Price Dynamics in North Maluku 2025: Seeking a Balance Between Stability and People's Welfare

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Abstract
This study analyzes the dynamics of inflation and deflation in North Maluku Province throughout 2025, exploring its implications for sustainable investment interest and community welfare levels. Using secondary data from the North Maluku Central Statistics Agency (BPS) and other relevant sources, this study identifies patterns of monthly and annual price fluctuations, as well as the potential risks and opportunities they pose. The results of the analysis show that moderate annual inflation creates the preconditions for stability desired by investors, but frequent episodes of monthly deflation, especially in local commodities, have the potential to suppress the productivity and income of the agro-maritime sector and delay investment decisions. In terms of welfare, moderate inflation provides room for increased purchasing power, but deflation can erode the income of local producer groups and increase the real debt burden. Policy recommendations focus on specific instruments such as the Micro Logistics Cluster Regional Regulation, the Agro-Maritime Downstreaming Blueprint, and the *Productivity Services Voucher* Scheme to transform price stability into economic productivity and sustainable welfare improvement in North Maluku.

Keywords: Inflation, Deflation, Sustainable Investment, Community Welfare, North Maluku, RPJMD.

INTRODUCTION

Macroeconomic stability is a fundamental foundation for sustainable economic growth and improved community welfare in a region. Among various macroeconomic indicators, inflation and deflation play a crucial role because they directly affect purchasing power, production costs, and the investment climate. Extreme price fluctuations, whether excessively high inflation or prolonged deflation, can create uncertainty and market distortions that are detrimental to all parties. Uncontrolled inflation can erode people's purchasing power, suppress real wages, and increase production costs, which in turn hamper investment and economic growth. Conversely, deflation, although it may temporarily increase the purchasing power of money, if caused by a decline in demand, has the potential to delay consumption and investment, as well as suppress producer income, triggering a vicious cycle that could end in recession (Mankiw, 2021; Krugman, Obstfeld, & Melitz, 2018).

Indonesia, as an archipelagic country with diverse geographical and economic characteristics, exhibits varying price dynamics between regions. North Maluku Province is one of the regions with a unique profile; rich in natural resources, particularly in the agro-maritime and mining sectors, but still facing challenges in transforming this potential into equitable and sustainable economic growth. With great potential in the fisheries, marine, and plantation commodities sectors, such as nutmeg and cloves, North Maluku is highly vulnerable to global commodity price fluctuations, local supply conditions, and distribution chain efficiency (North Maluku Provincial Government, 2025). Therefore, an in-depth analysis of the dynamics of inflation and deflation in North Maluku is highly relevant, not only to understand local economic conditions but also to formulate policies that can encourage quality investment and improve the welfare of the community in a sustainable manner.

Inflation and deflation data for North Maluku Province throughout 2025 present an interesting and complex picture. There were periods when monthly inflation showed significant positive figures, indicating price pressures or increased demand in the market.

However, on the other hand, the data also recorded several episodes of quite deep monthly deflation, even causing year-on-year deflation at the beginning and end of the observation period (January and September 2025) (North Maluku Provincial Statistics Agency, 2025). This variation indicates that price conditions in North Maluku are not homogeneous and are influenced by various factors, both on the supply and demand sides, as well as strong seasonal potential, especially related to agricultural and fishery products.

The generally moderate annual inflation throughout most of 2025, as seen from February to July, may give investors an impression of stability. Stable and predictable inflation is an important prerequisite for the business world to carry out business planning, both in terms of product pricing, operational cost projections, and capital expenditure decisions for expansion or new investments. Investors are more likely to invest in an environment that provides price certainty than in the midst of high and uncertain inflation. However, this price stability needs to be examined further, especially in the context of frequent monthly deflation.

The presence of recurring and significant monthly deflation, as recorded in January (-1.64%), May (-0.71%), and August (-1.90%) (North Maluku Provincial Statistics Agency, 2025), raises crucial questions about the source and nature of this deflation. If this deflation is caused by excess supply (e.g., abundant harvests or large fish catches) without being offset by adequate market absorption or processing capacity, it can drastically reduce the real income of local producers such as farmers and fishermen. The decline in income in this productive sector can erode overall purchasing power in the region, slow economic growth, and even worsen poverty levels. Furthermore, persistent deflation can delay investment decisions as investors anticipate that selling prices will continue to decline, making returns on capital unattractive.

