-31	Partly Cloudy		
Auckland 6-14	Isolated Shower	Kuala Lumpur 24-32	Shower	Phnom Penh 25-34	Cloudy		
Bangkok 26-33	Cloudy	Las Vegas 25-35	Cloudy	Shanghai 29-35	Cloudy		
Beijing 23-34	Sunny	London 16-17	Rain	Singapore 25-32	Cloudy		
Berlin 12-19	Shower	Los Angeles 16-23	Drizzle	Sydney 8-19	Sunny		
Brisbane 11-22	Isolated Shower	Manila 10-34	Cloudy	Taipei 25-33	Cloudy		
Buenos Aires 25-32	Overcast	Melbourne 10-16	Partly Cloudy	Tokyo 25-32	Sunny		
Calcutta 26-38	Mist	Moscow 17-24	Rain	Toronto 21-31	Sunny		
				Washington 24-36	Cloudy		

Global Crop Price Rises Prompt Food Security Fears in Indonesia

Tito Summa Siahaan & Muhammad Al Azhari

Recent warm weather in the United States has sent prices for wheat and soybeans soaring, and that might cause a ripple effect on global food markets and threaten Indonesia's food security.

Earlier-than-normal warm weather across many parts of the United States, particularly in such Midwestern states as Illinois and Indiana, has caused crops such as wheat, soybeans and corn to wither, sending prices for the commodities soaring.

US wheat for September delivery has climbed 35 percent to \$8.73 a bushel in the past month, while soybean soared 17 percent to \$16.07 a bushel, according to Bloomberg data.

The United States is a main supplier of wheat and soybeans, which Indonesian food companies use to make food items such as bread and tempe. From January to May, Indonesia imported 1.21 million tons of soybeans, making the Southeast Asian nation the United States' fourth-biggest export market, and taking in 465,519 tons of wheat, according to US Department of Agriculture data.

Bustanul Arifin, a professor of agricultural economics at the University of Lampung (Unila), said the impact of the drought in the United States will be felt in Indonesia within weeks, potentially sending local prices of food dependent on wheat and soybeans higher.

"The transmission time depends on how strong Indonesia's domestic supply is, and in the case of soybeans, I think the price will go up a week after the word goes out, simply because 89 percent of Indonesia's demand is fulfilled by US farmers," he said.

Bustanul, who is also a senior economist at the Institute for Development of Economics and Finance (Indef), said that the Ramadan Muslim fasting month, lasting from late July to late August, will aggravate the situation as expectations of higher prices will accelerate inflation.

Typically after breaking the fast, Indonesians engage in large feasts, causing food prices to rise, which in turn drives up economy-wide inflation.

Purbaya Yudhi Sadewa, the chief economist at Danareksa Research Institute, said bread and tofu products were price sensitive, and manufacturers were unlikely to raise prices because of concerns buyers would reduce their consumption.

"Tofu or tempe producers, which use soybeans as their raw material, are willing to chop their margins," he said.

"For wheat, as you know, it is not being treated as a staple. Bread makers would not even dare to raise the price because of the increase in the wheat price. People will not buy it."

Still, "the impact to inflation would not be that much. Soybeans and wheat are not like chili, or even rice," he said.

Purbaya said the share of soybeans and wheat in the basket of goods used to calculate the consumer price index was smaller than that of chili and rice. In 2010, unusually high rainfall caused chili prices to triple, sending the inflation rate higher.

Indonesia has had difficulty maintaining stocks of rice, potentially threatening the nation's food security.

Titi Sekar Endah, a medical nutritionist from Persahabatan Hospital in North Jakarta, said that wheat could easily be replaced with cassava, taro, rice or corn.

She said that the steep increase in wheat and soybean prices would not have a significant impact on Indonesians' nutrition. "Only middle and upper class people consume wheat, because it's obviously more expensive than the other carbohydrate sources," Titi said.

If the soybean price increases sharply, Indonesia should not worry because the country has an abundance of substitutes, she said.



Farmers plant rice seedlings in paddy fields in Surabaya, East Java. Indonesia has relied on imported rice in recent years to meet domestic demand. JG Photo/Afriadi Hikmal

"I know that the soybean price is subsidized by the government, but if the price skyrocketed and the government could no longer afford it, we could easily replace it with many substitutes," Titi said.

She said eggs have higher protein than soybeans and were relatively cheap. "We can always eat fish, chicken, or drink milk, getting protein from animals that is actually more complete than plants."

Only middle and upper class people consume wheat, because it's obviously more expensive than the other carbohydrate sources

Titi Sekar Endah, medical nutritionist

Should prices of wheat and soybean-based food products increase, Indonesians might turn to rice, which the nation has had to import in recent years in order to meet domestic demand.

