



LPEM FEB UI  
UNIVERSITAS INDONESIA

# NEWSLETTER

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Welcome to the LPEM Newsletter December 2022 Edition. The LPEM Newsletter is the fruit of thoughts and a summary of the activities of the LPEM FEB UI team. This edition is the third edition and will continue to be published every month. Since 1953, LPEM FEB UI has been actively conducting research, consulting, and training activities to solve development problems in Indonesia.

In this edition, the LPEM Newsletter will summarize the T20 Indonesia TF3 webinar entitled "Challenges and Opportunities for Pushing Agricultural and Forestry Commodity Sustainability Standards: Examining the Perspective of Developing Countries". Apart from that, this edition also summarizes the public lecture activities entitled "Taking Local Context into Accounts in REDD+ Policy Implementation". Finally, the Indonesia Economic Outlook 2023 press conference entitled "Rising Against The Odds" will also be discussed in this edition.

This newsletter is widely distributed among the government, academics, advocates and environmental activists, NGOs, the media, and the general public. We encourage your involvement in sharing this publication widely and making it a reference when needed.

Enjoy reading,

**Alin Halimatussadiah**

Head of Environmental Economics Study Group  
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# Challenges and Opportunities for Pushing Agricultural and Forestry Commodity Sustainability Standards: Examining the Perspective of Developing Countries



Jakarta, 28 November 2022. LPEM FEB UI with T20 Indonesia and the Tropical Forest Alliance held a Webinar entitled 'Challenges and Opportunities for Pushing Agricultural and Forestry Commodity Sustainability Standards: Examining The Perspective of Developing Countries'. This webinar was attended by Alin Halimatussadiyah (LPEM FEB UI) as presenter, as well as Damayanti Buchori (Lead Co-Chair Task Force 4, T20

Indonesia), Nur Rakhman Setyoko (World Trade Organization Negotiating Director, Ministry of Trade), and Novia (Climate and Trade Policy Researcher, CSIS) as responders.

The webinar was opened by remarks delivered by Moekti Soejachmoen as Co-chair of the Indonesian Task Force 3 T20. Moekti stated that in the context of international trade, it is important for us not only to understand the standards required to enter the international market but also to see how suitable the standards are and what we can do as developing countries which certainly want to be involved and want to play an active role in the international trade process, mainly from agricultural and plantation commodities.

Furthermore, the webinar was continued by a presentation from the LPEM FEB UI team presented by Alin Halimatussadiyah. Alin delivered a presentation on standards for sustainability of forests, plantations, and trade in commodity goods. Some of the recommendations presented at the presentation were (1) initiate a multi-stakeholder forum between all parts of the value chain and take advantage of international forums to boost trade, (2) stepwise/staging approach and indicators to support a transition toward a more sustainable agriculture, (3) umbrella program on sustainable agriculture practice, and (4) investment hub and innovative financing schemes to facilitate trade and investment for smallholders. Then, the session continued with a question and answer session led by the moderator.

**More details:**

[https://youtu.be/kuewMb\\_A8hg](https://youtu.be/kuewMb_A8hg)

# Visiting Lecture CIFOR: Mempertimbangkan Konteks Lokal dalam Implementasi Kebijakan REDD+



Jakarta, November 9, 2022 In the agenda of implementing a Global Comparative Study on Reducing Emissions from Deforestation and Forest Degradation (GCS REDD+), CIFOR-ICRAF together with the University of Indonesia's Research Center for Climate Change (RCCC UI) and the Institute for Economic and Social Research (LPEM FEB UI), held a public lecture entitled 'Taking Local Context into Account in REDD+ Policy Implementation'.

In this public lecture, Arild Angelsen, Professor of Economics at the Norwegian University of Life Science (NMBU) and CIFOR-ICRAF's Senior Associate presented a general lecture on REDD+ and laid out details pertaining to methods used for defining and identifying different deforestation contexts in Indonesia (deforestation archetypes). Studies involve new analyses of satellite data, as well as the identification of different deforestation patterns and drivers in Indonesia.

**More details:**

[https://youtu.be/bxHCok3\\_-ZU](https://youtu.be/bxHCok3_-ZU)

# Indonesia Economic Outlook 2023: Rising Against The Odds

On November 3, 2022, LPEM FEB UI held a press conference for the Indonesia Economic Outlook 2023, entitled "Rising Against The Odds". The Indonesia Economic Outlook event this time was held to celebrate the Dies Natalis of the Faculty of Economics and Business, University of Indonesia (FEB UI). The activity agenda began with an opening speech from Vid Adrison, Head of the Department of Economics, FEB UI. The presentation of Indonesia Economic Outlook 2023 was presented by Jahen F. Rezki as Head of Macroeconomic Studies at LPEM FEB UI, followed by presentations from Teuku Riefky and Faradina A. Maizar as Researcher at LPEM FEB UI.