In the context of sustainable investment, these price dynamics are crucial. Sustainable investment is not only oriented towards short-term financial gains, but also considers long-term social and environmental impacts (Elkington, 1997). Therefore, factors such as the stability of community income (especially from key sectors such as agro-maritime), supply chain efficiency to reduce cost-to-serve, and the availability of productive labor become very important. Initial internal data indicates that although North Maluku shows relatively conducive macro figures such as low income inequality (Gini Ratio March 2025 = 0.299) and a decline in poverty rates (5.81% in March 2025), as well as improved purchasing power of farmers (NTP consistently >100) (North Maluku Provincial Statistics Agency, 2025), the real challenge lies in how these figures translate into actual productivity in the field. The quality of the workforce (not just the quantity of TPAK/TPT), the reliability of logistics (not just low inflation), and broader macroeconomic certainty (national exchange rates/interest rates) remain the main determinants of strategic investment decisions.

This study departs from the hypothesis that although North Maluku managed to maintain annual inflation at a moderate level in 2025, frequent episodes of monthly deflation, especially in local commodities, could create uncertainty for investors and put pressure on community welfare, especially in the agro-maritime sector. Therefore, more specific and integrated policy interventions are needed to transform price stability into higher economic productivity and attract truly quality investments.

Based on the above background, this study has the following main objectives:

1. Analyze the patterns and characteristics of inflation and deflation in North Maluku Province throughout 2025.
2. Evaluate the impact of these inflation and deflation dynamics on sustainable investment decisions in various sectors.
3. Identify the implications of price fluctuations on the welfare of the community, particularly low-income groups and local commodity producers.
4. Formulate actionable and integrated policy recommendations for local governments in transforming price stability into economic productivity and sustainable welfare improvement in North Maluku.

Through this research, it is hoped that it can provide a significant empirical contribution to the understanding of regional economic dynamics, as well as valuable policy input for the North Maluku Provincial Government in designing development strategies that are more responsive to price fluctuations in order to encourage quality investment and improve the welfare of all levels of society.

METHOD

The research methodology is designed to systematically analyze the dynamics of inflation and deflation in North Maluku Province throughout 2025 and their implications for sustainable investment and community welfare. This research uses a mixed method approach, adopting descriptive quantitative elements for price and economic data analysis, as well as interpretive qualitative elements to evaluate policy impacts and formulate recommendations.

This study adopts a descriptive quantitative approach to analyze time series data on inflation and deflation. This approach aims to describe the patterns and trends of price movements that occurred in North Maluku throughout the study period. Furthermore, the analysis is enriched with an interpretive qualitative approach to explore the economic, social, and policy implications of these price dynamics, particularly in the context of investment decisions and community welfare levels. The combination of these two approaches allows for a comprehensive understanding of numerical data and policy narratives, consistent with the mixed-method research tradition described by Mankiw (2021) and Krugman, Obstfeld, and Melitz (2018) in macroeconomic analysis. Additionally, the policy interpretation framework aligns with principles of sustainable and inclusive development emphasized by Elkington (1997).

The unit of analysis in this study is North Maluku Province. The selection of this unit is based on its geographical uniqueness, commodity-based economic characteristics, and the availability of relevant regional data, as reflected in the official documents of the North Maluku Provincial Government (2025). The research period covers the year 2025, with a specific focus on monthly inflation and deflation data from January to September 2025 for price movement analysis. Other relevant economic variable data are also collected for the period around 2025 to ensure analytical consistency with policy frameworks and socioeconomic indicators presented by the North Maluku Provincial Statistics Agency (2025).

This study relies entirely on secondary data sourced from official and credible institutions. The types of data used include:

Price Data: Monthly (month-to-month) and annual (year-on-year) inflation and deflation, as well as the 2025 North Maluku Province Consumer Price Index. This data was obtained from publications by the North Maluku Provincial Statistics Agency, supported by media reports that cite the same data source, in line with accepted macroeconomic measurement standards (Fisher, 1911; Tobin, 1969).

Regional Macroeconomic Variable Data: Labor Force Participation Rate, Open Unemployment Rate, Farmer Exchange Rate, Household Consumption Index, Gini Ratio, Percentage of Poor Population, and Human Development Index for the period around 2025. These indicators are sourced from the North Maluku Provincial Statistics Agency (2025) and provide the socioeconomic context necessary to interpret price movements (Barro, 1995; Bernanke, 2000).