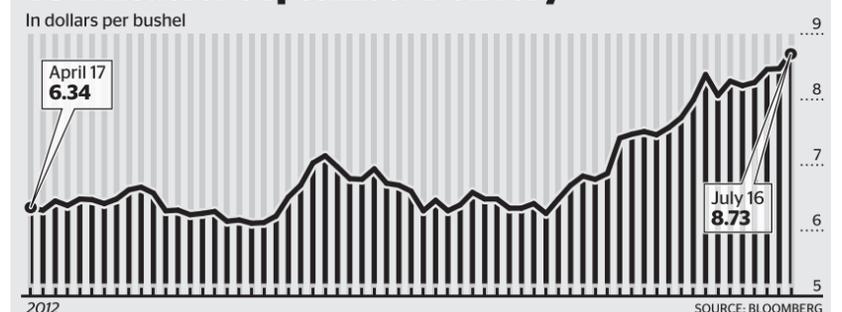
State logistic company Bulog, which manages the country's rice stockpile of 2.4 million tons, would tap into the reserves to stabilize the price.

"We have prepared 450,000 tons for market operations this month. We have already seen an increase in the rice price, but it's a seasonal trend because rice consumption usually increases ahead of the fasting month," Bulog spokesman Nugroho said on Monday.

Additional reporting by Aloysius Uditu, Faisal Maliki Baskoro, Dessy Sagita and Francezka Nangoy

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 US drought worst in decades > 22

US Wheat for September Delivery



Business

US\$ Rp 9,493 Crude Oil \$ 88.31
JCI 4,009.79 Palm Oil RM 2,990

On the Rise With soybean prices up 35% this year, producers say they will halt production unless the government provides relief

Tofu, Tempeh May Disappear From Tables in Ramadan

Dion Bisara & ID/Bani Saksono

Thousands of tempeh and tofu producers in the Greater Jakarta area are threatening to halt production this week after the price of soybeans, the raw material for the products, skyrocketed in recent months.

Economists and businesses in Jakarta say the government needs to address the issue, and soon, before the expectations of higher prices accelerate inflation.

Ramadan started on Saturday and Indonesians typically indulge in large feasts after breaking the fast in the evening, driving up demand and causing food prices to rise, which in turn helps stoke economy-wide inflation.

Suharto, chairman of the Jakarta chapter of the Association of Indonesian Tempeh and Tofu Cooperative (Kopti), said the price of soybeans had increased 35 percent this year, making it difficult for producers to stay afloat. He said tempeh and tofu producers could not just pass the higher prices on to consumers without losing a lot of business.

The price of soybeans has increased to Rp 7,900 (80 cents) a kilogram in Jakarta, a substantial increase from March, when it was Rp 5,500 a kilogram, and the Rp 6,700 at the end of June.

Suharto said tahu and tempeh producers in Semanan, in West Java, the center of commodity production, had stopped working. There are about 1,290 household industries in the area producing the foods.

And he said the threat to halt production would extend nationwide if the government could not address the problem. Suharto said there were 4,821 producers in Jakarta alone with a total need of 10,600 metric tons of soybeans per month. Nationwide, there are 83,545 producers who use a total of 132,350 tons of soybeans per month.

Sarman Simanjanrang, an official at the

Indonesian Young Entrepreneurs Association (Hipmi), said the government had so far failed to address the problem. Sarman said that if the prices of commodities like soybeans were allowed to rise during the fasting month, it would result in higher inflation for the country.

Soybeans account for 1.2 percent of the consumer price index, the basket of prices of foods and other commodities that the government uses to calculate inflation.

Bustanul Arifin, an agricultural economist at the Institute for Development of Economy and Finance, said on Monday the problem was out of government control.

"There is little the government can do in response to demands from tofu and tempeh producers for action," he said. "The current spike is because of a drop in production in the US due to drought. The producers will have to soak it up."

Drought in the United States has sent prices for wheat and soybeans soaring. Earlier-than-normal warm weather across many parts of the United States, particularly in the Midwest, hurt crops such as soybeans, sending prices for some commodities soaring.

US soybeans for September delivery have climbed 26 percent since the start of June to \$16.72 a bushel. Last week saw a record high for the contract, according to Bloomberg data. The United States is a main supplier of soybeans — along with wheat — which Indonesian food companies use to make items such as tempeh and bread.

Bustanul said domestic soybean production had declined in recent years, and the government had failed to show the same commitment to boosting production as it did for rice. The budget allocated for soybean production is just a small fraction of that of rice, and there is little in the way of research and development for soybeans.

"That is one of the factors why tofu and tempeh producers prefer imported soybeans, which are superior to local soybeans in terms of quality," Bustanul said.

