

Mid-Year Economic Outlook (KTT) 2023

Climate Crisis, De-industrialization and Economic Outlook 2023

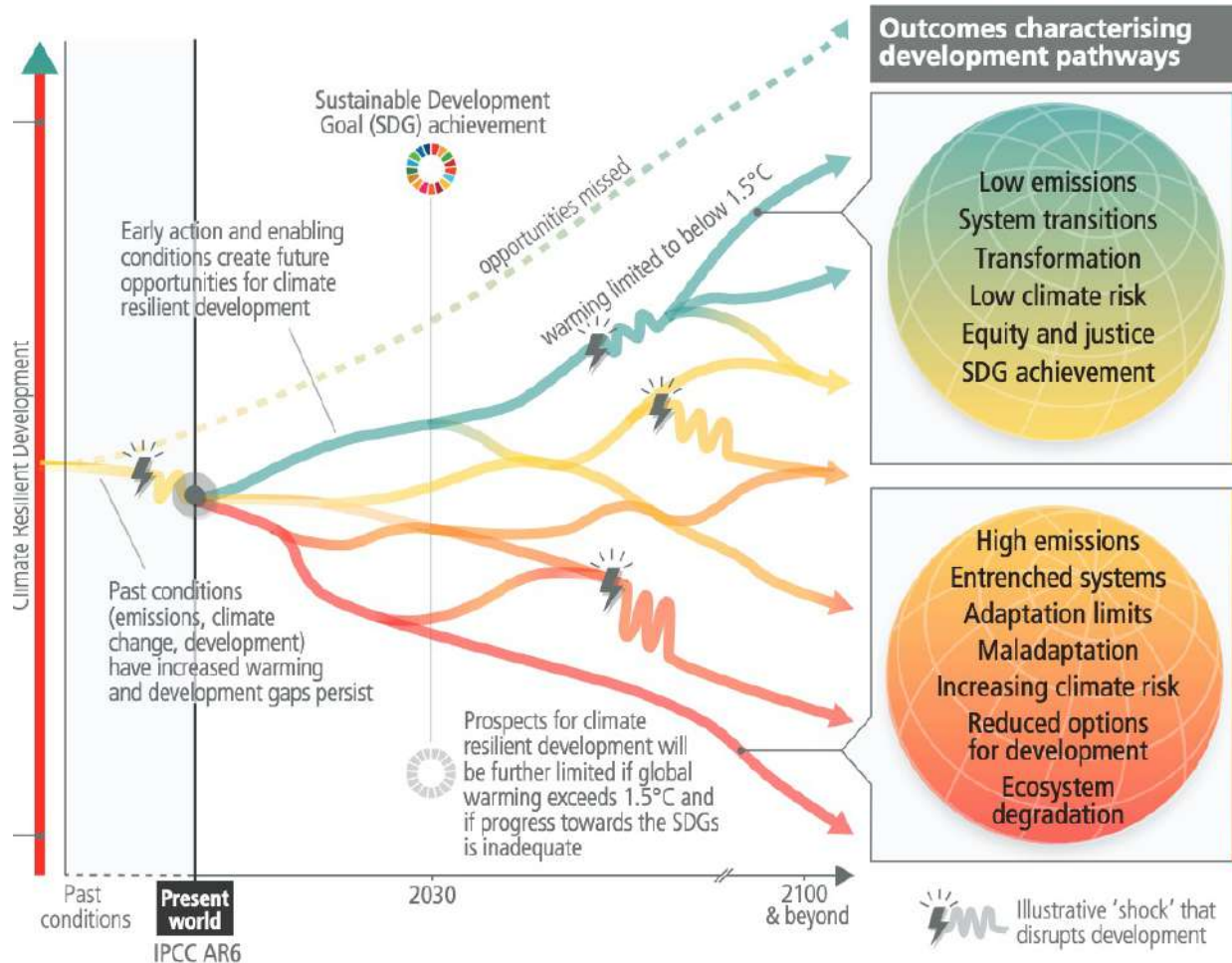
Berly Martawardaya
Research Director
The Institute for Development of Economics and Finance (INDEF)

Agustus 8th, 2023



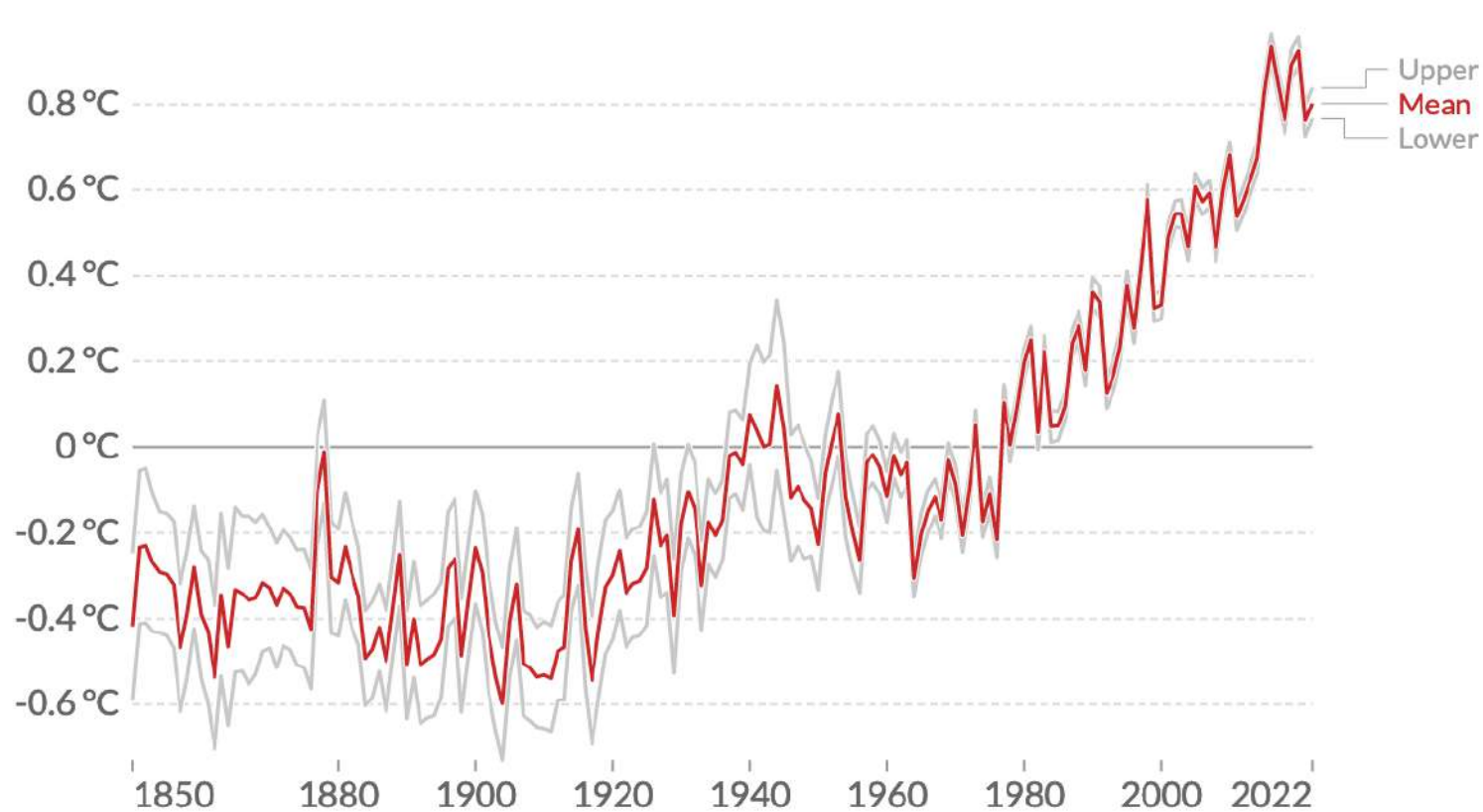
INDEF

IPCC 2023 Report: Humanity Missed Opportunity of <1.5 degree Celcius



Source: IPCC (2023)

Temperature rose by 0,8 degree Celcius since 1980 & 1.2 degree since 1880



Source: Met Office Hadley Centre (HadCRUT5)

