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Advisory Report

Wednesday, 10 June 2026

INDONESIA SECURITY FORECAST DURING CURRENT SOCIAL-POLITICAL ENVIRONMENT

Indonesia is expected to remain politically stable, with no credible threat to the continuity of the national government or constitutional order. However, the current social and political environment presents several security and operational risks that businesses should monitor closely, driven by economic pressures, regulatory uncertainty, labour activism, and localised social unrest rather than nationwide instability. The weakening rupiah, fuel price adjustments, and rising costs are likely to increase public dissatisfaction during the remainder of 2026.

WEAKENING RUPIAH

Indonesia's financial markets were jolted Monday (08/06) as the rupiah hit a new record low of over 18,155 to the US dollar, and the main stock index fell 4%. It is the compounded output of structural fiscal frailty, a loss of investor confidence in governance, and a volatile global environment shaped by the Iran-Gulf war and a fractious US-China rivalry. Investors are rapidly dumping their rupiah-denominated assets, with foreigners selling US$422 million of local bonds and US$3.6 billion in local stocks so far this year.

Government Response

On 20 May 2026, the government enacted Government Regulation No. 24 of 2026 on the Governance of Exports of Strategic Natural Resource Commodities, which introduces a centralised export regime under which exports of certain strategic natural resource commodities must be conducted through a designated state-owned enterprise. This regulation became effective on 1 June 2026. Government Regulation No. 24 of 2026 reflects the government's policy objective to strengthen state oversight of strategic export sectors, enhance revenue transparency and foreign exchange inflows, and support Rupiah stability.

Government Regulation No. 24 of 2026 establishes a centralised export mechanism under which exports of designated strategic commodities must be channeled through designated state-owned enterprises, reportedly PT Danantara Sumberdaya Indonesia. Under this framework, the export SOE will become the sole export channel for the relevant commodities.

FUEL PRICE INCREASE

On Wednesday 10 June, state-owned oil and gas company Pertamina officially raised the price of non-subsidised fuel, with Pertamax (RON 92) jumping by Rp3,950 to Rp16,250 per liter, Pertamax Green 95 increased to Rp17,000 per liter (up from Rp12,900), and Pertamax Turbo (RON 98) at Rp19,400 per liter. According to Pertamina Patra Niaga Corporate Secretary, Roberth MV Dumatubun, the price adjustment was driven by fluctuating global oil prices and market trends.

The government's decision to raise the price of Pertamax gasoline is a realistic step towards reducing fiscal pressures, but it could also trigger a large-scale shift by motorists to subsidised fuel, according to an energy analyst. Government data shows that consumption of subsidised fuel has already been rising. According to the Finance Ministry, the distribution of subsidised fuels reached 6.31 million kilolitres between January and May 2026, which is an 8.6% increase on the previous year. This figure includes subsidised BioSolar diesel, which remains priced at Rp6,800 per liter. As for the subsidised fuel, Pertalite, the government said it will not raise the gasoline prices to protect the people's purchasing power.

POTENTIAL SECURITY IMPACT

From a security-risk perspective, a weak rupiah is usually not a direct security threat, but if depreciation is sharp, prolonged, or accompanied by inflation and economic stress, it can create conditions that increase security and operational risks. For upstream oil and gas operations specifically, the most credible security risks are community protests, labour actions, logistics disruptions, and regulatory uncertainty rather than militant threats (except in certain Papua operating areas due to the existence of the Armed Criminal Group [KKB]).

The most important social driver in Indonesia today is economic pressure. Many Indonesians are concerned about:

- Rising living costs.
- Food prices.
- Employment opportunities.
- Wage growth.
- Household purchasing power.
- The depreciation of the rupiah.

While Indonesia's economy continues to grow, these concerns are increasingly influencing public sentiment and protest activity.

CRIME RATE

A weaker rupiah and fuel hike do not automatically lead to higher crime, but prolonged currency weakness can create economic pressures that sometimes contribute to certain security risks of economically driven crime, such as theft and petty crime, fraud and scams (online scams, investment fraud, phishing), smuggling of subsidised goods and commodities, counterfeit products, and illegal trading.

There are signs of a recent increase in reported phone-snatching incidents involving foreign nationals in both Jakarta and Surabaya. Recent reported cases include:

- In April 2026, a German tourist was targeted in the Pasar Baru/Sawah Besar area of Central Jakarta while using a smartphone near the roadside. Police subsequently arrested suspects.
- In May 2026, an Italian national had a phone snatched near the HI Roundabout area in Central Jakarta. Police later arrested suspects as part of a street-crime crackdown.
- In May 2026, a German tourist visiting the historic Old Town area (Kota Lama) became the victim of a phone-snatching robbery. Police later arrested the suspect.

Police investigations have identified economic pressure and drug abuse as potential motives in certain street crime cases. While this does not prove a direct link to the weak rupiah, it does suggest that economic stress may contribute to criminal activity among certain offenders.

INCREASED DEMONSTRATION ACTIVITIES

Recently, demonstrations have been underway at Bank Indonesia (BI) Head Office in Jakarta and at BI Representative Office for North Sumatra Province in Medan, BI Representative Office for West Java Province in Bandung, BI Representative Office for Central Java Province in Semarang, and BI Representative Office for East Java Province in Surabaya among a series of rallies led by students under the All-Indonesian Student Executive Body (BEM SI) to urge the government to address the depreciation of the rupiah.

Pegasus notes that since 22 May to date, the Bank Indonesia (BI) Head Office located on Jl. MH. Thamrin in Central Jakarta have been the target of planned protests by student alliances and civil societies.

On Friday 5 June, in Semarang, the students set an 18-day deadline for the government to strengthen the rupiah. If their demands are not met, they threaten to hold a demonstration titled ‘*Reformasi Jilid 2*’ in Jakarta.