According to data from the Central Statistics Agency (BPS), the country imported 17.6 million tons of seven main commodities — rice, corn, wheat, soybeans, sugar, milk and beef — last year, for a total value of \$9.4 billion. It exported 250,000 tons of the commodities, valued at \$150,000.

Suswono, the agriculture minister, said the country looked to be on target to produce about 779,000 tons of soybeans this year, way off the original target of 1.7 million tons.



The current spike is because of a drop in production in the US due to drought. The producers will have to soak it up.

Bustanul Arifin, agricultural economist



South Korea's Hankook Tire is building a \$1.2 billion factory in Lippo Cikarang's industrial estate. Globe Asia Photo

Lippo Cikarang Sees Strong 2012 Earnings

Muhamad Al Azhari

Lippo Cikarang, a developer of an integrated industrial, commercial and residential township, is optimistic that the strong growth trend in its earnings will continue this year, riding on the back of strong foreign direct investment to the country, its president director said in an interview.

Lippo Cikarang, a subsidiary of property giant Lippo Karawaci, had its net income change nearly four-fold last year, recording Rp 258 billion (\$27 million) in net income in 2011, compared to Rp 65 billion in 2010. The figure was the highest ever recorded by the company.

"We experienced strong growth in industrial park since the second half of 2010," Lippo Cikarang president director Meow Chong Loh in an interview with the Jakarta Globe on Thursday.

Lippo Cikarang is affiliated with the Lippo Group, which owns the Jakarta Globe.

Loh said foreign direct investment started flowing rapidly into the country from that year on.

"As of the first half of 2012, the momentum continues," said Loh, who joined Lippo Cikarang in 2007.

This will help boost Lippo Cikarang's net income as demand for industrial zone land increases. Loh said the company would book a strong profit this year, though he refused to reveal the actual growth.

Lippo Cikarang's industrial park in Cikarang, Bekasi, in West Java, which is about 31 kilometers east of Jakarta, harbors more than 700 light industrial companies that employ approximately 320,000 workers.

The company said on its website that among its tenants in the industrial zone were food and beverage maker Danone Indonesia, drug maker Kalbe Farma, motorbike manufacturer Bajaj Auto Indonesia and pressure gauge, thermometer and calibration device manufacturer Yamamoto Keiki Indonesia.

South Korea's Hankook Tire is building a \$1.2 billion factory in Lippo Cikarang's in-



This year, we can reach higher than the target

Meow Chong Loh

dustrial park. Lippo Cikarang's biggest clients come from South Korea, Japan and Taiwan.

Loh said that Indonesia as an investment destination was still attractive compared to its neighbors such as the Philippines and Thailand.

"If you put your factory here, first, you can sell 50 percent of your product within the country itself, because of our huge population base. Second, the middle-class population here is growing," he said.

Loh believes Indonesia can achieve a relatively healthy growth of 6 percent this year after booking 6.5 percent growth last year, despite the crisis in Europe that does not seem to be ending anytime soon.

In January through June, Loh said the company booked marketing sales of Rp 1.15 trillion, nearly hitting its Rp 1.2 trillion marketing sales target for the entire year. Marketing sales refers to sales from properties currently under construction.

Of the Rp 1.15 trillion figure, Rp 757 billion comes from industrial park sales, with Rp 312 billion from residential property and Rp 81 billion from commercial buildings sales.

"This year, we can reach higher than the target," Loh said.

In 2011, total marketing sales reached Rp 1.039 trillion, Rp 618 billion of which came from industry, Rp 375 billion from residential sales and Rp 46 billion from commercial buildings.

The company's solid net income growth on the back of healthy operating revenue has made the stocks of the company attractive in the eye of investors. Its share price was down 5.2 percent to Rp 3,650 on the Indonesia Stock Exchange on Monday, though it is up 104 percent this year.

Established in 1990 as an industrial park provider, Lippo Cikarang has grown its business into an industrial township, offering not only industrial zone to customers, but also commercial areas and residential property to support activities.

After 20 years, the company now provides an integrated industrial, commercial and property zone that has attracted the interests of numerous people.

Indika Energy Secures \$110 Million From Mandiri to Finance Expansion

ID/Efi Nurfiyasari

Coal producer Indika Energy has secured a \$110 million loan from state-owned Bank Mandiri to help finance its expansion plans this year.

Azis Armand, Indika's finance director, said the loan, which was signed last Wednesday, would be used as working capital for the company.

Indika's president director, Arsjad Risjad,

said last month that the company planned to spend \$442 million this year to help finance the expansion of two of its subsidiaries — mining and construction contractor Petrosea and coal transportation and logistics services company Mitrahaatera Segara Sejati.

Indika had \$700 million in cash reserves as of March this year, Arsjad said.