In this press conference, Jahen explained the condition of the Indonesian economy in recent times. Jahen explained, "Compared to other countries, Indonesia is one of the countries that can survive quite well during the crisis due to the Covid-19 pandemic". Indonesia's GDP growth in the second quarter of 2022 was above expectations, which was 5.44% (y.o.y) in the second quarter of 2022. This was due to several factors, one of which was the seasonal aspect of the Ramadan and Eid al-Fitr periods which fell in the second quarter of this year and contributed to sustaining the growth of public consumption. Furthermore, the surge in commodity prices due to escalating geopolitical tensions and continued global economic recovery benefited Indonesia as a net exporter of major energy commodities, such as coal and CPO, in the form of high export values and tax revenues. The last factor driving strong economic growth in the second quarter of 2022 is the Indonesian government's decision to increase fuel subsidies and delay price increases amid skyrocketing global oil prices, helping to control inflation and maintain people's purchasing power.

In the next session, Teuku Riefky explained the highlights of Indonesia's macroeconomic conditions and estimates for the remainder of 2022 until conditions in 2023. LPEM predicts Indonesia's GDP will grow by 5.81% (y.o.y) in Q3 2022 and 5.35% for FY 2022, driven by the low-base effect, the performance of the trade balance surplus, and domestic consumption. Meanwhile, for 2023, LPEM estimates Indonesia's economic growth with an optimistic view of 5% amid the global slowdown.

The last session presented by Faradina A. Maizar explained in more detail the condition of Indonesia's debt. The Covid-19 crisis has resulted in an asymmetric impact of the debt burden between groups of countries. The debt-to-GDP ratio of developed countries only increased by 8.5% to 112.4% in 2022 from 103.9% in 2019, while the debt-to-GDP ratio of emerging market and middle-income economies increased by 10.5% (from



54.5% to 65.1%) during the same period. In general, emerging market and middle-income economies have more limited fiscal space compared to developed countries, and their debt problems have been exacerbated by relatively higher debt accumulation during the Covid-19 period. Indonesia faces less risk than other developing countries due to good debt management. The performance of good fiscal management has also resulted in an increase in Indonesia's credit rating in recent years. However, challenges related to debt issues in the future will not be easy. Continuing depreciation pressures and the era of high interest rates made debt management even more challenging. "Therefore, debt management needs to continue to be carried out with the principle of high prudence and the need for close coordination between the Indonesian government and BI," concluded Faradina.

## More details:

<https://youtu.be/YUmPCOxnwo>



## Economic Brief

### Macroeconomic Analysis Series: Inflation Analysis, December 2022

Year-on-year (YoY) inflation in November 2022 was reported at 5.42%, a decrease of 0.29% compared to annual inflation in October 2022. This inflation was mainly due to government-regulated prices which experienced YoY inflation of 13.01%. YoY inflation occurred in all sectors except the information, communication and financial services sector (-0.40%). The most significant price increases occurred in the energy sector (16.85%) and transportation (15.45%).

More details: <https://www.lpem.org/id/macroeconomic-analysis-series-monthly-inflation-december-2022/>

### Macroeconomic Analysis Series: BI Board of Governors Meeting, November 2022

Although it decreased due to lower food prices, inflation was still well above BI's target range, which was recorded at 5.95% (y.o.y) in October 2022, following the increase in subsidized fuel prices in early September 2022. In addition, the Rupiah continued to depreciate to IDR 15,487 per US Dollar in mid-November 2022. The Fed is still expected to raise interest rates in December, albeit at a slower pace. These three factors indicate that BI still needs to raise its benchmark interest rate by 50bps this month to 5.25% in an effort to manage inflation expectations and maintain rupiah stability. Strong economic growth in the third quarter of 2022 which was supported by growth in household consumption provided justification for BI to continue the monetary tightening cycle.

More details: <https://www.lpem.org/id/macroeconomic-analysis-series-bi-board-of-governor-meeting-november-2022/>

### Labor Market Brief, November 2022

The momentum for economic recovery and government policies to stimulate the economy regularly have shown a positive impact on several labor market indicators. In the August 2022 period, BPS recorded an increase in labor force participation and an increase in wages for formal workers. This improvement should continue to be a motivation for further improving labor conditions as part of improving people's welfare.

More details: <https://www.lpem.org/id/labor-market-brief-volume-3-nomor-11-november-2022/>

### Fiscal Analysis Series: Tax Policy Brief Edisi 2, September 2022

The Covid-19 pandemic has had a negative impact on the economy in all regions with varying degrees of severity. The COVID-19 pandemic has had an impact on reducing economic activity, especially for the provinces in the western part of Indonesia. For the Java and Sumatra regions, prolonged economic disruptions occurred along with the implementation of social and mobility restrictions to mitigate the spread of COVID-19. However, certain regions also experienced positive economic growth amidst this crisis, driven by the primary sector as the main economic sector that was still operating during the pandemic. Positive economic growth was recorded for the provinces of Central Sulawesi, North Maluku and Papua, in 2020. Regional economic growth, in general, gradually recovered in 2021 with GDP growth of 3.69% in line with the control of pandemic cases and the gradual opening of various economic activity.

More details: <https://terc.lpem.org/seri-analisis-fiskal-tax-policy-brief-edisi-2-september-2022/>

## More information about the education and training:

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