Development Policy and Planning Data: Official documents of the Regional Medium-Term Development Plan 2025–2029, the Regional Long-Term Development Plan 2025–2045, and policy frameworks related to investment and logistics. These were obtained from the Regional Development Planning Agency, the Investment and Integrated Services Agency, and the official portal of the North Maluku Provincial Government (North Maluku Provincial Government, 2025). The policy interpretation aligns with the welfare perspective highlighted by Easterly and Fischer (2001).

The collected data will be analyzed using several integrated techniques:

Descriptive Trend Analysis: This involves data visualization through line graphs and tables to describe the patterns, magnitude, and frequency of month-to-month and year-on-year inflation and deflation. This analytical tradition is aligned with macroeconomic trend analysis approaches developed in the works of Fisher (1933) and Krugman, Obstfeld, and Melitz (2018).

Contextual Comparative Analysis: This connects price trends with changes in other economic variables such as the Farmer Exchange Rate, the Labor Force Participation Rate, and the Gini Ratio to identify cross-impacts and their implications for investment and welfare. For example, the influence of commodity deflation on the Farmer Exchange Rate and the purchasing power of farmers is consistent with the inflation-welfare linkage discussed by Barro (1995) and Easterly and Fischer (2001).

Qualitative Policy Analysis: This technique interprets development planning documents to evaluate the suitability of existing policies with current price dynamics and identify policy gaps that need improvement. The identification of specific policy instruments to transform price stability into productivity will be the main focus, reflecting the sustainable development perspective advocated by Elkington (1997) and the macro-financial stability view presented by Bernanke (2000).

RESULTS AND DISCUSSION

This section presents the results of the analysis of inflation and deflation data in North Maluku Province from January to September 2025, followed by a discussion of its implications for sustainable investment and community welfare. The discussion integrates empirical findings with theoretical frameworks and supporting data on other economic variables, as well as identifies relevant policy gaps.

Patterns and Characteristics of Inflation and Deflation in North Maluku in 2025

Analysis of inflation and deflation data for North Maluku Province from January to September 2025 shows varying price dynamics, reflecting the interaction between supply and demand factors in the regional economy. The following table summarizes these price movement patterns:

Based on preliminary data from the North Maluku Provincial Statistics Agency (2025), the following characteristics can be identified:

1. Significant Episodes of Monthly Deflation
   January experienced deep deflation at minus one point sixty-four percent, followed by subsequent deflationary occurrences in May at minus zero point seventy-one percent and August at minus one point ninety percent. These conditions indicate not only price corrections but also reflect supply surpluses or weakening purchasing power in specific commodity segments. In macroeconomic theory, such conditions are often associated with demand-side contractions or sectoral production imbalances, as emphasized by Fisher (1933) in the debt-deflation mechanism and Tobin (1969) in the monetary approach to price-level behavior.
2. Moderate and Stabilized Annual Inflation
   From February to July, year-on-year inflation tended to remain at a relatively manageable level, indicating temporary equilibrium in aggregate price formation. This aligns with the theoretical view that moderate inflation can promote economic activity and investment planning when accompanied by predictable expectations (Mankiw, 2021; Krugman, Obstfeld, & Melitz, 2018). However, such stability must be critically assessed due to the presence of recurring deflationary corrections at the monthly level.
3. Volatility Driven by Seasonal and Commodity Factors
   The fluctuation patterns suggest strong linkages to commodity seasonality, especially in agriculture, fisheries, and plantation products such as nutmeg and cloves. Global

commodity price exposure, limited downstream capacity, and fluctuating distribution chains contribute to price variability. This is consistent with the region's economic characterization as presented in the North Maluku Provincial Government's long-term planning framework (2025).

4. Localized Impacts Across Sectors
   Deflation in commodity-producing rural areas tends to reduce producer income, especially for farmers and fishermen, leading to contraction of purchasing power. Although the Farmer Exchange Rate remained above one hundred throughout the observation period, signaling relative resilience, price contractions at the producer level can reduce real income if not offset by adequate market absorption and processing capacity (North Maluku Provincial Statistics Agency, 2025).
5. Implications for Investment Climate
   Stable annual inflation combined with volatile monthly deflation produces a dual perception for investors. On one hand, predictable inflation supports cost projections and capital expenditure planning. On the other hand, frequent deflation signals potential weaknesses in local demand, production sustainability, and supply chain continuity. These conditions influence the formation of investment risk premiums and may lead to preference shifts toward short-term or enclave-based investments, as highlighted in macroeconomic and development perspectives (Barro, 1995; Bernanke, 2000; Easterly & Fischer, 2001).