The company will spend \$256 million to finance the expansion of Petrosea and Mitrahaatera. Indika will spend another

\$130 million to finance the expansion of coal miner Multi Tambangjaya Utama over the next five years and another \$55.8 million for oil and gas exploration firm Mitra Energi.

Indika completed the acquisition of Multi Tambangjaya Utama for \$136 million on May 31. As part of the deal, Indika assumed MTU's \$69 million in debt, Indika said in a statement.

With the acquisition, Indika indirectly owns 85 percent of MTU, a bituminous

thermal coal and coking coal mining company based in Central Kalimantan.

Indika previously secured a \$200 million loan from three overseas lenders: Citibank, UBS and Standard Chartered, Investor Daily reported, without citing the deadline for the loan deal.

Indika has forecast its coal production at 36.6 million tons this year.

Shares of Indika dropped 5.4 percent to Rp 1,770 on the Indonesia Stock Exchange on Monday.

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Jokowi Warehouse Goes Up in Smoke in Solo
Fire razed a furniture warehouse owned by the family of Jakarta gubernatorial candidate Joko Widodo in Kartasura, Solo on Thursday, leaving authorities looking for clues to what started the blaze. > 4

RIM Looks to Apple's Past for Inspiration
Research In Motion's decline has some harking back 15 years to the days when another fruit-themed company was losing market share and spurring talk of its imminent demise. Can RIM replicate Apple's stunning turnaround? > 22

Ethics Council to Probe '65 Massacre Comment
The House Ethics Council says it will study a report filed by a human rights group objecting to Deputy Speaker Priyo Budi Santoso's statement that the victims of 1965 anti-communist massacres should put the past behind them. > 7

For Rickshaw Rider, a 2-Year Olympian Feat



Australian Rights Chief Regrets Holding Minors
Australia should apologize for breaching the rights of Indonesian children it jailed as adults after they went there as crew members on people-smuggling boats, the nation's human rights chief said on Friday. > 8

It's a tale of Olympian proportions: A 57-year-old farmer from China claims he made a two-year trek through 16 countries on a rickshaw to witness the London Games. Chen Guanming says he undertook the slow journey to "spread the Olympic spirit." > 39

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PRAYING TIME

Today:	Imsak 04:35	Subuh 04:45	Maghrib 17:56
Tomorrow:	Imsak 04:35	Subuh 04:45	Maghrib 17:56

WEATHER

Jakarta Sunny 25 33	Central Sunny	Morning Sunny	Noon Sunny	Evening Clear
Humidity 63%	Northern Sunny	Southern Sunny	Eastern Sunny	Western Sunny
Air pollution 24719 µg/m ³	Bogor Sunny	Tangerang Sunny	Depok Sunny	Bekasi Sunny
Wind 8 km/h, N	Padang Sunny	Medan Sunny	Manado Sunny	Palangkaraya Sunny
Sunrise 06:04	London Partly Cloudy	Los Angeles Partly Cloudy	Madrid Partly Cloudy	Moscow Rain
Sunset 17:54	Singapore Sunny	Sydney Sunny	Taipei Sunny	Washington Cloudy
Indonesia	Makassar 21 33	Pontianak 23 33	Riau 25 31	Samarinda 24 31
Aceh 23 34	Mataran 20 30	Samarinda 24 31	Semarang 22 34	Solo 19 27
Bali 24 28	Medan 23 33	Samarinda 24 31	Semarang 22 34	Solo 19 27
Bandung 20 31	Medan 23 33	Samarinda 24 31	Semarang 22 34	Solo 19 27
Banjarmasin 24 32	Medan 23 33	Samarinda 24 31	Semarang 22 34	Solo 19 27
Jayapura 23 32	Medan 23 33	Samarinda 24 31	Semarang 22 34	Solo 19 27
Kupang 19 31	Medan 23 33	Samarinda 24 31	Semarang 22 34	Solo 19 27
Lampung 22 33	Medan 23 33	Samarinda 24 31	Semarang 22 34	Solo 19 27
Lombok 21 29	Medan 23 33	Samarinda 24 31	Semarang 22 34	Solo 19 27
World	Ho Chi Minh 24 33	Phuket 26 32	Taipei 27 34	Washington 27 36
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Auckland 9 14	Las Vegas 27 41	Shanghai 28 34	Toronto 19 24	Yokohama 24 32
Bangkok 26 31	London 16 28	Singapore 25 33	Toronto 19 24	Yokohama 24 32
Beijing 23 28	Los Angeles 16 25	Sydney 18 18	Toronto 19 24	Yokohama 24 32
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Calcutta 24 35	Moscow 10 29	Taipei 27 34	Toronto 19 24	Yokohama 24 32



A worker in Bandung carrying sacks of soybeans shipped from the United States. Soybean prices have soared recently. JG Photo/Rezza Estily

Soybean Import 'Cartel' Comes Under Fire as Policy Debate Rages

Arientha Primanita, Ezra Sihite, Ronna Nirmala & Faisal Maiki Baskoro

Indonesia is hurting from skyrocketing soybean prices, but few people are in agreement over what to do about it.

