

NEWSLETTER

By : Law Office Yang & Co

THE NEW MINIMUM WAGE FOR THE JAKARTA INDUSTRIAL SECTOR FOR 2018

The Governor of the Special Region of Jakarta (“**Governor**”) has determined the 2018 minimum wages for workers in several industrial sectors through the issuance of the Governor Regulation No. 16 Year 2018 concerning the 2018 Minimum Wages for the Industrial Sector (*Upah Minimum Sektoral Provinsi/”UMSP”*) (“**Governor Regulation No. 16/2018**”).

The Governor Regulation No. 16/2018 sets out statutory provincial minimum wages for eleven industrial sectors in Jakarta, which are:

1. Chemicals, energy and mining;
2. Metalwork, electronics and machinery;
3. Automotive;
4. Insurance and banking;
5. Food and beverages;
6. Pharmaceutical and health;
7. Textiles, clothing and skins;
8. Tourism;
9. Telecommunications;
10. Retail; and
11. Construction and public works.

The Governor Regulation No. 16/2018 sets higher statutory minimum wages in comparison with the Governor Regulation No. 20/2017 as the previous regulation of UMSP and also regulates additional minimum wages for several new sub-sectors which were not regulated in the previous regulation. The following are the some of the relevant updated minimum wages for sectors and sub sectors:

No.	Sectors	Sub-Sectors	Monthly Minimum Wage (in IDR)
1.	CHEMICALS, ENERGY AND MINING	Cosmetic materials and cosmetics	3,760,000
		Soap and household cleaning products, including toothpaste	3,830,438
		Cement and chalk for construction purposes	3,760,000
2.	METALWORK, ELECTRONICS AND MACHINERY	Canning	3,726,960
		Musical instruments	4,288,610

		Household electrical equipment	4,264,422
3.	AUTOMOTIVE	Two-and three-wheeled vehicles	4,492,830
		Four-or-more-wheeled vehicles	4,492,830
4.	INSURANCE AND BANKING	Insurance	3,830,438 (for insurance companies with assets higher than IDR 1 trillion)
		Sharia banks	3,830,438
		Foreign-exchange banks	3,830,438
5.	FOOD AND BEVERAGES	Palm oil for cooking	3,830,438
		Milk	3,830,438
		Instant noodles	3,830,438
6.	PHARMACEUTICAL AND HEALTH SERVICES	Pharmaceutical	3,830,438 (for pharmaceutical companies with assets higher than IDR 1 trillion)
		Hospital services	3,830,438
7.	TEXTILES, CLOTHING AND SKINS	Weaving	3,685,269
		Knitted garments	3,655,000
		Daily footwear	3,720,996.53 (for footwear for export purposes and for companies which are not micro-, small- or medium-scale enterprises (“SME”))
8.	TOURISM	Hotel Services	3,830,436 (for three-, four- and five-star

			hotels)
9.	TELECOMMUNICATIONS	Cellular telecommunications providers	3,715,436 (Non-SME)
		Applications and software	3,715,436 (Non-SME)
10.	RETAIL	Retail	3,978,506 (for supermarkets, hypermarkets, wholesalers and department stores)
11.	CONSTRUCTION AND PUBLIC WORKS	Diggers	158,789 (per day)
		Carpentry heads	173,978 (per day)
		Operators of heavy equipment	185,023 (per day)

*Please note that the above table of minimum wages are not the complete list mentioned in the Governor Regulation No. 16/2018, as we only want to provide some sectors which we deem as common activities.

The various wages which have been set under the Governor Regulation No. 16/2018 are applicable to workers who have been working for periods of less than one year. Wages for workers who have been working for periods of more than one year will be determined based on the negotiations between workers and the employers/companies.

The Governor Regulation No. 16/2018 has been in force since 12 March 2018 but applies retroactively from 1 January 2018.

For any queries and assistants related to the above matters or if you need the complete list of minimum wages, please contact our office.