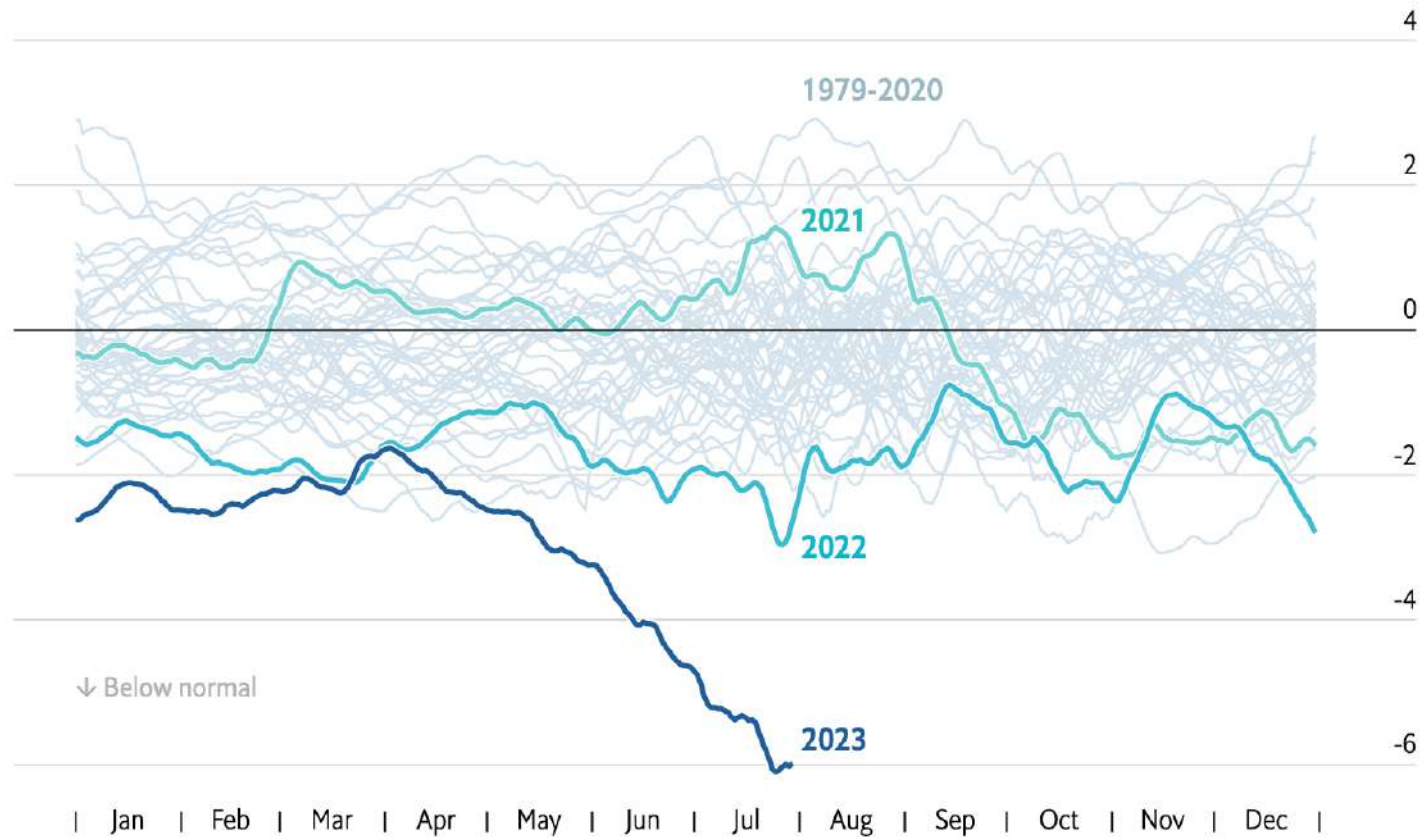
Note: The gray lines represent the upper and lower bounds of the 95% confidence intervals.

OurWorldInData.org/co2-and-greenhouse-gas-emissions • CC BY

Accelerated Melting of Antarctic Ice

Antarctic sea-ice extent, standard deviations relative to 1991-2020*

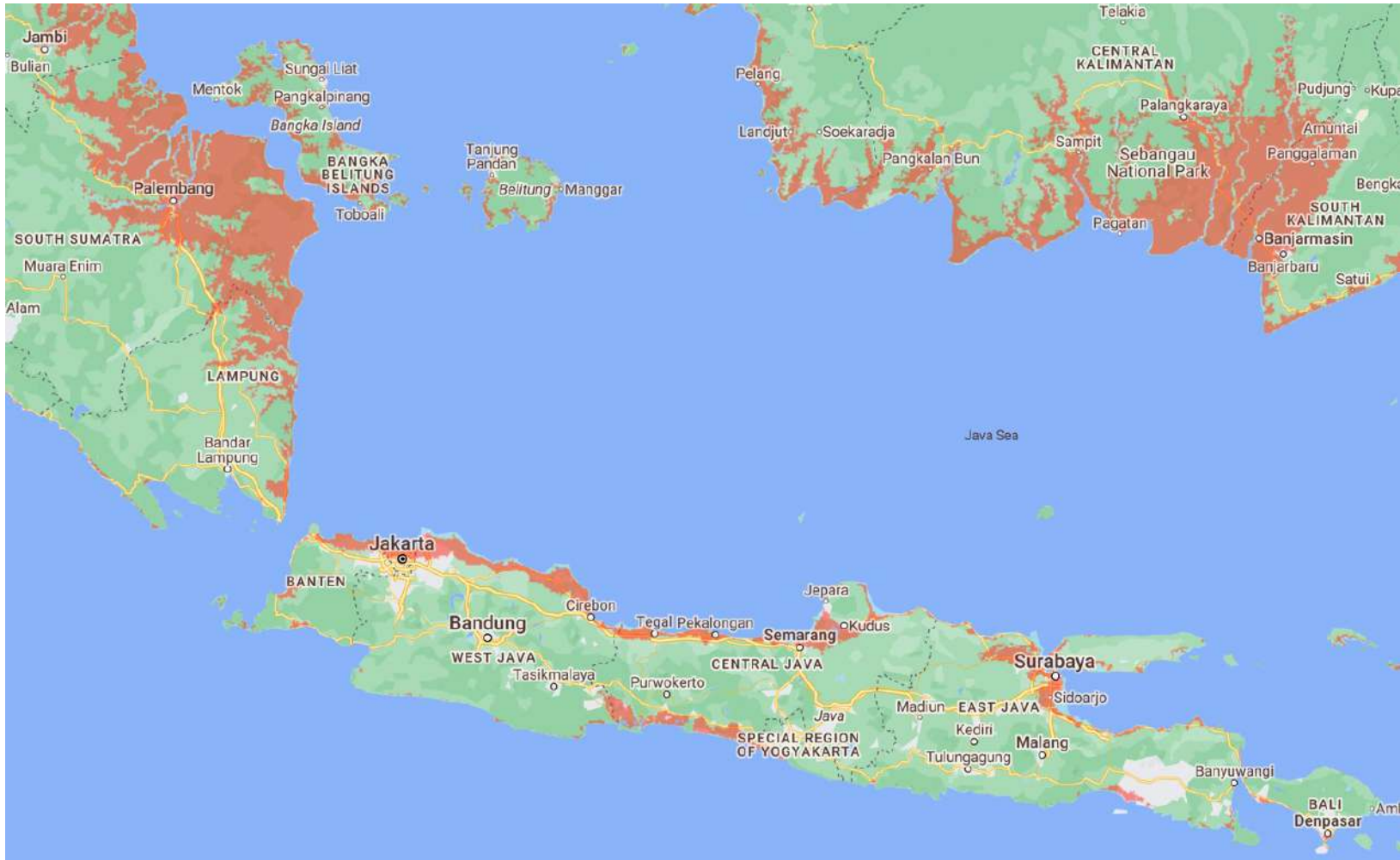
Five-day moving average



*Each day is compared with the standard deviation of historical values for that day of the year

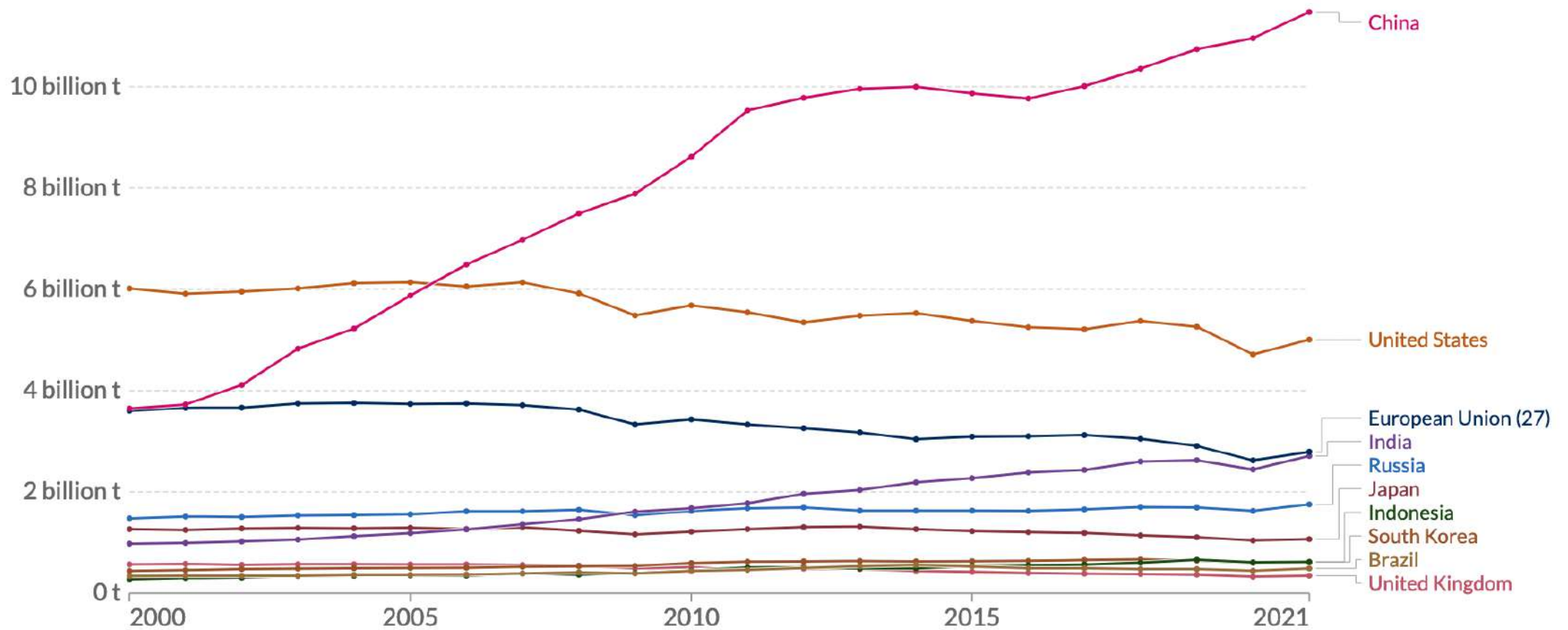
Source: *The Economist* (2023)

