

Dragoman Digest

Central Java Governor Ganjar Pranowo's nomination firms up three-way presidential race

The nomination reduces the likelihood of moves to prolong Jokowi's term

Last week, **Indonesia's** largest political party, the Indonesian Democratic Party of Struggle (PDI-P), officially selected the Governor of Central Java **Ganjar Pranowo** as its candidate for the 2023 presidential election. As a majority party with over 20 percent of total seats in parliament, PDI-P holds the distinct advantage of nominating its own candidate for presidential elections. Despite his consistent popularity in [polls](#), leader of PDI-P and former president **Megawati Sukarnoputri**, has been hesitant to endorse Ganjar. Megawati had consistently promoted her daughter Puan Maharani, the House Speaker, as a potential candidate. In a highly awkward pairing, Puan will lead Ganjar's presidential campaign team, despite being among Ganjar's most vocal [critics](#).

The endorsement is significant on two fronts. First, it delivers clarity over the likely composition of the three-way electoral race. Minister of Defense **Prabowo Subianto**, will likely receive support from the Gerindra Party and the National Awakening Party, and the United Indonesia Coalition – comprising of Golkar Party, the National Mandate Party, and the United Development Party. Former Governor of Jakarta **Anies Baswedan** has won the backing of the Democratic Party, the Islamist Prosperous Justice Party (PKS), and the Nasdem Party.

Ganjar's nomination also likely puts to rest speculation that **President Joko Widodo** (Jokowi) will extend his tenure in office. Influential government officials, including Indonesian minister [Luhut Panjaitan](#), had proposed ways to keep Jokowi in power, including constitutional changes to the mandated two-term limit and [delaying](#) the elections by two years. All in all, Ganjar's candidacy is seen as less disruptive to the interests of Jokowi and other members of the ruling class. With an Anies victory, all bets would be off.

EU struggles to balance climate and biodiversity goals

Critics argue that biodiversity laws should not undermine decarbonisation efforts

Some **EU** members are concerned that meeting stringent biodiversity requirements under the draft [Nature Restoration Law](#) may impede the installation of renewable energy infrastructure. If the law is passed, binding restoration targets will be imposed to restore wetlands, rivers, forests, grasslands, marine ecosystems, and species across the EU. Currently, 81 of the EU's habitats are in "poor" condition. The aim is for all EU land and sea areas in need of restoration to be covered by such measures by 2050.

Denmark is concerned that the new law could threaten the expansion of North Sea wind farms. Several other countries, including the **UK, France, Germany, Belgium, the Netherlands, Ireland, and Luxembourg**, have committed to increasing inter-connected offshore wind power generation to 120 GW by 2030 and 300 GW by 2050. Germany has stressed the need to ensure that the planned turbine networks in the North Sea do not intersect with the restoration areas mandated by the law. Any overlap would render the development infeasible.

China broadens scope of counter-espionage laws

Conflicts with the need to promote investor confidence

Last week, **Beijing** [expanded](#) its anti-espionage laws in its latest efforts to promote national security. The new rules drastically widen the legal definition of espionage to include the provision or purchase of “documents, data, materials, or items related to national security”. President **Xi** has continued to increase the breadth of China’s “Comprehensive National Security” over the past few years, adding in fields as vague as “social security” and “cultural security”. Chinese citizens will be required to report espionage to authorities. The updated legislation will come into effect on the 1st of July and will be the first change to China’s anti-espionage laws since 2014.

Chinese authorities are already acting. In March, five employees of **US** due diligence company Mintz Group and one employee of **Japanese** drugmaker Astellas Pharma Inc were detained. Last week, police questioned workers of US consultancy Bain & Co. Authorities have also further curtailed the amount of research, economic and financial data accessible by foreigners. In the past few months, China has [limited access](#) to Wind Information Co., widely used by analysts to appraise prospective investments. Without reasonable access to quality research, data and due diligence, investing in China and elevating the yuan status globally will become all the more difficult. There is clear incongruity as Beijing ostensibly embarks on efforts to attract foreign investors.

Germany contemplates semiconductor chemicals export ban on China

If implemented, the controls would mark a step change in Berlin’s relationship with China

Germany is [considering](#) imposing a ban on the export of chemicals used in the manufacturing of advanced semiconductors to **China**. The plans, which are so far only in draft form, may be enforced through classifying the chemicals as “dual-use”. Dual-use products are items used by both consumers and military companies. The **US** similarly attempted to justify its chip export controls by highlighting the usage of semiconductors in advanced military equipment. German-made chemicals are critical to global chip supply chains. BASF – which has a huge and [growing presence](#) in China – is the largest player in semiconductor chemicals, while Merck’s chemicals and materials are used in used in most of the world’s chips. Germany’s proposed controls come after the US, **Japan**, and the **Netherlands** implemented measures of their own.

Whether they are implemented or not, the prospect of the controls illustrates the herculean task that China will face in achieving total semiconductor self-sufficiency. Many components of the global semiconductor supply chain are dominated by just a few companies that each specialise in one particular area, often located in US-aligned countries such as **South Korea**, Japan, **Taiwan**, the Netherlands, and the US itself. These include chip design, software, chemicals, and lithography machines.

The plans also shed light on the changing landscape of Germany’s internal debate on China. Germany’s coalition government has been fiercely debating a China strategy – originally scheduled for release at the start of the year – for most of its existence. That Germany is seriously considering imposing export controls may suggest that more hawkish elements, led by the German Greens, may be ascendant.