Politicians and industry figures voiced their opposition on Friday to the government's plan to suspend the 5 percent import tax on soybeans for four months starting on Wednesday.

They also criticized the lack of a clear food policy or blamed commodity importers for the recent, sharp rise in prices. A drought in the United States, a major soybean exporter, has lowered yields there and sent prices soaring.

Indonesia, the world's fourth-most populous country, has been hit particularly hard. Prices have climbed more than 33 percent in the past three weeks, with soybeans now selling for Rp 8,000 (85 cents) per kilogram.

Agriculture ministers past and present, industry representatives and President Susilo Bambang Yudhoyono all spoke out on Friday, a day after Trade Minister Gita Wirjawan voiced his opposition to the import duty plan. Hatta Rajasa, the chief economic minister, announced the plan on Wednesday.

Agriculture Minister Suswono criticized local soybean importers for setting their profit margins too high during a time of scarcity. He claimed they were partly responsible for making prices go up.

"They should have a feeling of empathy toward consumers," Suswono told reporters before a cabinet meeting in Jakarta on Friday.

Siswono Yudohusodo, a former Agri-

culture Minister and now a lawmaker and member on House of Representatives Commission IV overseeing agriculture and forestry affairs, also said suspending the import duty was not a solution.

"The government should come up with a decent plan to boost soybean production in the domestic market," Siswono said. "That way, it will help reduce our dependence on imports."

Suyanto, the chairman of the Indonesian Tempeh and Tofu Cooperative (Kopti), pointed to what he called a monopoly in soybean importation.

"There are four big companies and they set the price," Suyanto claimed, adding that he thought the companies manipulated prices unfairly, though he admitted it would be difficult to prove. He declined to name the companies, but he collectively termed them a "cartel."

Cargill Indonesia, one of the main soybean importers in Indonesia, dismissed Suyanto's accusations.

"Cargill does not go into price discussions nor agreements with other importers and traders," Jean-Louis Guillou, Cargill's country representative for Indonesia, told the Jakarta Globe in an e-mail.



There are four big companies and they set the price

Suyanto, chairman of the Indonesian Tempeh and Tofu Cooperative (Kopti)

"We fully abide by Indonesian law and this includes not artificially influencing import prices," he added. "Cargill shares the concerns about increasing commodity prices impacting local Indonesian consumers."

Suyanto, too, criticized the import duty plan. The government tried the same thing in 2008 — a 10 percent tariff was suspended — and it didn't work then. "So history repeats itself," he said.

Instead of purchasing soybeans from the United States, Suyanto said, Indonesia should buy from Thailand and Vietnam, claiming the quality was just as good.

Ratna Ningsih, the head of cooperatives at the Jakarta agency for small and medium enterprises, said that all tempeh and tofu producers in Jakarta had agreed to resume production following a three-day strike.

Clashes between makers and sellers of the soybean products broke out in several markets earlier this week as producers sought to enforce the strike. Yudhoyono also spoke out against the "sweeps."

"I appreciate the confederation of tempeh and tofu, but there is no need to do this sweeping," he said. "This is not a solution because the tempeh and tofu sellers are not the ones to be blamed."

Kopti called on the government to intervene and put a stop to the escalating soy prices.

"The government has to step in," Suyanto said.

Kopti members, he continued, wanted Bulog, the state procurement agency, to take over soybean importing from the private sector.

"That way there won't be any price distortion," Suyanto said. "The government can stabilize it."

SBY Eschews Tax Increase, Targets Compliance

Dion Bisara

Amid threats of a slowing global economy, Indonesia will not increase tax rates and instead will try to improve tax compliance in order to find more state revenue, President Susilo Bambang Yudhoyono said on Friday.

"You may have another country that has increased the rate on taxes," Yudhoyono said in a news conference on Friday, referring to France's plan to increase the tax on assets to 60 percent.

"But I have decided that everyone

should pay taxes under the current law. So, it's about compliance. Afterward, if we think that the tax is still not effective in closing the gap between the haves and the have-nots, we can adjust it."

Indonesia's tax rate is determined by law, and any change must be approved by the House of Representatives.

The government has been trying to boost its revenue in order to secure funds for development such as in infrastructure, which is laid out in the Master Plan for the Acceleration and Expansion of Economic Development (MP3EI).