What happened if sea level rise by 7 meter



Source: noaa.gov

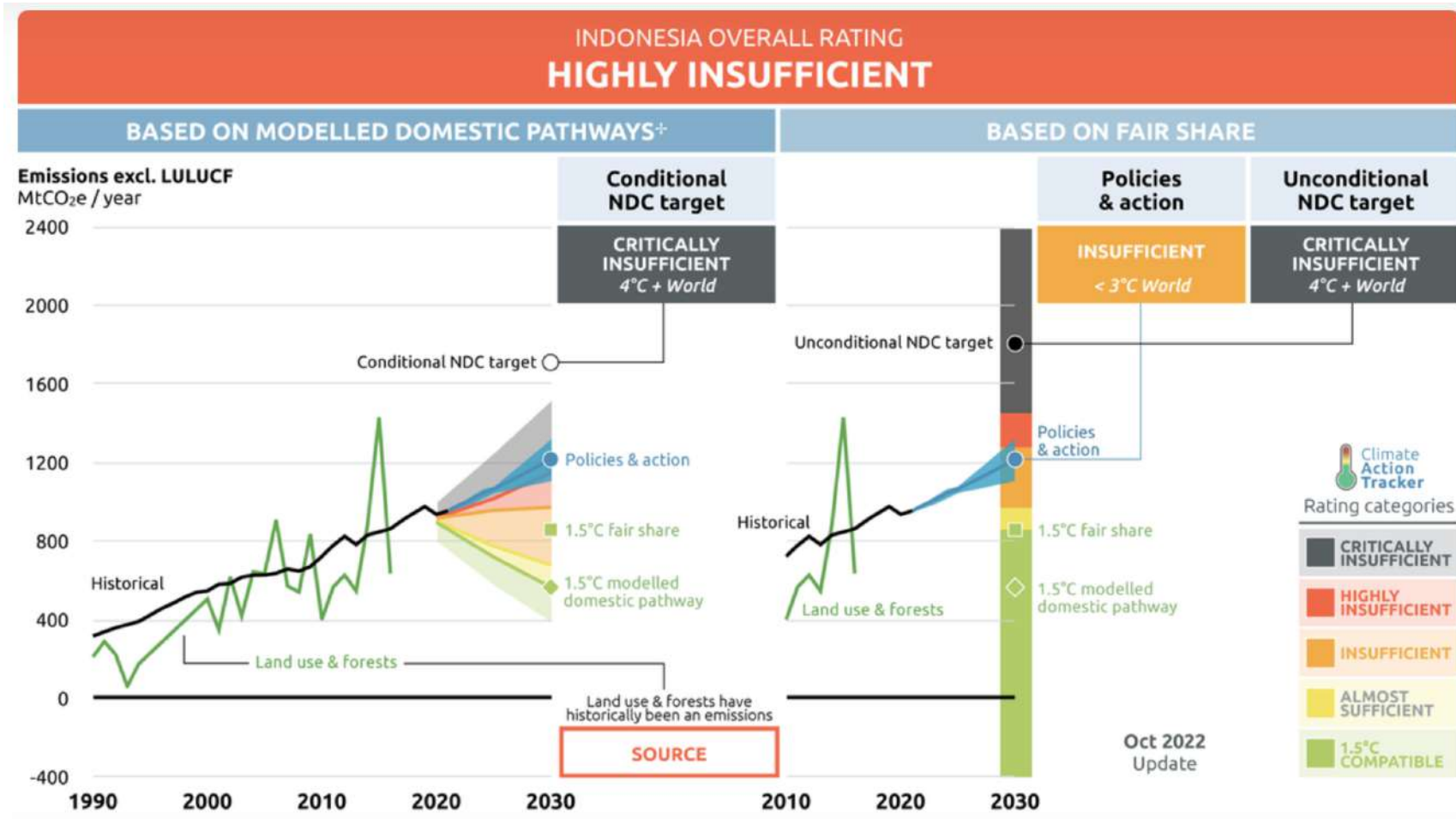
Indonesia is the #7th largest emitter in 2021



Source: Global Carbon Budget (2022)

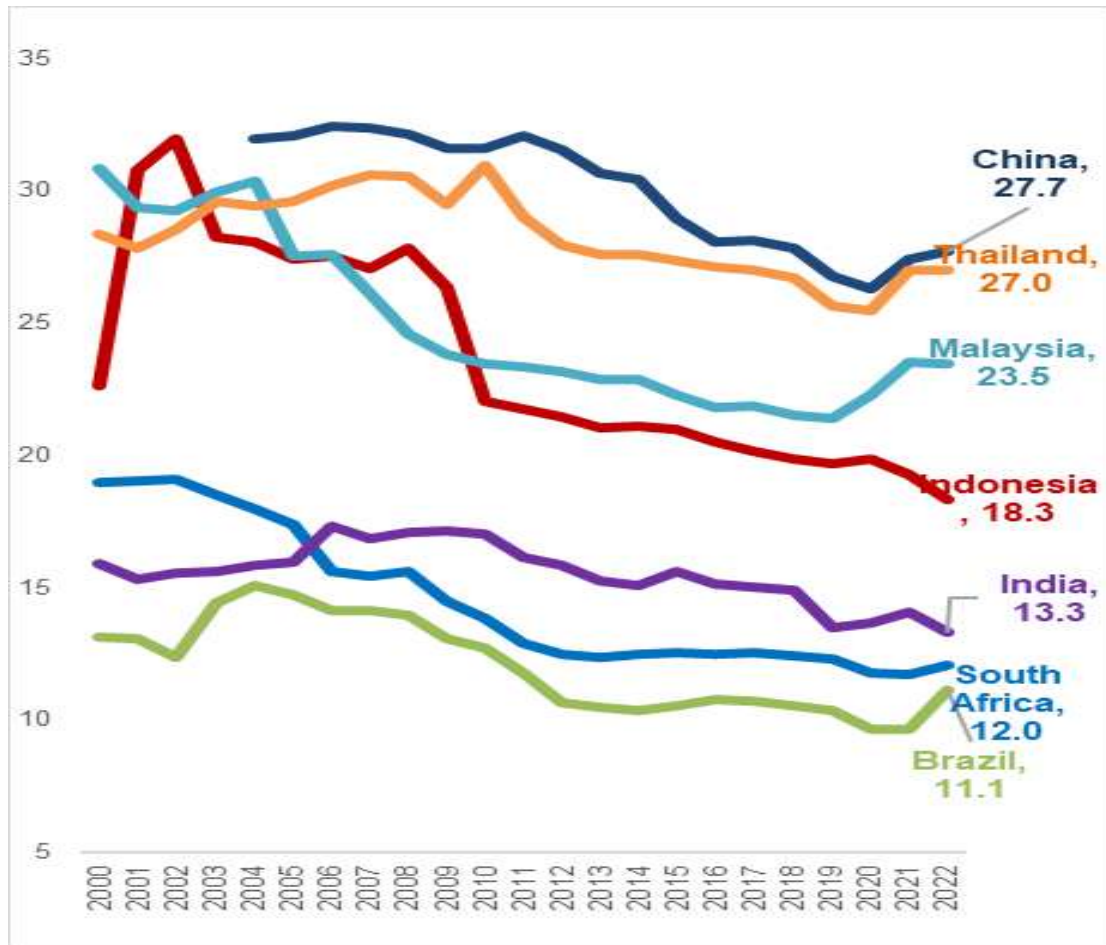
OurWorldInData.org/co2-and-greenhouse-gas-emissions • CC BY

Indonesia climate contribution is highly insufficient



Source:
Climate Action Tracker
(2022)

Pandemic accelerate Indonesia De-Industrialization (Q2-2023: 18.25 %)

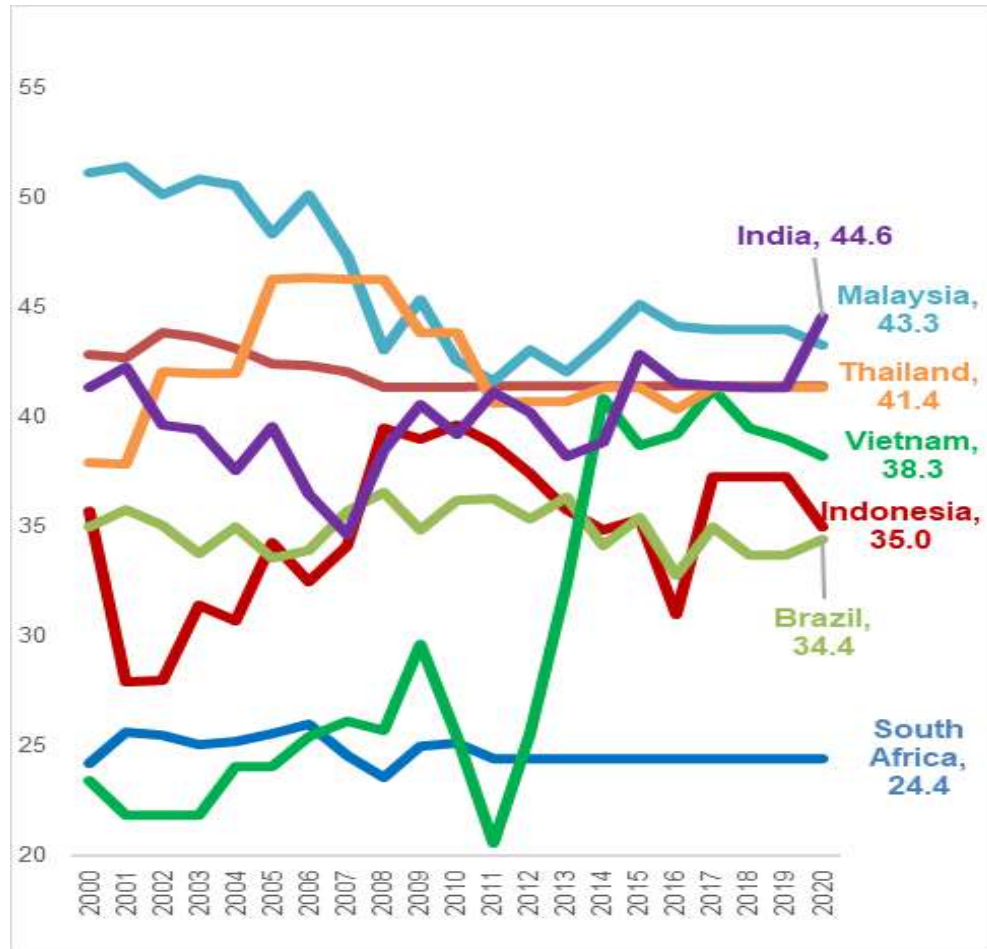


Source: BPS dan World Bank

Benefit of Manufacture sector:

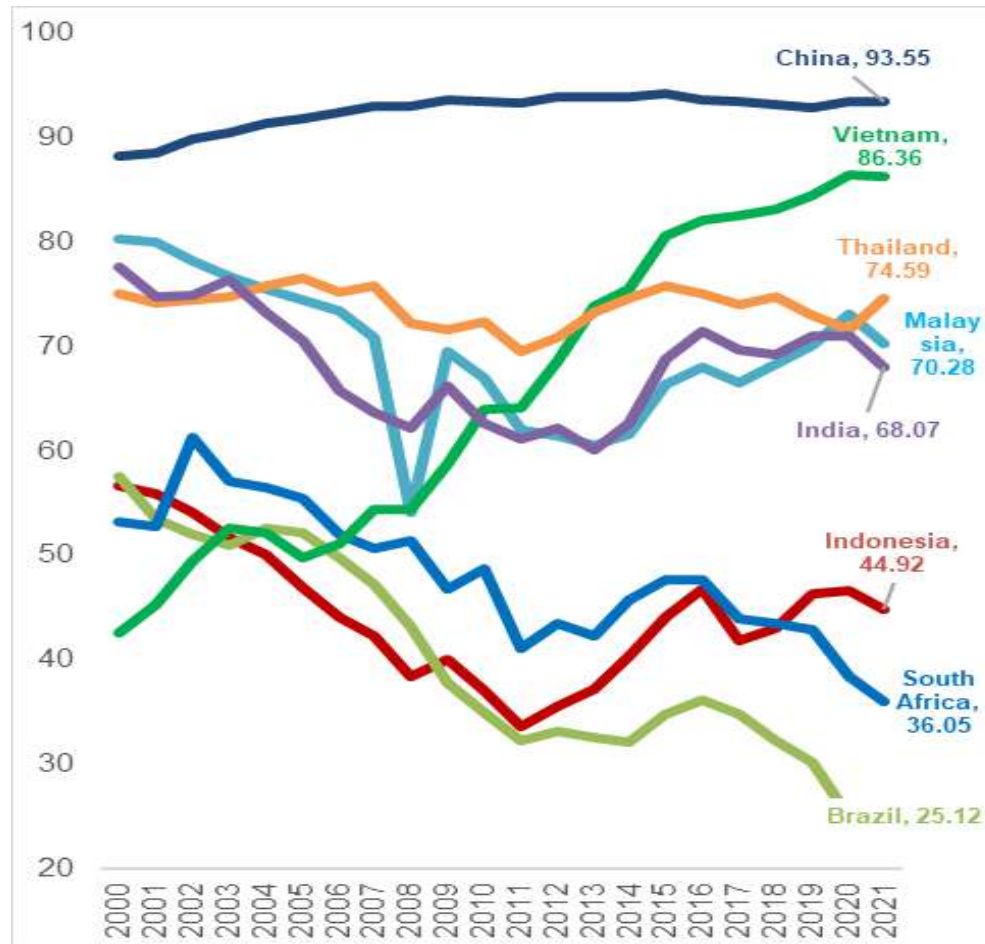
- Employ low to mid skill workers
- Income certainty and hard to fire
- Income at least minimum wage (UMR)
- Workers can plan longer term → education
- Workers in social protection system
- Accumulated skill and knowledge

Indonesia mid level in Manufacture share to GDP compare to peers



Source: BPS dan World Bank

Indonesia at lower end of manufacture share in export



Sumber: World Bank

Manufacture level and Indonesia Presidents

Masa Kepemimpinan	Periodisasi	Rata-rata Investasi Langsung Industri Pengolahan (Juta US\$)	Pertumbuhan PDB Industri Pengolahan Non-Migas (%)	Ekspor Industri Pengolahan (% Ekspor Barang)
Susilo Bambang Yudhoyono	2004-2009	2,652.80	5.10	43.70
	2009-2014	7,625.20	6.10	36.80
Joko Widodo	2014-2019	8,420.10	4.70	44.40
	2019-2024*	7,426.10	2.10	45.80

Source:

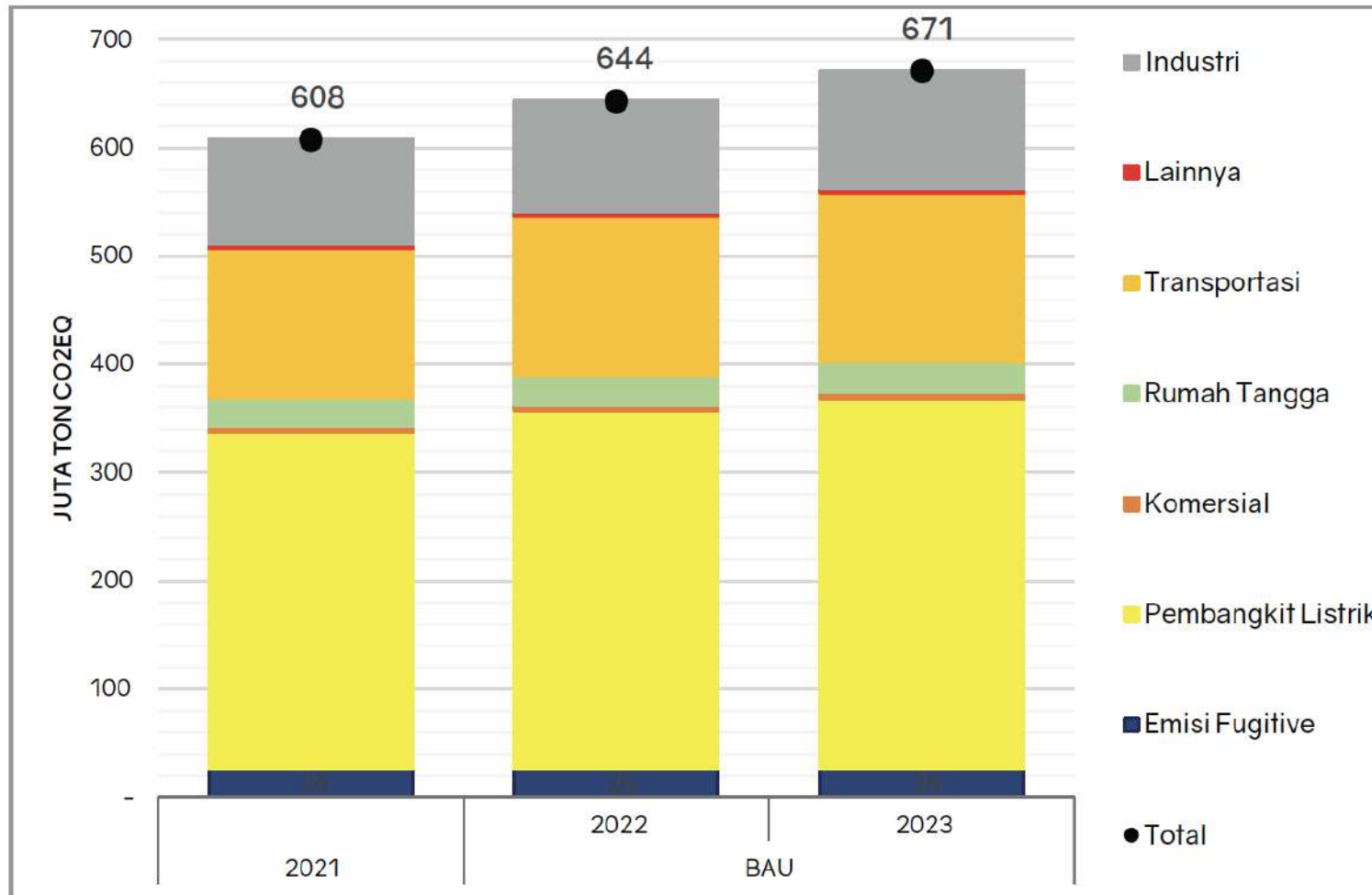
¹SEKI, Bank Indonesia, 2023, diolah

²Badan Pusat Statistik, 2023, diolah

³ World Bank, 2023, diolah

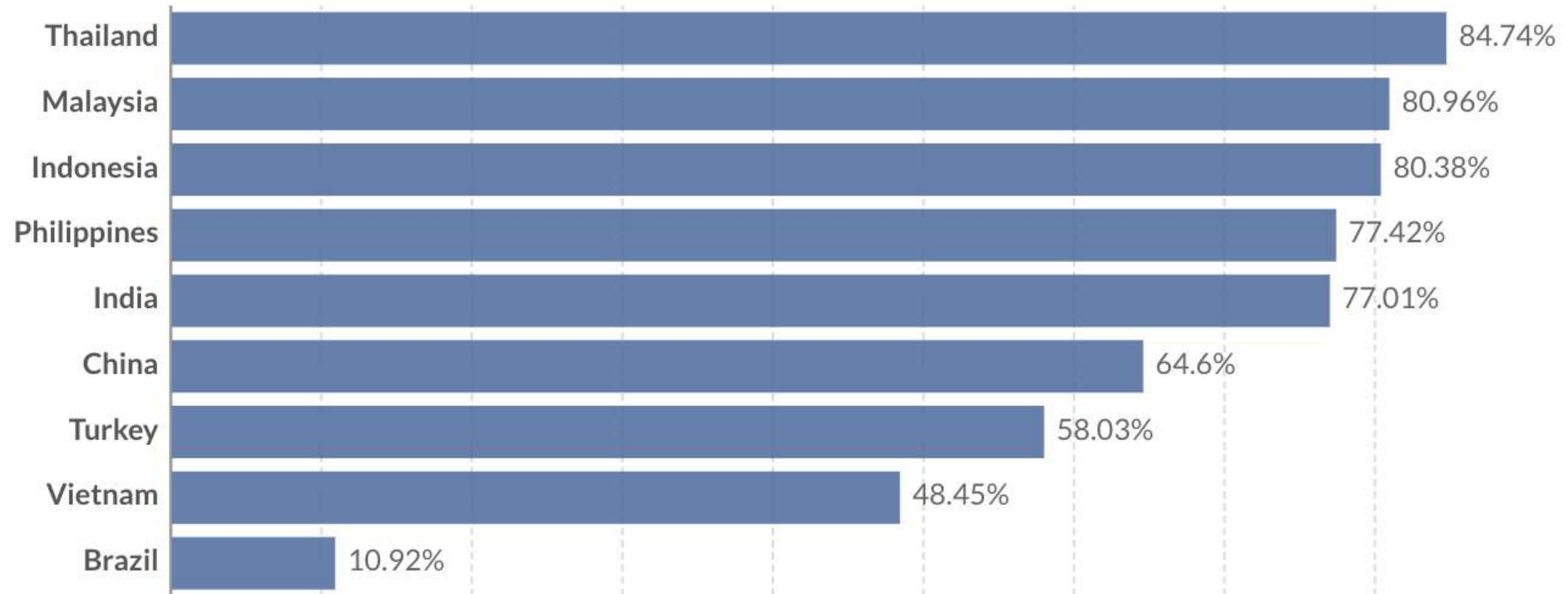
*data terkini hingga 2022

Indonesia manufacturing is not green yet



Source: National Energy Council (DEN), 2022

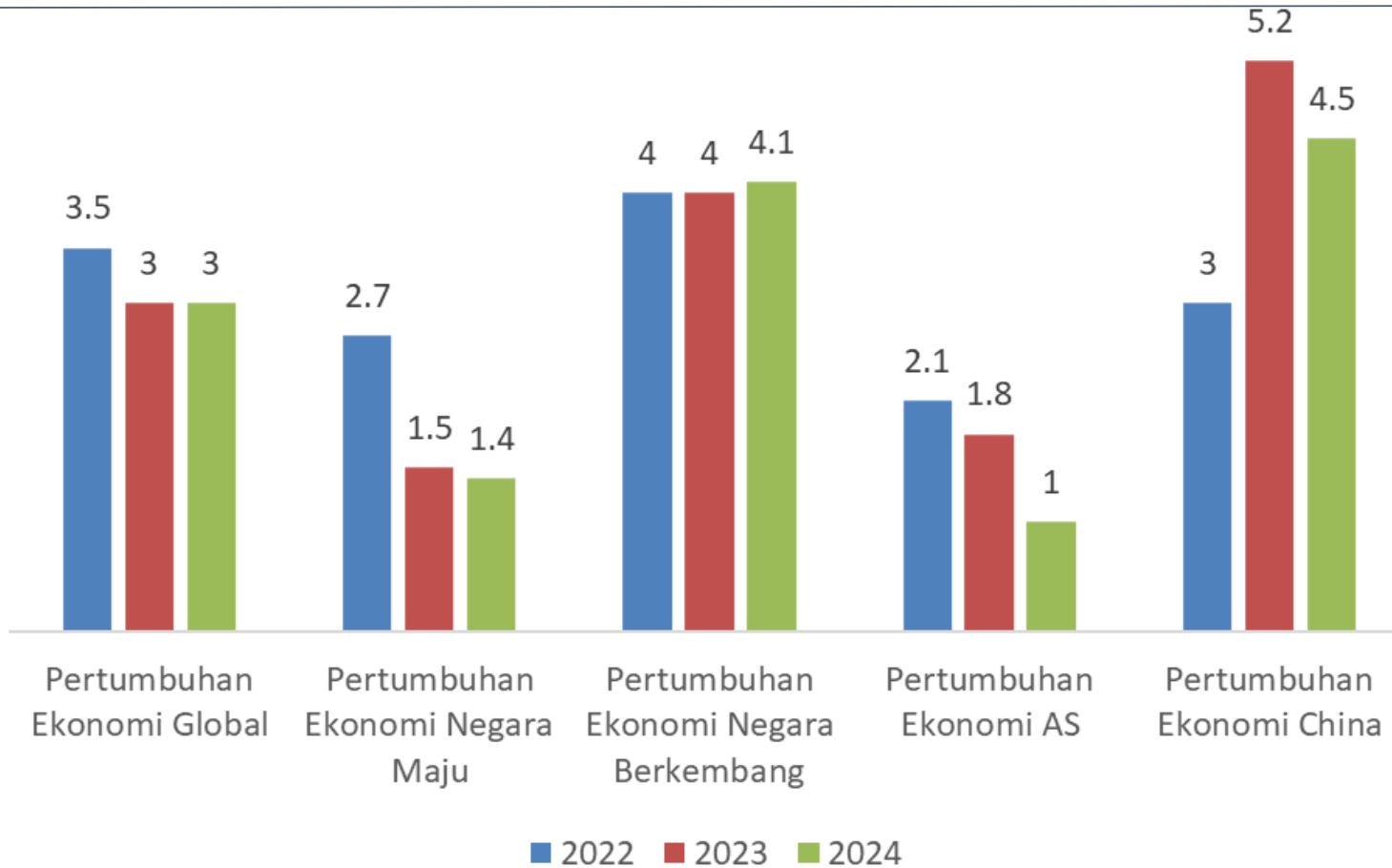
Indonesian share of fossil generated electricity is high compare to peers



Source: Ember's Yearly Electricity Data; Ember's European Electricity Review; Energy Institute Statistical Review of World Energy