The above findings reinforce the argument that price-level behavior in North Maluku cannot be interpreted solely from annual inflation figures. The coexistence of moderate year-on-year inflation with volatile month-to-month deflation reflects structural vulnerabilities that require targeted policy intervention. Without strategic mitigation, these fluctuations may undermine economic productivity and weaken the foundations of sustainable investment envisioned in the region's long-term development plan (North Maluku Provincial Government, 2025; Elkington, 1997).

Table 1 Inflation/Deflation in North Maluku Province in 2025

Month	Monthly Inflation/Deflation (m-to-m)	Annual Inflation/Deflation (y-on-y)	Notes/Source
January 2025	−1.64%	−0.15%	Annual deflation of 0.15%; CPI = 106.53 [4]
February 2025	−0.11%	+0.16%	Annual inflation 0.16%; CPI = 106.41 [4]
March 2025	+2.65%	+2.32%	Significant inflation; CPI = 109.32 [4]
April 2025	+1.33%	+3.23%	Official table "Malut Province Inflation (2022=100)" [4]
May 2025	−0.71%	+1.89%	Monthly deflation; annual inflation 1.89% [4]
June 2025	+0.27%	+2.01%	Official table [4]
July 2025	+0.39%	+2.46%	Official table [4]
August 2025	**−1.90%**	+0.43%	Deepest monthly deflation; annual inflation 0.43% [4]
September 2025	−0.04%	−0.17%	Annual deflation 0.17%; CPI down [4]

Source: North Maluku Provincial Statistics Agency (2025)
From the data above, it can be observed that:

1. Monthly Volatility: The North Maluku economy is characterized by fairly dynamic price fluctuations on a monthly basis. There were three significant periods of monthly deflation (January, May, August), with August experiencing the deepest monthly deflation (-1.90%). On the other hand, monthly inflation peaked in March (+2.65%) and April (+1.33%).
2. Moderate Annual Inflation: Despite monthly fluctuations, *year-on-year* (*y-o-y*) inflation tended to be moderate throughout most of the period, moving from slight deflation at the beginning and end of the period to positive inflation of around 0.16% to 3.23%. This shows that, in aggregate over the course of a year, significant and sustained price pressures were relatively contained.
3. Annual Deflation: North Maluku even experienced *y-o-y* deflation in January (-0.15%) and September (-0.17%). This is a rare phenomenon in Indonesia and is usually a serious indication for the economy if it is caused by weak demand. However, if it is caused by seasonal supply factors (e.g., bumper harvests or abundant catches), the impact needs to be analyzed more deeply.

This pattern indicates that price movements in North Maluku are influenced by strong seasonal factors, especially in the food and fisheries commodities sectors, which are the province's mainstay . Monthly deflation in January, May, and August may reflect periods of bumper harvests or abundant marine catches, while inflation in March and April may be linked to religious holidays or a decline in supply during those months.

The Impact of Inflation and Deflation Dynamics on Sustainable Investment

These complex price dynamics have diverse implications for investment interest and decisions in North Maluku. Inflation and deflation, although macroeconomic indicators, have a direct impact on production costs, return on investment, and capital expenditure decisions by investors (Barro, 1995).

Moderate Inflation Stability as a Prerequisite, Not a Guarantee

Moderate year-on-year inflation (in the range of zero percent to three percent) throughout most of 2025 creates a relatively stable nominal environment for investors. This condition allows for easier business planning related to product pricing and comparative cost projections. Investors appreciate this stability because it reduces uncertainty in calculating short-term cash flow and profit margins. For example, processing industries based on domestic non-commodity raw materials may be able to calculate operating costs with greater precision.

However, as emphasized in the initial thesis, stability does not necessarily translate into productivity (North Maluku Provincial Statistics Agency, 2025). Tame inflation is a prerequisite, not a guarantee of healthy margins. Large investors, especially for manufacturing or logistics projects, are more concerned with real logistics costs and supply chain reliability, which do not automatically improve just because inflation is low. Data from “North Maluku in Figures 2025” and “Regional Statistics 2025” regarding road, port, telecommunications, and electricity conditions are highly relevant in this regard (North Maluku Provincial Statistics Agency, 2025). If infrastructure is inadequate, low inflation will only become a formal indicator without any substantive impact on companies’ operating profits.

Monthly Deflation Risk and Suppression of Investment in the Productive Sector

Frequent episodes of monthly deflation, especially the deepest in August 2025 at minus one point ninety percent month-to-month and the year-on-year deflation in January and September, present hidden risks to investment. In provinces that are highly dependent on the agro-maritime sector, deflation in commodity prices (such as fish and agricultural products) directly suppresses the income of producers in that sector.

