

REGULATION OF THE MINISTER OF MANPOWER OF THE
REPUBLIC OF INDONESIA
NUMBER 5 OF 2023
REGARDING
ADJUSTMENT OF WORKING TIME AND WAGE IN CERTAIN
EXPORT-ORIENTED LABOR-INTENSIVE INDUSTRIAL
COMPANIES THAT ARE AFFECTED BY GLOBAL ECONOMIC
CHANGES

BY THE GRACE OF GOD ALMIGHTY

MINISTER OF MANPOWER REPUBLIC OF INDONESIA

- Considering :
- a. whereas the impact of changes in the global economy which resulted in a decrease in market demand, especially in certain export-oriented labor-intensive industries, has affected the continuity of work and continuity of business;
 - b. whereas to maintain the continuity of work and continuity of business as referred to in letter a, it is necessary to make special arrangements regarding adjustments to working hours and wages;
 - c. whereas based on the considerations referred to in letters a and b, it is necessary to stipulate a Minister of Manpower Regulation regarding Adjustment of Working Time and Wages for Certain Export-Oriented Labor-Intensive Industrial Companies Affected by Global Economic Changes;
- In view of :
1. Article 17 paragraph (3) of the 1945 Constitution of the Republic of Indonesia;
 2. Law Number 13 of 2003 regarding Manpower (State Gazette of the Republic of Indonesia of 2003 Number 39, Supplement to the State Gazette of the Republic of Indonesia Number 4279);
 3. Law Number 39 of 2008 regarding State Ministries (State Gazette of the Republic of Indonesia of 2008 Number 166, Supplement to the State Gazette of the Republic of Indonesia Number 4916);
 4. Presidential Regulation Number 95 of 2020 regarding the Ministry of Manpower (State Gazette of the Republic of Indonesia of 2020 Number 213);
 5. Minister of Manpower Regulation Number 1 of 2021 regarding the Organization and Work Procedure of the Ministry of Manpower (State Gazette of the Republic of Indonesia of 2021 Number 108);

HAS DECIDED:

- To stipulate : REGULATION OF THE MINISTER OF MANPOWER REGARDING
ADJUSTMENT OF WORKING TIME AND WAGE IN CERTAIN EXPORT-
ORIENTED LABOR-INTENSIVE INDUSTRIAL COMPANIES THAT ARE
AFFECTED BY GLOBAL ECONOMIC CHANGES.

CHAPTER I
GENERAL REQUIREMENTS

Article 1

In this Ministerial Regulation what is meant by:

1. Worker/Laborer is any person who works by receiving Wages or other forms of remuneration.
2. Company is:
 - a. any form of business that is a legal entity or not, belongs to an individual, belongs to a partnership, or belongs to a legal entity, both privately owned and state owned, which employs Workers/Laborers by paying Wages or other forms of compensation;
 - b. social enterprises and other businesses that have administrators and employ other people by paying wages or other forms of compensation.
3. Wage is a Worker/Laborer's right that is received and expressed in the form of money as compensation from the entrepreneur or employer to the Worker/Laborer which is determined and paid according to a work agreement, agreement, or laws and regulations, including allowances for Worker/Laborer and his family a work and/or service that has been or will be performed.
4. Minister is the minister who organizes government affairs in the field of manpower.

Article 2

This Ministerial Regulation aims to provide protection and maintain the continuity of work of Workers/Laborers as well as maintain the continuity of business of certain export-oriented labor-intensive industrial companies from the impact of changes in the global economy which result in a decrease in market demand.

CHAPTER II
CRITERIA FOR EXPORT-ORIENTED LABOR-INTENSIVE INDUSTRIAL COMPANIES

Article 3

- (1) Certain export-oriented labor-intensive industrial companies as referred to in Article 2 have the following criteria:
 - a. Workers/Laborers of at least 200 (two hundred) people;
 - b. the percentage of labor costs in production costs is at least 15% (fifteen percent); and
 - c. production depends on requests for orders from the United States and countries in the European continent as evidenced by an order request letter.
- (2) Certain export-oriented labor-intensive industrial companies as referred to in paragraph (1) include:
 - a. textile and apparel industry;
 - b. footwear industry;
 - c. leather and leather goods industry;
 - d. furniture industry; and
 - e. children's toy industry.

CHAPTER III
ADJUSTMENT OF WORKING TIME AND WAGES

Part One
General

Article 4

- (1) Certain export-oriented labor-intensive industrial companies that are affected by changes in the global economy as referred to in Article 2 are companies that carry out restrictions on business activities due to changes in the global economy.
- (2) Restrictions on business activities as referred to in paragraph (1) results in entrepreneurs being able to arrange working times according to Wage payments.
- (3) Adjustments to working hours and wages as referred to in paragraph (2) are made to prevent termination of employment.