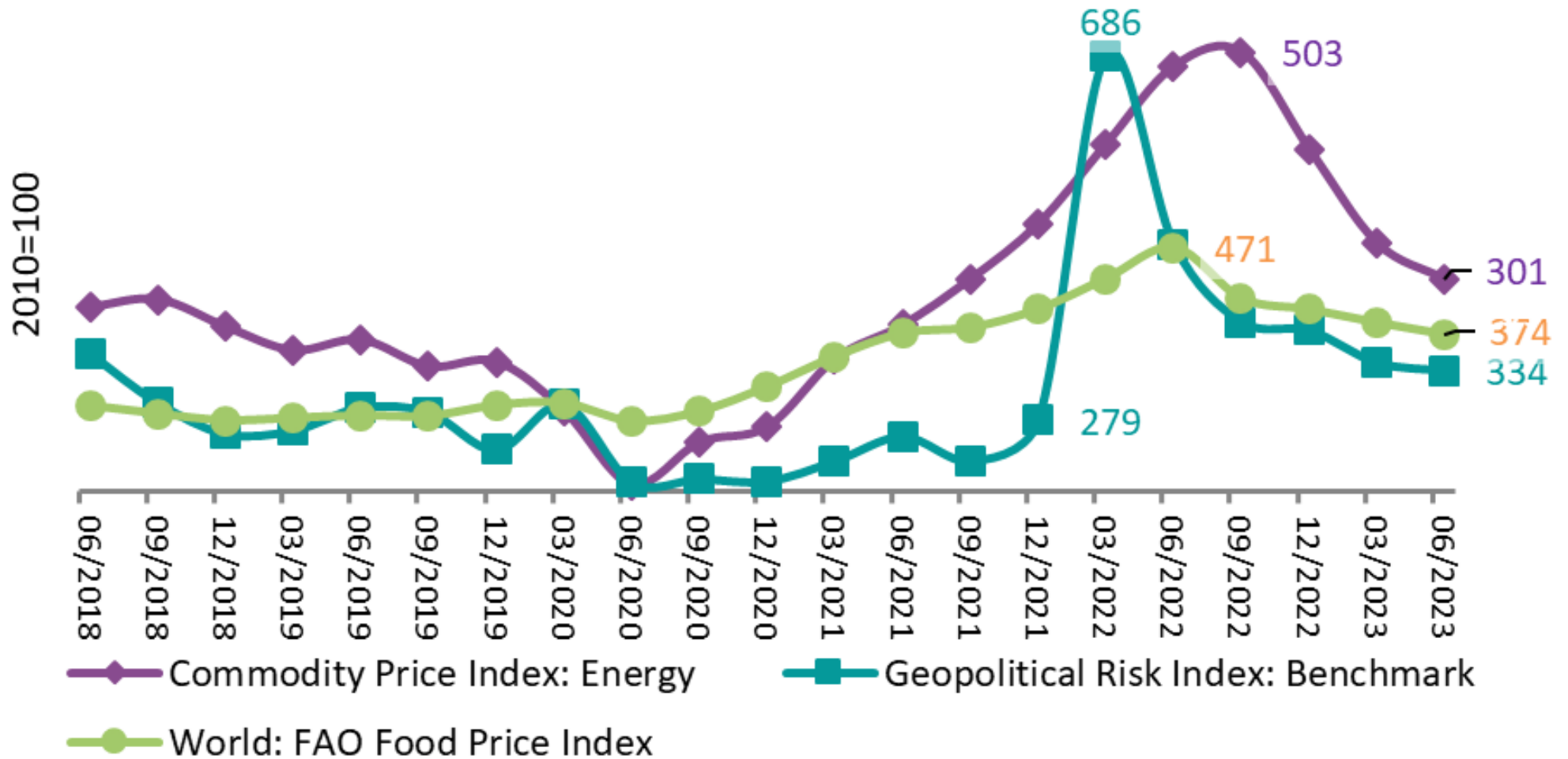
OurWorldInData.org/energy • CC BY

Global Economy is slowing down

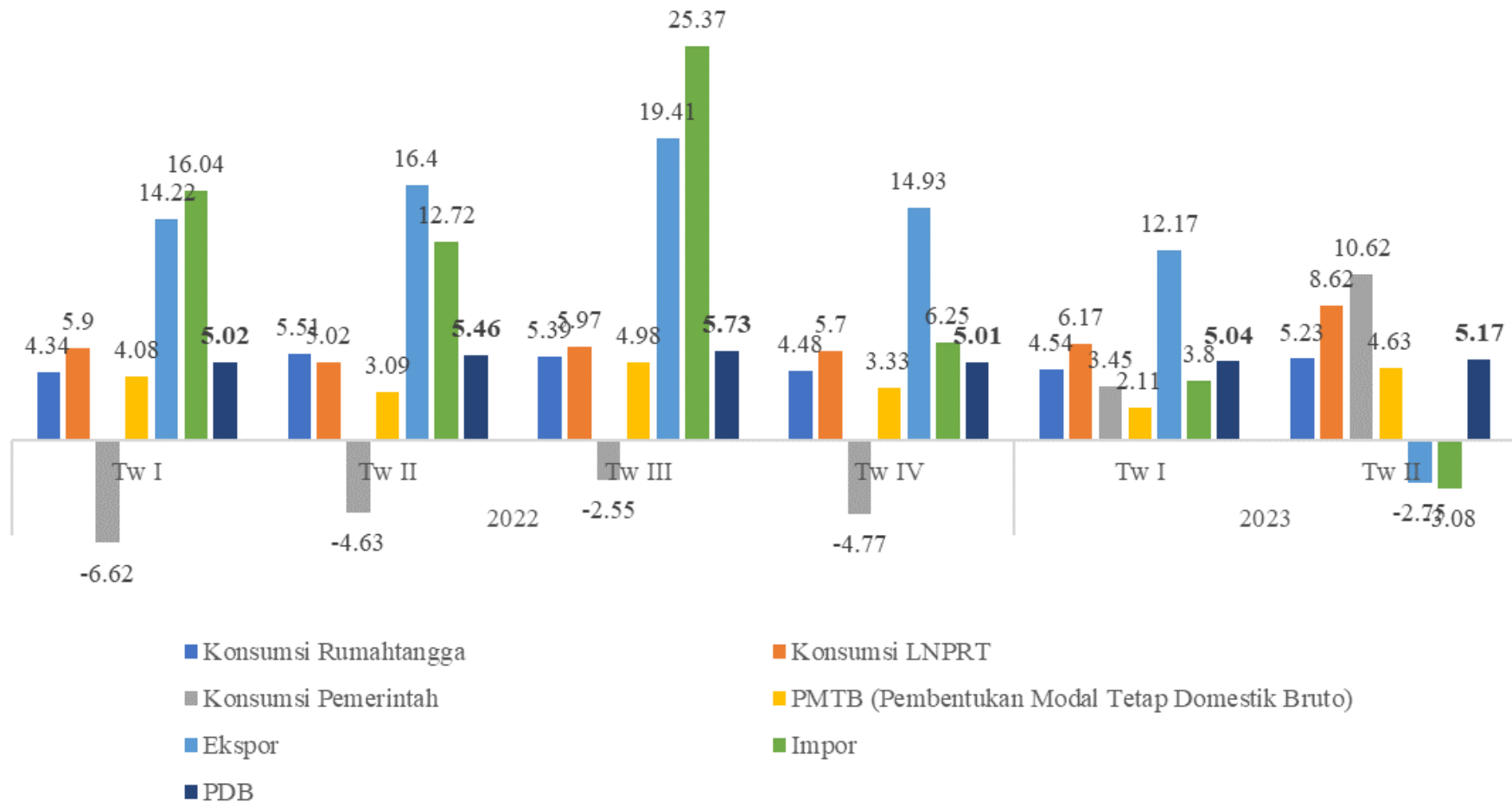


Source: World Economic Outlook Update July-
IMF, 2023

Geopolitical Risk, Energy Price and Food Price is declining

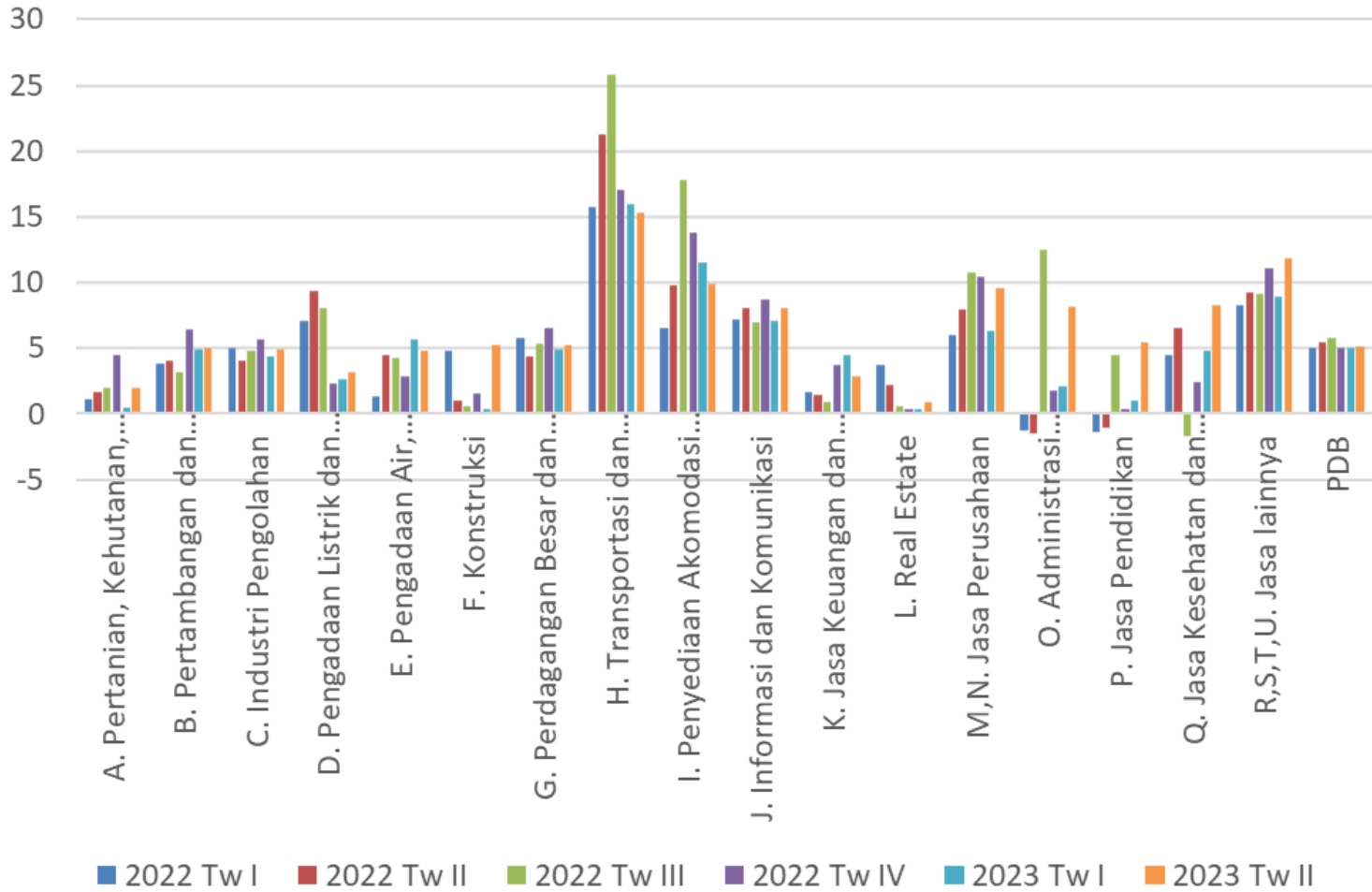


GDP Expenditure Side: Ekspor decline, HH Consumption Stable



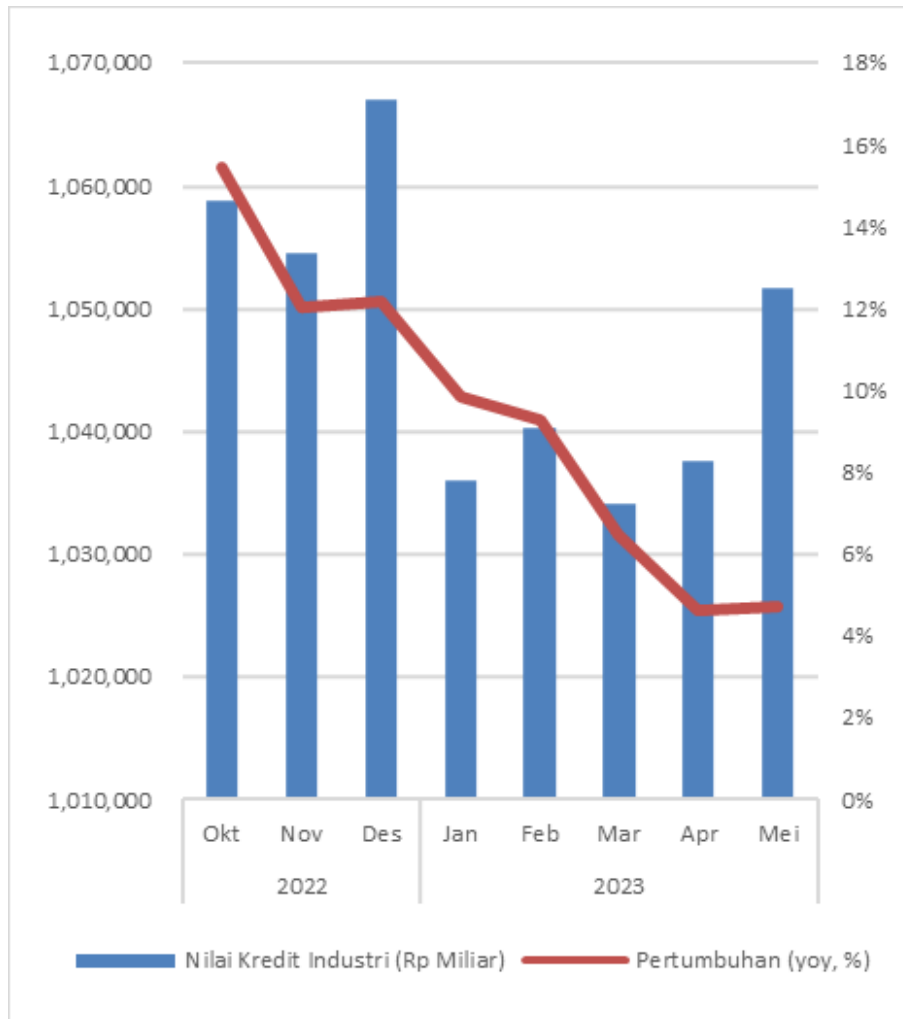
Source: BPS

Growth of Manufaktur sector 2022-2023 < Growth PDB



Source: BPS

Value and Growth of Private Credit to Manufacturing is Declining

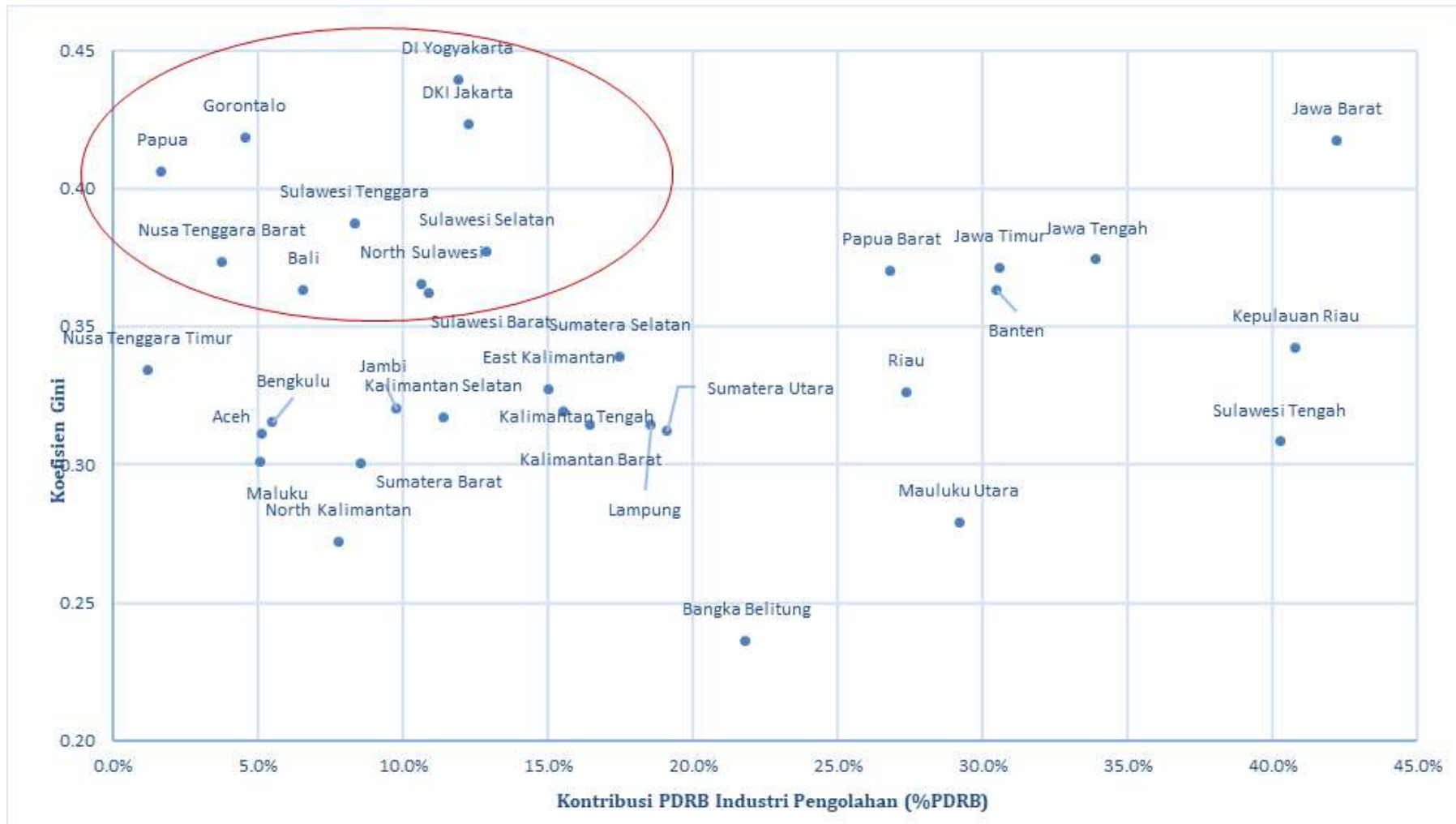


Source: OJK