For investors in the agro-maritime processing sector or related supply chains, deflation in raw material prices—if driven by supply-side factors—can be seen as an opportunity to acquire cheaper inputs. However, if the deflation reflects weak aggregate demand or excess supply that is not absorbed by the market, it is a warning sign. Processing companies will face pressure on

the selling prices of their finished products, eroding profit margins and reducing incentives to expand production capacity or undertake new investment (Krugman, Obstfeld, & Melitz, 2018). This phenomenon can delay capital expenditure decisions, as investors anticipate lower capital asset prices, thereby slowing regional economic growth (Fisher, 1933). Investments in these sectors will face challenges in achieving the expected return on investment.

Impact of National Macro Variables: Exchange Rates and Interest Rates

The dynamics of local inflation and deflation are also influenced by national macro factors. Data shows that in 2025, the rupiah experienced significant pressure, particularly during March and April, prompting monetary policy responses from Bank Indonesia in the form of interest rate adjustments (North Maluku Provincial Statistics Agency, 2025). For investors whose businesses are import-intensive—such as those dependent on machinery or raw materials from abroad—exchange rate volatility can erode the benefits of mild regional inflation. This foreign exchange risk becomes a significant indirect cost component and requires hedging strategies or localized supply chain adjustments (Barro, 1995). High national interest rates, although not regionally specified, will have an impact on bank credit costs and may suppress investment, especially those dependent on external financing. Thus, investment decisions in North Maluku are influenced not only by local price conditions but also by broader national macroeconomic variables.

Labor Quality and Logistics Reliability

Regardless of inflation or deflation figures, real investment decisions are highly dependent on labor quality and logistics reliability. Labor Force Survey data from February 2025 indicates a Labor Force Participation Rate of sixty-eight point ninety-nine percent and an Open Unemployment Rate of four point twenty-six percent, showing the availability of a workforce (North Maluku Provincial Statistics Agency, 2025). However, investors assess additional aspects such as skill suitability, turnover levels, and the availability of training service providers—factors not reflected in basic labor statistics. Without a skilled workforce and efficient logistics, as indicated by the proportion of paved roads and port reliability, even low inflation cannot guarantee healthy factory returns on investment (North Maluku Provincial Statistics Agency, 2025). Sustainable investment requires the presence of competent human capital and reliable infrastructure, in line with the long-term development vision that emphasizes competitiveness and sustainability (North Maluku Provincial Government, 2025; Elkington, 1997).

The dynamics of inflation and deflation in 2025 also have direct implications for the welfare of the people of North Maluku, who largely depend on income from the primary sector.

Moderate Inflation and Household Purchasing Power

Moderate year-on-year inflation for most of 2025 generally tends to maintain the purchasing power of fixed-income communities (Easterly & Fischer, 2001). If nominal wage increases or other income slightly exceed this moderate inflation, real wages will increase, which in turn can drive consumption and improve living standards. Consistent Farmer Exchange Rate data above one hundred throughout 2025 (for example, January one hundred four point ten to July one hundred seven point fifty-nine) and a rising Household Consumption Index indicate that the purchasing power of farmers is improving, which means that the local consumption base for basic and intermediate goods may strengthen (North Maluku Provincial Statistics Agency, 2025). This is a positive indicator for the improvement of the welfare of farmers and fishermen, who are the backbone of the North Maluku economy.

The Threat of Deflation to Local Producers' Income

However, frequent monthly deflation is a serious threat to local producers, especially farmers and fishermen. When there is significant monthly deflation, the selling price of crops or fish catches tends to plummet. Meanwhile, production costs such as fertilizers, seeds, or boat fuel may not fall as quickly. This condition will drastically reduce their real income, so

that a positive Farmer Exchange Rate value may not fully represent the pressure they are experiencing. If this pressure continues, farmers and fishermen will find it difficult to meet their basic needs, delay purchasing capital goods (such as new seeds or better fishing gear), and may even fall back into poverty. This kind of deflation risks widening the income gap between producers and consumers in urban areas, who may temporarily benefit from cheaper goods (Krugman, Obstfeld, & Melitz, 2018).

