



# Indonesia Investments

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## Rising Logistics Costs

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**13 SEPTEMBER 2022**

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**Van Der Schaar Investments B.V.**  
**CV Indonesia Investments**

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Update – 13 September 2022

**‘Rising Logistics Costs after Higher  
Prices of Subsidized Fuels in Indonesia’**



# Preface

In addition to our reports, Indonesia Investments sends updates on key economic, political or social developments to our subscribers to make sure that our subscribers do not miss out on vital information. Topics in these updates will often be discussed in more detail (and in an updated form) in forthcoming monthly reports.

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## - Logistics Costs -

# Rising Logistics Costs after Higher Prices of Subsidized Fuels in Indonesia

It has been more than a week since the Indonesian government raised its subsidized fuel prices (Pertalite, Pertamax, and automotive diesel fuel) by an average of slightly over 26 percent. One of the most interesting things is to see whether this decision leads to overall growing prices in Indonesian society. After all, fuel is crucial for the movement of goods and services, and has a significant impact on logistics costs.

### Higher Prices of Subsidized Fuels in Indonesia per 3 September 2022:

	Old Price (IDR per Liter)	New Price (IDR per Liter)	Difference
Pertalite	7,650	10,000	+30.7%
Pertamax	12,500	14,500	+16.0%
Automotive Diesel Oil	5,150	6,800	+32.0%

Source: CNBC Indonesia

There are, indeed, several concrete examples of higher prices. For example, after the subsidized fuel price hike, the local shop in Yogyakarta that sells and delivers gallons of drinking water (Aqua) raised its delivery fee by a whopping 100 percent (from

IDR 1,000 to IDR 2,000 per gallon). And, a local *warung* (restaurant) that sells *lotek* (a vegetable-based salad with peanut sauce) raised the price from IDR 7,500 to IDR 9,000 for one portion of *lotek*. This is a 20 percent increase. And, while in these two examples the price increases come from a very low base, it certainly burdens those who have limited incomes.

In this update we are going to take a look at stakeholders' reactions to these higher subsidized fuel prices.

[...]

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