Part Two
Adjustment of Working Time

Article 5

- (1) Certain export-oriented labor-intensive industrial companies that are affected by changes in the global economy may make adjustments to working time.
- (2) The adjustment of working time as referred to in paragraph (1) is carried out by reducing the working time normally applicable in certain export-oriented labor-intensive industrial companies.
- (3) Adjustments to working time as referred to in paragraph (2) can be made in less than:
 - a. 7 (seven) hours 1 (one) day and 40 (forty) hours 1 (one) week for 6 (six) working days in 1 (one) week; or
 - b. 8 (eight) hours 1 (one) day and 40 (forty) hours 1 (one) week for 5 (five) working days in 1 (one) week.
- (4) Adjustments to working time as referred to in paragraph (3) are regulated in an agreement between the entrepreneur and the Worker/Laborer.
- (5) Adjustments to working time as referred to in paragraph (1) to paragraph (4) are valid for 6 (six) months from the date this Ministerial Regulation comes into effect.

Article 6

Reduction of working hours as a result of the adjustment of working time as referred to in Article 5 paragraph (2) cannot be calculated as a deficiency for working time which will be applied after the end of the working time adjustment as referred to in Article 5 paragraph (5).

Part Three
Adjustment of Wage

Article 7

The government stipulates a policy of adjusting Wages for certain export-oriented labor-intensive industrial companies that are affected by changes in the global economy by taking into account national economic conditions and to maintain the continuity of work and continuity of business.

Article 8

- (1) Certain export-oriented labor-intensive industrial companies which are affected by changes in the global economy may make adjustments to the amount of Worker/Laborer's Wages provided that the Wages paid to Workers/Laborers are at least 75% (seventy five percent) of the Wages normally received.
- (2) The adjustments referred to in paragraph (1) are made based on an agreement between the entrepreneur and the Worker/Laborer.
- (3) The Wage Adjustment as referred to in paragraph (1) and paragraph (2) is valid for 6 (six) months since this Ministerial Regulation comes into force.

CHAPTER IV
PROCEDURES FOR AGREEMENT

Article 9

- (1) Agreements between entrepreneurs and workers/laborers as referred to in Article 5 paragraph (4) and Article 8 paragraph (2) can be made between entrepreneurs and worker unions/labor unions in the company.
- (2) The agreement referred to in paragraph (1) is carried out by deliberation based on kinship, transparency and good faith.
- (3) The agreement referred to in paragraph (2) is made in writing and contains at least:
 - a. work time adjustment;
 - b. amount of Wages; and
 - c. the validity period of the agreement.
- (4) The validity period of the agreement as referred to in paragraph (3) letter c does not exceed the period of adjustment of working hours and wages as referred to in Article 5 paragraph (5) and Article 8 paragraph (3).

Article 10

- (1) Entrepreneurs convey the results of the agreement as referred to in Article 9 paragraph (2) to:
 - a. Workers/Laborers and/or Worker/Labor Unions; and
 - b. the agency that carries out district/city government affairs in the manpower sector, copied to the service that carries out provincial government affairs in the manpower sector and the ministry that organizes government affairs in the manpower sector.
- (2) The office that organizes government affairs in the district/city manpower sector as referred to in paragraph (1) letter b shall record the results of the agreement.
- (3) The office that organizes government affairs in the district/city manpower sector as referred to in paragraph (2) shall submit a receipt for proof of registration to the Entrepreneur.
- (4) The recording of the agreement as referred to in paragraph (2) must be accompanied by evidence of fulfilment of the criteria as referred to in Article 3 paragraph (1).

CHAPTER V
SUPERVISION, MONITORING AND EVALUATION

Article 11

- (1) Supervision of the implementation of the provisions in this Ministerial Regulation is carried out by the labor inspector in accordance with the provisions of the laws and regulations.
- (2) Monitoring and evaluation of the implementation of this Ministerial Regulation is carried out by the Director General of Development of Industrial Relations and Social Security for Workers at the ministry that administers government affairs in the field of manpower.

CHAPTER VI
MISCELLANEOUS PROVISIONS

Article 12

- (1) The amount of Wage paid to Worker/Laborer as referred to in Article 8 paragraph (1) does not apply as a basis for calculating contributions and payment of social security benefits, compensation for termination of employment, and other rights in accordance with the provisions of the legislation.
- (2) The wages used as the basis for calculating the rights of the Worker/Laborer as referred to in paragraph (1) uses the last Wage value before the Wage adjustment based on an agreement.

CHAPTER VII
CLOSING PROVISIONS

Article 13

This Ministerial Regulation shall come into force on the date of promulgation.

So that that everyone is made aware of this, order the promulgation of this Ministerial Regulation by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta
on March 7, 2023

MINISTER OF MANPOWER OF THE
REPUBLIC OF INDONESIA,

Signed.

IDA FAUZIYAH

Promulgated in Jakarta
on March 8, 2023

DIRECTOR GENERAL
REGULATIONS
MINISTRY OF LAW AND HUMAN RIGHTS REPUBLIC OF INDONESIA,

Signed.

ASEP N. MULYANA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2023 NUMBER 224

Copy is true to the original
Head of Legal Bureau,



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