

Indonesia Investments

Provincial Minimum Wages

- Indonesia Hosts the G20 Summit on Bali; What Are the Joined Declarations?
- Regional Authorities Determined Next Year's New Minimum Wages in November
- Indonesia Shows a Better-than-Expected Economic Growth Rate in Q3-2022
- Bank Indonesia Goes for Yet Another Benchmark Interest Rate Hike
- Indonesian Inflation Remains Remarkably Low as we Approach the Year-End
- Trade & Manufacturing a Bit Lacklustre

NOVEMBER 2022

Van Der Schaar Investments B.V.
CV Indonesia Investments



Indonesia Investments

Monthly Report – November 2022

‘New Minimum Provincial Wages in Indonesia’



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Preface

The monthly report of Indonesia Investments is written and published by business consultancy CV Indonesia Investments, headquartered in Yogyakarta (in Indonesia), with the assistance of investment company Van Der Schaar Investments B.V. (based in Delft, the Netherlands). This report aims to inform the reader of the latest, most relevant, political, economic and social developments in Indonesia as well as those crucial international developments that (may) impact on the economy of Indonesia or on its politics.

Our reports are intended for a diverse audience, including individual and corporate investors, financial market participants, diplomats, policymakers, decision-makers, academics, journalists, and analysts.



The website www.indonesia-investments.com is the key reference and access point for gaining knowledge about the markets, economy, business sectors, politics, and

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If you subscribe to our (electronic) reports (sent in PDFs), you will receive weekly updates (on average one per week) and monthly reports. We typically choose topics that are relevant to Indonesia's latest economic, political and social developments, and aim to provide an in-depth analysis of the subject in question.

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Contact

Van Der Schaar Investments B.V.

Vaandelstraat 42
 2611 DB Delft
 The Netherlands
 M +31 (0)6 27 05 85 32
 E info@vanderschaar-investments.com



CV Indonesia Investments

Nusa Harmoni Brajan, No. 5
 Brajan RT. 14 Tamantirto, Kasihan
 Bantul, Yogyakarta – 55183, Indonesia
 Email: info@indonesia-investments.com
 Tax Number/NPWP: 85.701.415.3-036.000
 M +62 (0)8 788 410 6944 (incl. WA texts)
 E info@indonesia-investments.com



Representative Jakarta, Indonesia

Ms. Lori Siregar
 Director CV Indonesia Investments
 Jl. Tanjung Duren Raya No. Kav 5-9
 West Jakarta - 11470, Indonesia
 M +62 (0)8 82 9875 1125 (incl. WA texts)
 E info@indonesia-investments.com



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Introduction – November 2022 Report

Businessmen and workers should know that November is the month when regional powers (provinces, cities, and regencies) determine the new minimum wages that will kick in on 1 January. The discourse (usually accompanied by demonstrations) is always a bit tense as labour unions demand strong minimum wage, while business associations request very modest minimum wage growth.

In fact, too steep minimum wage growth or too modest minimum wage growth both have negative consequences for society and the economy (we will zoom on this topic in the first article of this report), and so those in power have to find a good middle way (which is complex because often political interests or political strategies play a role too when determining next year's minimum wages).



Another topic that deserves attention is the G20 summit that was held on Bali on 15-16 November. It must have been a proud moment for the Indonesian government to

host a summit that attracted the world's top political elite. And, rather fortunately, Russian President Vladimir Putin decided to cancel his trip to Bali, meaning that the event could be held in a reasonably peaceful atmosphere (the threat was that – amid the ongoing Russo-Ukrainian war – other political leaders would boycott the event if Putin was present).

A key question we ask in the article on the topic of the G20 summit is to what extent today's political leaders (particularly those in the G20 group of economies) are still in tune with facts and with their own nationals as it seems they are preoccupied with serving the interests and ambitions of this international network instead of serving the interests of their respective nationals.

It is interesting to see that nationals – in whatever (democratic) country they reside – increasingly feel the impact of policies that are not designed by the leaders they voted for (the COVID-19 case serves as a great example since many governments felt obliged to follow the guidelines of the World Health Organization, an organization that isn't accountable to the public and can't be monitored by national parliaments). And so, what we are witnessing is the gradual hollowing of national democracies. Is that a good or bad development? Well, we cannot answer that question but there are some matters the world needs to watch out for especially now censorship has grown strongly in (social) media, particularly when it involves (well-founded) criticism on public policies.

Another important topic is Indonesia's economic growth. At the start of November 2022 Indonesia's Statistical Agency (*Badan Pusat Statistik*, BPS) announced that the country's gross domestic product (GDP) had expanded by 5.72 percent year-on-year (y/y) in Q3-2022. It is a result that is better than most analysts had predicted.

Besides the topics mentioned above, we also present a number of other analyses and updates in this report – including inflation, trade, and monetary policy – that are all relevant to understand the state of the Indonesian economy.

Richard van der Schaar, MA Indonesian Studies
Managing Director

Indonesia Investments
Yogyakarta, Indonesia
5 December 2022



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Coronavirus Tips: How to Protect Yourself & Others

In case you have fragile health or a serious medical condition it is important to avoid being overly exposed to the COVID-19 virus. Unfortunately, all people are exposed to the COVID-19 virus (whether vaccinated or not, and whether wearing masks or not). But to reduce the risk of severe illness:

You can protect yourself and help prevent spreading the virus to others if you:



- **Cover your nose and mouth** with a (disposable) tissue or flexed elbow **when you cough or sneeze**. Wear a face mask when going outside (this won't stop aerosols unfortunately but should prevent larger droplets from spraying).

When not feeling well, stay home!

- **Strengthen your immune system**; people who are healthy (which are usually young people) may not even notice that they are infected with COVID-19. The trick here is that their immune system is stronger (generally). Therefore, now is the time to take some efforts to strengthen your immune system by eating healthy (fruits and vegetables each day), and get some sunshine in the morning for your vitamin D. Also do not forget to exercise! Taking enough time to sleep and avoiding stress are also crucial to improve the immune system. Lastly, it is highly recommended to quit bad habits, most notably: smoking!



- **Ventilation**; make sure that rooms inside houses, apartments, and buildings are properly ventilated as a COVID-19 infected person can spread aerosols so small that a facemask cannot prevent them from going into the air or from going into the lungs of someone who wears a facemask. Ventilation systems need to get a good supply of fresh air from outside and/or use a good filter. It is also advised to open windows or doors in closed spaces so there is a good supply of fresh air.

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