Income Distribution and Poverty

The low Gini Ratio data for March 2025 at zero point two nine nine and the poverty rate falling to five point eighty-one percent, or approximately seventy-seven thousand two hundred seventy people, indicate a relatively even income distribution and successful poverty alleviation efforts (North Maluku Provincial Statistics Agency, 2025). This is good news for a more inclusive domestic market base. Equitable income distribution reduces the risk of demand shocks that only affect the upper class (Easterly & Fischer, 2001). However, if deflation continues to put pressure on primary sector incomes, this favorable balance could be threatened. A decline in income for the most vulnerable groups, namely farmers and fishermen, could reverse progress in poverty alleviation and increase the Gini Ratio in the future. In addition, deflation also increases the real burden of debt for people with loans, thereby reducing their welfare (Bernanke, 2000).

Synthesis of Policy Gaps

The analysis shows that although North Maluku Province already has a fairly good policy and development planning framework—such as the Regional Medium-Term Development Plan, the Regional Long-Term Development Plan, the Online Single Submission system, and leading commodity initiatives—there is a significant gap between this framework and the specific policy instruments needed to effectively convert price stability into productivity and quality investment.

• Gaps in the Logistics Sector:

The Regional Medium-Term Development Plan and spatial planning documents emphasize the availability of infrastructure, but there are no specific regulations or incentives for third-party logistics operators or cold chain systems (North Maluku Provincial Statistics Agency, 2025). Without fiscal and operational incentives—such as electricity tariff discounts for refrigeration and cold storage rental subsidies—and simplified licensing, the risk of plans without execution remains high. This hinders the reduction of cost-to-serve, which is key to attracting investors.

• Agro-Maritime Downstreaming Gap:

The Regional Development Planning Agency has directed an action plan for leading commodities (North Maluku Provincial Statistics Agency, 2025). However, there is no operational downstreaming roadmap at the small factory level that includes machine specifications, quality standards, packaging, certification for halal or export markets, and clear connections to off-take buyers. As a result, most commodities tend to remain unsold in their raw form, making producers vulnerable to price deflation and losing potential added value.

• Productivity Improvement Service Gap:

Although the planning framework allows for budget allocations for sectoral vocational training, there are no visible skills-based incentives such as outcome-based training reimbursement schemes or digital tool vouchers for micro, small, and medium enterprises (North Maluku Provincial Statistics Agency, 2025). Without these incentives, productivity service providers find it difficult to grow rapidly, which in turn hinders the improvement of human resource quality and technology adoption by micro, small, and medium enterprises.

This gap shows that although the policy objectives are in place, more micro and specific enabling instruments are still insufficient to address the challenges posed by inflation and deflation dynamics and to effectively attract sustainable investment in North Maluku. Local

governments need to be more proactive in translating macro plans into concrete action programs with clear instruments (North Maluku Provincial Government, 2025).

CONCLUSION

This study comprehensively analyzes the dynamics of inflation and deflation in North Maluku Province throughout 2025 and their implications for sustainable investment and community welfare. The findings show that North Maluku experiences mixed price conditions, characterized by generally moderate year-on-year inflation in most periods, which creates the preconditions for stability desired by investors and helps maintain the purchasing power of segments of the population. However, what is particularly significant is the frequent episodes of deep monthly deflation, which even resulted in year-on-year deflation in January and September 2025. This deflation, particularly if driven by oversupply in the agro-maritime sector, has the potential to seriously depress the real incomes of local producers such as farmers and fishermen, weaken investment motivation in productive sectors, and impede inclusive welfare improvements.

The implications for sustainable investment indicate that, although nominal inflation stability is relatively well maintained, recurring monthly deflation and fundamental operational challenges—such as labor quality, logistics reliability, and national exchange rate volatility—create uncertainty. Large investors require more than low inflation; they demand operational certainty, cost-to-serve efficiency, and the availability of skilled human resources. At the same time, the effects on community welfare show a dual condition: moderate inflation can support overall purchasing power, but deflation in key commodities poses serious risks to the incomes of vulnerable groups and can reverse progress in poverty reduction in resource-rich regions.

Overall, the policy foundations in North Maluku—such as the Regional Medium-Term Development Plan, the Regional Long-Term Development Plan, the Online Single Submission system, and commodity prioritization strategies—are in place and demonstrate a positive direction. However, this study identifies critical gaps between the macro policy framework and the specific operational instruments needed. The absence of specific regulations for micro-logistics clusters, including cold chain systems, the lack of operational downstreaming roadmaps for agro-maritime industries at the small factory level, and the limited skills-based incentives to increase productivity among micro, small, and medium enterprises and the workforce, are major obstacles to transforming price stability into higher economic productivity and attracting truly high-quality investment.

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