The tax office is conducting a tax cen-

sur in search of new taxpayers. It also plans to impose a new tax on financial assets such as capital gains. Currently, the only tax on assets is for land and homes.

It is also proposing a new tax scheme on small and medium-size enterprises, where there is none now.

The government has projected tax revenue to reach Rp 885 trillion (\$94 billion) this year, up 19 percent from last year's revenue of Rp 742 trillion.

However, the tax office is also fending off allegations of taking bribes from an official who is under investigation by the Corruption Eradication Commission (KPK).

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Looking for Solution to South China Sea Dispute
Indonesia's quest for regional unity on the South China Sea dispute didn't end with Asean's joint statement, issued earlier this month at the 11th hour after some deft shuttle diplomacy by Foreign Minister Marty Natalegawa. > 8

Whole World Rests In His Handphone
Mohamed Adlan is a man on a mission. The senior executive at XL Axiata may have moved to Jakarta from his native Malaysia for work, but he's also eager to see plenty of Indonesia with his family while he's here. > 25

Global Tourism Braces For Muslim Surge
From halal spas and restaurants to prayer rooms at airport terminals, the global tourism industry is gearing up for a projected boom in Muslim travel over the next decade, experts say. > 15

Indonesian Shuttlers Close In on Quarters



Indonesia's quest for badminton Olympic gold got off to a winning start in London over the weekend, but the country's shuttlers are eager to avoid complacency after pulling off group-stage victories that were widely expected. > 40

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As the effects of years of recession pile up, more and more Spanish families — with unemployment checks running out and stuck with mortgages they cannot pay — are leaning hard on their elderly relatives for financial help. > 22

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PRAYING TIME

Today:	Imsak 00:00	Subuh 00:00	Maghrib 00:00
Tomorrow:	Imsak 00:00	Subuh 00:00	Maghrib 00:00

WEATHER

Jakarta Partly Cloudy 26 32	Central Partly Cloudy	Morning Partly Cloudy	Noon Cloudy	Evening Cloudy
Northern Partly Cloudy	Southern Partly Cloudy	Eastern Partly Cloudy	Western Partly Cloudy	Bogor Partly Cloudy
Tangerang Partly Cloudy	Depok Partly Cloudy	Bekasi Partly Cloudy	Batu Caves Partly Cloudy	Serpong Partly Cloudy
Humidity 64%	Air pollution 24719 µg/m ³	Wind 6 km/h, N	Sunrise 06:04	Sunset 17:54
Indonesia	Aceh 23 34 Cloudy	Bali 22 28 Showers	Bandung 21 31 Sunny	Banjarmasin 23 30 Sunny
Jayapura 23 32 Showers	Kupang 20 31 Sunny	Lampung 22 33 Cloudy	Lombok 21 28 Partly Cloudy	Makassar 20 33 Sunny
Mataram 21 29 Sunny	Medan 23 34 Cloudy	Manado 25 31 Cloudy	Padang 21 32 Showers	Palangkaraya 23 32 Cloudy
Palembang 23 33 Cloudy	Palu 23 32 Showers	Pontianak 23 33 Cloudy	Riau 25 31 Isolated Showers	Samarinda 24 32 Cloudy
Semarang 22 32 Sunny	Solo 19 27 Sunny	Surabaya 22 32 Sunny	Ujungpandang 21 32 Partly Cloudy	Yogyakarta 21 32 Sunny
World	Amsterdam 12 20 Thunder	Auckland 7 15 Showers	Bangkok 26 33 Thunder	Beijing 23 34 Sunny
Berlin 17 24 Rain	Brisbane 7 21 Cloudy	Buenos Aires 25 31 Thunder	Buenos Aires 5 13 Cloudy	Calvo 25 34 Mist
Ho Chi Minh 24 33 Showers	Kuala Lumpur 24 33 Sunny	Las Vegas 27 39 Cloudy	London 16 28 Partly Cloudy	Los Angeles 17 28 Cloudy
Madrid 19 34 Sunny	Manila 24 29 Showers	Melbourne 8 13 Showers	Moscow 17 29 Sunny	Phuket 25 32 Thunder
Phnom Penh 23 34 Showers	Shanghai 28 35 Cloudy	Singapore 26 32 Thunder	Sydney 8 16 Showers	Taipei 27 34 Overcast
Tokyo 26 33 Cloudy	Toronto 14 29 Sunny	Washington 24 32 Cloudy		

Soybean Importers Accused of Behaving Like Cartel for Profiting

Markus Junianto Sihaloho & Ezra Sihite

The contentious issue of increasingly expensive soybean imports has now turned to the handful of companies allowed to import the crop, amid allegations of official involvement in sustaining their cartel-like behavior.

