

16 February 2026

SNAPSHOT

HIGHLIGHTS FOR THIS WEEK:

- **Economy:** The Central Bank discontinues weekly foreign capital flow releases while FTSE Russell postpones its review on Indonesia's equity index amid ongoing capital market reform.
- **Energy:** Indonesia simplifies ethanol excise regulations, accelerating blended fuel implementation.
- **Regulatory:** Upcoming regulation to optimize idle lands and new, tighter governance measures set to mandate high-sugar labelling under BPOM.
- **Politics & Governance:** Indonesia's CPI ranking slid to 109th in 2025, meanwhile the country prepares to deploy troops under the Board of Peace initiative.

ECONOMY

CENTRAL BANK HALTS WEEKLY FOREIGN CAPITAL FLOW RELEASE, REDIRECTS PUBLIC TO IDX AND MINISTRY OF FINANCE

The central bank has **discontinued its comprehensive weekly publication of foreign capital flow data**, moving its regular reporting to focus exclusively on **Bank Indonesia Rupiah Securities (SRBI) ownership**. While **equity and Government Bonds (SBN)** data will remain accessible via DX Composite and the Directorate General of Financing and Risk Management at the Ministry of Finance websites respectively, the resulting fragmentation of capital flow reporting necessitates a **more complex, multi-authority approach** to monitoring liquidity and investor sentiments.

This reduced transparency risks obscuring early warning signs of capital flight or volatility. Following **FTSE Russell/ MSCI index freezes** alongside **Moody's negative outlook**, the move heightens perceptions of weakening "institutional firewall" amid increased scrutiny towards the Bank's independence post-Deputy Governor nomination. Such data opacity risks solidifying **"governance risk premium,"** on Indonesian assets, potentially accelerating a sovereign downgrade.

FTSE DELAYS REVIEW OF INDONESIA'S EQUITY INDEX, MARKET TECHNICAL CATALYSTS ON HOLD

FTSE Russell has **postponed its review of Indonesia's equity market index**, initially slated for March 2026, citing ongoing uncertainties in the capital market reform process, in particular **free float determination** and **potential market disruptions during the adjustment period**. The decision follows MSCI's earlier suspension of its index review, resulting in the freezing of all FTSE index changes for Indonesia. Such development **delays technical catalysts that typically arise from index rebalancing**, causing passive foreign fund flows to remain relatively stable without additional inflows into stocks previously expected to be included in the index. Index freezes reflect a **"wait-and-see" stance from global institutional investors** regarding Indonesia's regulatory consistency. For businesses, absence of passive tailwinds signals how stock price resilience will depend more on proactive strategies and fundamental growth. Policymakers must now **prioritize standardizing free float disclosures** to prevent prolonged "governance discount" on the IDX and assert regulatory clarity.

ENERGY

GOVERNMENT SLASHES ETHANOL EXCISE BARRIER

Ministerial Regulation No.82/2024 is set to streamline ethanol excise exemptions, replacing the restrictive Industrial Business License (IUI) with a **Commercial Business License (IUN)**. This resolves long-standing delays for Pertamina, providing the **cost and operational certainty** needed to scale Pertamina Green. For investors, this significantly lowers barriers to fossil-fuel diversification.

By slashing approval timelines from years to weeks, this reform de-risks the **biofuel value chain**. Leaders should monitor subsequent **blending mandates**, as improved supply-side agility will likely accelerate the phase-out of unblended fuels.



REGULATORY

GOVERNMENT TIGHTENS CONTROL OVER IDLE LANDS THROUGH NEW REGULATION

Under **Government Regulation No. 48/2025**, the government has introduced rigorous controls over **Abandoned Areas and Land**, targeting unused HGU (Right to Cultivate), HGB (Right to Build), Right of Use, and Management Rights. The law mandates a layered warning system before the state formally designates land as "abandoned," triggering a transfer to the **Land Bank** or **State Land Reserves**. This initiative aims to optimize land for agrarian reform and National Strategic Projects (PSN) while curbing speculative land banking.

The regulatory update ends **passive land banking** via "use it or lose it" enforcement. Leaders in real estate, plantation, and mining sectors must conduct **urgent utilization audits** and **document active development plans** to prevent state expropriation and asset transfer under the newly tightened timelines.

BPOM PREPARES MANDATORY HIGH-SUGAR LABELING REGULATION FOR FOOD PRODUCTS

Under **Law No.17/2023** and **Government Regulation No.1/2026**, the Food and Drug Monitoring Authority (BPOM) is finalizing **mandatory labeling for high sugar, salt, and fat content**. Currently harmonizing with international **CODEX standards**, the regulation will categorize products into **"Nutri-Grade" tiers** based on scientific thresholds. **Targeted for completion in 2026**, the mandate requires all producers to map their entire portfolios against these new benchmarks. Non-compliant products must undergo immediate packaging redesigns and updated nutritional disclosures to meet the new enforcement criteria.

The shift to mandatory Nutri-Grade labeling transforms nutritional transparency into **potential compliance and reputational risk for firms**. Leaders in the F&B sector should initiate **immediate portfolio audits** and explore **product reformulation** during the transition period to avoid "Grade D" or "High Sugar" red flags, which may trigger sudden shifts in consumer preference.

POLITICS & GOVERNANCE



INDONESIA SLIPS IN CPI 2025 RANKING, BELOW REGIONAL BENCHMARK

With a recorded score of 34, Indonesia has **slid by 10 places from 99th to 109th position** out of 180 countries in the latest **2025 Corruption Perceptions Index (CPI)**. In comparison, **the global average stands at 42**, with the **Asia-Pacific region recording an average of 45**, placing Indonesia's standing significantly below global and regional average. Indonesia's score is on par with countries facing governance pressures such as **Nepal** and **Bosnia Herzegovina**. Such ranking highlights **widespread sentiment of pervasive corruption problem**, posing risks to investor confidence. Strengthening accountability and transparency in governance thus remains critical to prevent foreign capital outflow.

INDONESIA PREPARES TO SEND TROOPS AS BOARD OF PEACE MEMBER

The Indonesian National Armed Forces is **preparing to deploy troops for a peace mission in Palestine** with a **single brigade** estimated to consist between **5,000 to 8,000 personnel**, though final decision has yet to be made. This deployment signals Indonesia's transition from diplomatic rhetoric to tangible military contribution within the BoP framework. While peacekeeping leadership boosts Indonesia's diplomatic bargaining power it **exposes regional operations to heightened, non-standardized geopolitical and security** volatility under the BoP framework which lacks established UN-style protocols.

Source(s): Tempo, Katadata, Detik, Bisnis.com

List of abbreviations: SRBI (Sekuritas Rupiah Bank Indonesia); SBN (Surat Berharga Negara); IDX (Indonesia Stock Exchange); FTSE (Financial Times Stock Exchange); MSCI (Morgan Stanley Capital International); IUI (Izin Usaha Industri); IUN (Izin Usaha Niaga); HGB (Hak Guna Bangunan); HGU (Hak Guna Usaha); PSN (Proyek Strategis Nasional); BPOM (Badan Pengawas Obat dan Makanan); CODEX (Codex Alimentarius Commission); CPI (Corruption Perceptions Index); BoP (Board of Peace); UN (United Nations)

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