Four largest sector grow < overall growth → inequality increase

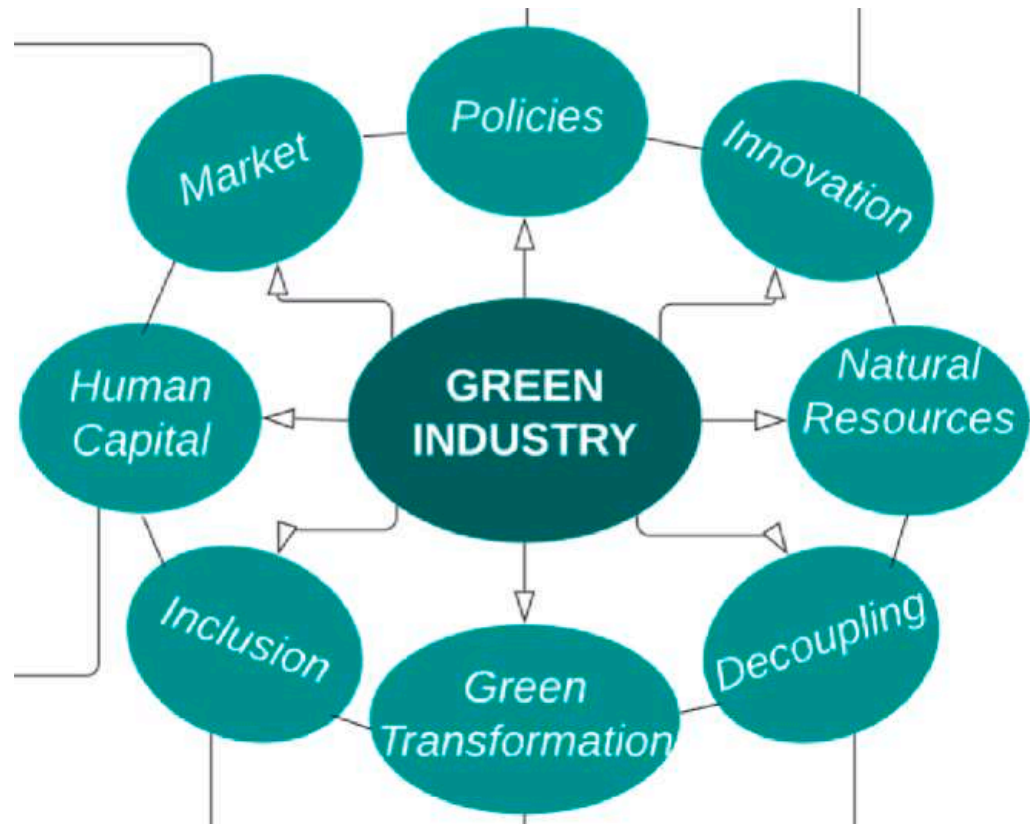
Distribusi (%)		Pertumbuhan (% <i>y-on-y</i>)	
18,25		Industri Pengolahan	4,88
13,35		Pertanian	2,02
12,85		Perdagangan	5,25
10,48		Pertambangan	5,01
9,43		Konstruksi	5,23
5,87		Transportasi & Pergudangan	15,28
4,21		Infokom	8,02
4,10		Jasa Keuangan	2,88
3,30		Adm. Pemerintahan	8,15
2,90		Jasa Pendidikan	5,43
2,48		Akomodasi & Makan Minum	9,89
2,40		Real Estat	0,96
1,94		Jasa Lainnya	11,89
1,84		Jasa Perusahaan	9,59
1,20		Jasa Kesehatan	8,27
1,02		Pengadaan Listrik & Gas	3,15
0,06		Pengadaan Air	4,78