Bambang Soesatyo, a member of the House of Representatives, said on Sunday that the government had no basis to criticize the importers for maintaining high profit margins at a time of soybean scarcity.

"There are indications that government officials abused their authority to give these importers a monopoly, so before punishing the importers as the administration of President Susilo Bambang Yudhoyono is calling for, we should first go after the officials who made the cartel possible," Bambang said.

The Golkar Party politician added that the government should also have been able to plan for the soybean shortage caused by the US drought, but was powerless to act accordingly because of the alleged collusion between the importers and the officials.

"Of course the importers must have bribed the officials to disregard their projections about the impact of the US drought. The KPK can use this indication of corruption to start investigating this matter," he added, referring to the Corruption Eradication Commission.

The cartel claims were first raised by Suyanto, the chairman of the Indonesian Tempeh and Tofu Cooperative (Kopti).

"There are four big companies and they set the price," he said last week, adding that he thought the companies manipulated prices unfairly, though he admitted it would be difficult to prove.

He declined to name the companies, but he collectively termed them a "cartel."

Cargill Indonesia, one of the main soybean importers in Indonesia, dismissed Suyanto's accusations.

"Cargill does not go into price discussions or agreements with other importers and traders," Jean-Louis Guillou, Cargill's country representative for Indonesia, told the Jakarta Globe in an e-mail. "We fully abide by Indonesian law and this includes not artificially influencing import prices."

"Cargill shares the concerns about increasing commodity prices impacting local Indonesian consumers."

The soybean debate has also prompted the government to temporarily ease the import duty for the commodity from 5 percent to zero.

However, legislators say the plan is a stop-gap measure and argue that a longer-term food security policy is needed.

Siswono Yudohusodo, a former agriculture minister and member of House Commission IV, which oversees agricultural affairs, said the government should use the high prices to stimulate local production of the crop.

"We should never again use the old paradigm of pushing down the import duty in the event of a price increase," he said. "That will only keep us dependent on imports."

Siswono said Indonesia currently has just 600,000 hectares of soybean plantations, down from 1.6 million hectares in 1988, and needs policies to revive production.

Firman Subagio, deputy chairman of House Commission IV, agreed that easing the duty tax would be counterproductive to efforts to boost food security.

He also said that if the import duty remained at zero percent until December, Indonesia could lose Rp 400 billion (\$42 million).

"The only ones who benefit are the importers, because the stock they're bringing in was bought at old prices," Firman said.



The price of soybeans in Indonesia has risen by 33 percent. JG Photo/Boy T. Harjanto

Tempeh's Back, but Prices Are Up by a Fifth

Tempeh and tofu producers have raised their prices by at least a fifth, passing on the higher costs to customers just a couple of days after they resumed production following three days of protest.

"Yes, production resumed on Saturday. It has been distributed to modern and traditional markets," Suyanto, the chairman of the Indonesian Tempeh and Tofu Cooperative (Kopti), told BeritaSatu on Sunday.

Suyanto said a small chunk of tempeh now sells for Rp 2,500 (27 cents), compared to Rp 2,000 before last week's brief strike. For a bigger chunk, the price is Rp 4,000, up from Rp 3,000. The biggest piece costs Rp 8,000, compared to Rp 6,000 previously.

"For tofu, because the size and types vary, the price is also adjusted accordingly," he said.

Tempeh and tofu producers in Jakarta and other parts of Java ceased production from Wednesday to Friday after the price for soybeans soared internationally because of a drought in the United States that is lowering yields. Indonesia, the world's fourth most populous nation, is feeling the squeeze because it imports the bulk of its soybeans.

Locally the price of soybean jumped about 33 percent in the three weeks through last week, selling for Rp 8,000 per kilogram.

Yati, a tofu and tempeh trader in Pasar Gebang Raya, Tangerang, told Antara on Sunday that she must increase her inven-

tory as consumers had been craving the food items in the past few days.

"If I didn't bring more [stocks], it would have run out in two hours," she said.

Anger by tempeh and tofu producers on Wednesday led to violence in some wet markets. Tensions were calmed after the government pledged to tackle the soaring price for the raw ingredient.

At a meeting on Thursday, the government agreed to suspend its 5 percent soybean import tax from Wednesday through December.

Also quelling conflict was an agreement between the Confederation of Indonesian Tofu and Tempeh Producers Cooperative (Primkopti) and Jakarta's Cooperatives Agency to allow Primkopti members to import soybeans.

Primkopti has said that four third-party companies handle most of the nation's soybean importation, a contributing factor to its elevated price.

But Suyanto on Sunday questioned how Primkopti can import directly as it does not have any import license.

"There are so many requirements to be fulfilled," he said.

Suyanto agreed that state logistics agency Bulog should handle the nation's stock for soybeans. "We will really pursue this issue to see it through to conclusion," he said.