LABOUR PROTESTS

Another likely security-related consequence is increased labour activism. Drivers may include:

- Rising cost of living
- Declining purchasing power
- Demands for wage adjustments
- Concerns over outsourcing or workforce reductions

Potential impacts:

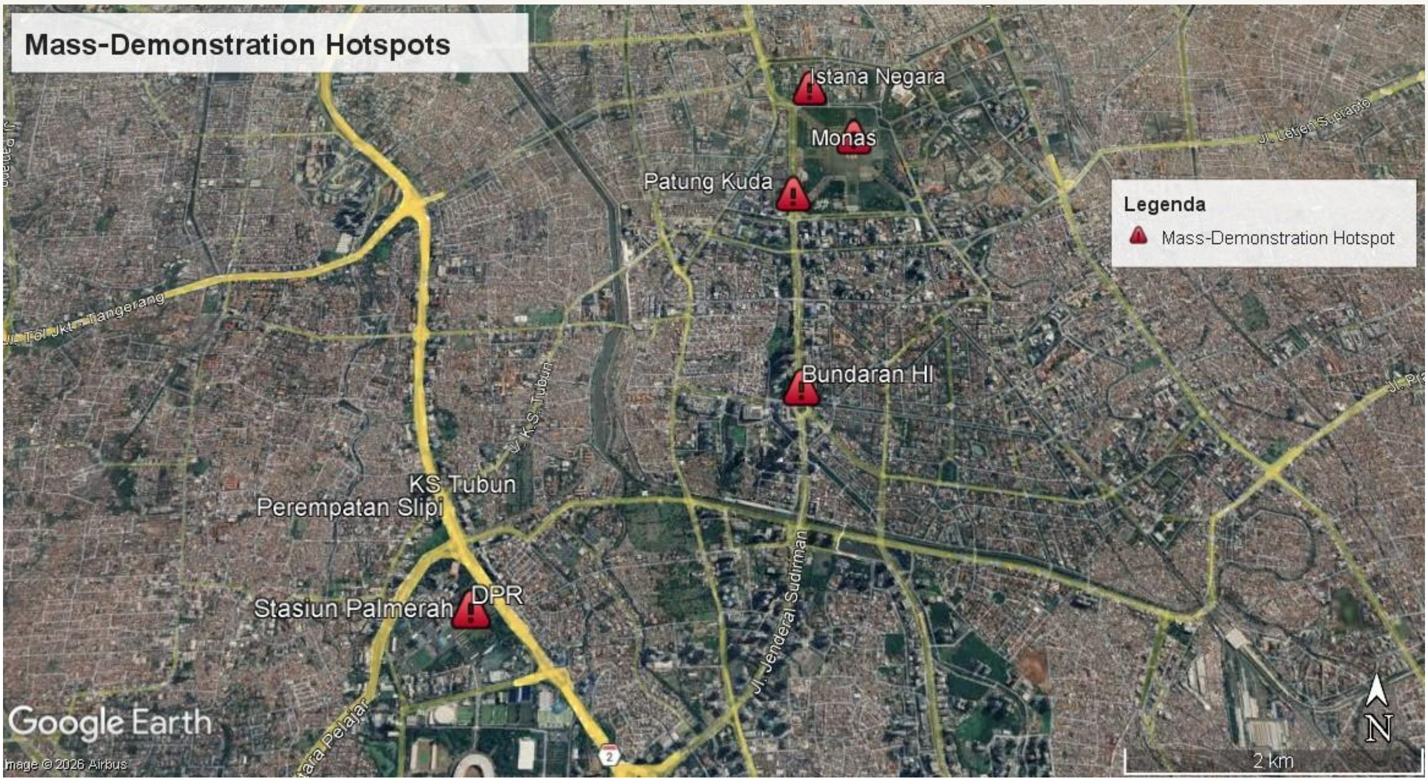
- Demonstrations at company offices
- Protests at project sites
- Strike actions by contractors or subcontractors
- Temporary operational disruptions

Historically, labour unions in Indonesia have mobilised around inflation, minimum wage policies, and fuel-price increases.

In Jakarta, mass demonstration hotspots include:

- House of Representatives (DPR/MPR RI) building, Jl. Gatot Subroto, Central Jakarta (closures common, spillovers to Palmerah/Slipi)
- Jl. Medan Merdeka Selatan/South Cross of Monas in Central Jakarta (situational closures)

In addition, the head office of the National Nutrition Agency (BGN) in Kebon Sirih, Central Jakarta, has also been the protest venue over the free nutritious meals (MBG) program.



<u>**PEGASUS ADVICE**</u>

- Avoid passing through the roads around the Bank Indonesia (BI) Head Office in Jakarta and BI Representative Offices in major cities, including Medan, Bandung, Semarang, and Surabaya, in the next few weeks due to the possibility of demonstrations.
- A large-scale protest by BEM SI may be staged between 22-25 June 2026, with likely protest sites including the DPR/MPR RI building and BI Head Office in Central Jakarta.
- When it comes to street crime and late-night travel, official ride-hailing services like Grab or Gojek are widely considered a safer alternative than riding a motorbike alone.
- Stick to main, well-lit thoroughfares whenever possible. Avoid isolated shortcuts or unpatrolled areas.
- Stay current with media coverage of local events, be aware of your surroundings, and practise personal security awareness at all times.
- Bear in mind that terrorists may use the situation to launch attacks at anytime and anywhere.
- Be advised that foreigners who join protests in Indonesia may be arrested and/or deported.

Pegasus will continue to monitor the situation during events and will inform the clients through SMS alerts if major incidents occur.

Contact Us

Should you have any query, please contact Pegasus Business Risk Management Solutions on (+62 21) 27814181
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