Low manufacture share, high inequality: K Shaped Recovery



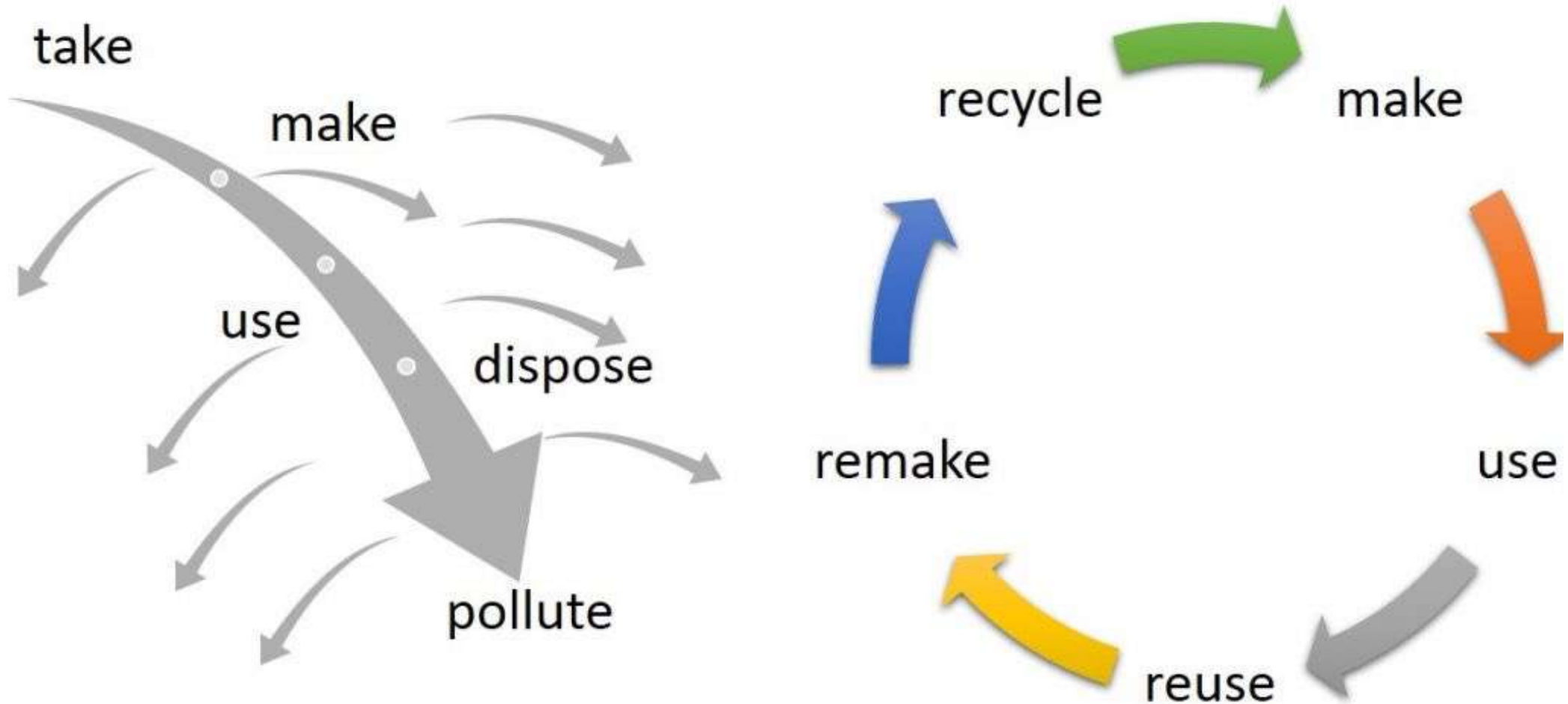
Source: BPS (2023)

Industrialisasi Hijau Sebagai Motor Baru Ekonomi



Sumber: Nyangchak (2022)

Green Industrialisation = Circular Economy: Efisien, Inovation & Inklusive



Technological challenge: Batterie Nickel-Cobalt vs LFP (L Iron Phosphate)

ELECTRIC POWER | METALS — 21 Apr 2022 | 10:05 UTC

Almost half of Tesla EVs produced in Q1 had no nickel, cobalt in battery

Rivian will follow Tesla and change the type of battery cells it uses in standard packs

April 07, 2023 08:36 AM

PUBLISHED THU, MAR 10 2022 6:06 PM EST | UPDATED THU, MAR 10 2022 7:38 PM EST

Tesla to use cheaper LFP batteries in small EV, truck

Elon Musk says Tesla will use less-expensive lithium iron phosphate batteries in a coming low-cost small EV, a version of the Semi truck, and eventually the Model 3 and Model Y.

Inflation decline, interest rate hardly change

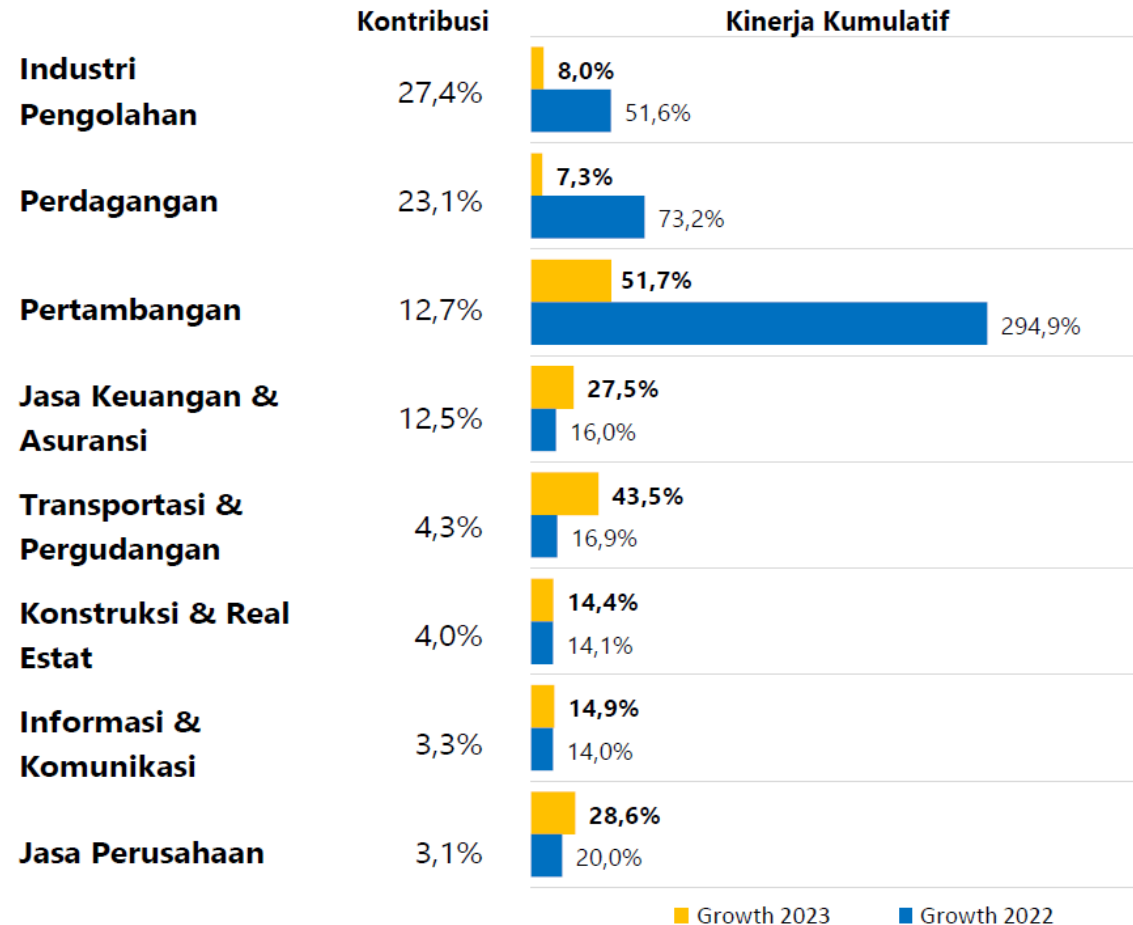


Sumber: SEKI

Exchange rate and reserve tend to decline ,



60 % of State Revenue 2023 from Industry & Trade



Penerimaan sektoral tanpa PPS, DTP, PBB, dan PPh Migas

*Sumber: Aplikasi Portal DJP dan Dashboard Penerimaan tanggal 2 Juli 2023

Indonesia Economic Opportunity & Challenge in 2023

Opportunities

- Declining inflation
- Increasing tourism
- Declining poverty rate
- Election campaign increase consumption
- Increasing government revenue
-

Challenges

- Russia-Ukraine ongoing conflict
- Major countries raise interest rate
- Declining export
- Stagnan unemployment
- Investor wait-n-see election 2024
- Household consumption yet to recover
- Beware of Non-Performing Loan (especially online – pinjol)
- Dry season + El Nino = Crop failure risk + forest fire
- Increase inequality → K Shaped recovery

Economic Outlook 2023

Indicators	APBN Assumption	INDEF (PEI 2023)	INDEF Updated (KTT 2023)
GDP Growth	5,3 persen	4,8 persen	Tahunan: 4,9 persen Q3: 4,8 persen
Inflation (IHK)	3,6 persen	5,6 persen	3 persen
Poverty	7,5 persen- 8,5 persen	9,3 persen	9,3 persen
Open Unemployment	5,3 persen- 6,0 persen	5,7 persen	5,3 persen
Exchange Rate (1 USD)	Rp14.800	Rp 16.000	Rp15.000

The Mid-Year Economic Outlook (KTT) 2023 book and speakers' slide can be downloaded at

<https://indef.or.id/publikasi/menolak-kutukan-deindustrialisasi/>

Suggested Citation:

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A large, dark blue decorative shape at the bottom of the slide, resembling a stylized wave or a thick, curved line that spans the width of the page. It is positioned below the text.

Thank You

STOCKTAKING ISSUES

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