Food prices for several commodities including wheat have increased sharply recently due to the US drought.

Bayu Marhaenjati & Ezra Sihite

Tempeh, Tofu Producers' Rampage Shuts Down Sales

Lenny Tristia Tambun, Arientha Primanita, Fitri & ID/Tri Listiyarini

Jakarta/Mataram. Despite the government announcing plans to temporarily remove the 5 percent import duty on soybeans in response to production halts by tofu and tempeh makers, protests and clashes were seen in several wet markets in Jakarta and other major cities across the country.

"We will remove the 5 percent import duty," Coordinating Minister for the Economy Hatta Rajasa said on Wednesday.

He said the tax suspension would be effective from Aug. 1 until the end of this year, bowing to demands by a group of tofu and tempeh producers.

The duty-free action, however, did not convince tempeh producers to abandon their plan to halt manufacturing. Scenes of protests and even clashes between soybean producers and tofu and tempeh sellers were reportedly rife.

At the Rawamangun wet market in East Jakarta, members of the Indonesian Tempeh and Tofu Cooperative (Kopti) attacked tofu and tempeh sellers who went against a verbal directive not to sell the two food items. Tofu and tempeh, derived from soybeans and eaten mainly with rice, are staples for many Indonesians as they are among the cheapest sources of protein.

Suharto, chairman of the Jakarta chapter of Kopti, said the cooperative had called on producers in Jakarta to halt work from Wednesday through Friday. The walkout in production reportedly will be expanded nationwide.

Agus Ramli, 50, a tofu and tempeh seller in Rawamangun, had his food stall attacked and his goods thrown to the floor. His stall was attended by his daughter Nurul Aini as violent Kopti members stormed the mar-

ket to keep the vendors from selling.

"I cannot accept this action. If they want to do the sweep, do it subtly. I am personally supporting Kopti's move, but don't act in such a manner. Whoever scattered my goods for sale, they must be responsible," Agus said.

Suyanto, head of the East Jakarta chapter of Kopti, said the sweep was aimed to create a common goal between producers and traders as well as demonstrate against high soybean costs. The commodity's price has risen 33 percent in the past three weeks to Rp 8,000 (85 cents) per kilogram, mainly due to a drought in the United States that has shortened supplies.

Suyanto admitted that many traders



Tofu and tempeh are among the cheapest sources of protein. JG Photo/Safir Makki

were protesting the action, but he claimed most traders understood its purpose.

"From last night's sweep, we got around two tons of tempeh. All of it was disposed of," he said. "These tempeh were seized from a number of traditional markets and

production houses in Jakarta."

Kopti had been demanding the government lift a 5 percent duty on soybean imports that was imposed in January.

The commodity, accounting for less than 1 percent of the consumer price index, has caused concerns about the country's policy of food security.

Rusman Heriawan, a deputy minister for agriculture, said on Wednesday that should US soybean production return to normal, the price of soybeans should decline. Indonesia was the fourth-biggest market for US soybeans this year.

Further Coverage
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Priyo Angers Activists for Human Rights

Markus Junianto, Rangga Prakoso & Viriya Paramita

Human rights activists on Wednesday lambasted remarks made by House of Representatives deputy speaker Priyo Budi Santoso, who said Indonesia must stop investigating past human rights violations.

The remarks came after a landmark ruling from the National Commission on Human Rights (Komnas HAM) on Monday confirming that there were serious human rights violations and crimes against humanity in the communist purge which followed the failed 1965 coup.

More than 500,000 people died in the purge targeting the suspected members of the Indonesian Communist Party (PKI). The purge eventually paved the way for Maj. Gen. Suharto to become president for more than 30 years.

Komnas HAM asked the Attorney General's Office to open a criminal investigation into the purge but Priyo, from the same Golkar Party that the former president used as a political vehicle, said "opening old history would not solve anything."

Priyo urged Komnas HAM to investigate cases after the reform movement which followed Suharto's 1998 downfall.

Indonesian Legal Aid Foundation chairman Alvon Kurnia Palmasaid said Priyo was trying to protect Suharto and his cronies. "[Priyo's statement] will only create impunity for human rights violators," Alvon said.

The Commission for the Disappeared and Victims of Violence (Kontras) also condemned Priyo's remarks.

President Susilo Bambang Yudhoyono says the government is committed to resolving past human rights violations.



new discoveries await in bangkok

if you're not celebrating hari raya, the long weekend is the perfect opportunity to explore the wealth of culture and heritage in bangkok. visit the majestic grand palace, and the spectacular temples that dot the city. then glide along chao phraya river on a luxury cruise, or weave through the uniquely thai bustling floating markets on a river taxi. hurry, book now!

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