



Indonesia Newsletter

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MONTHLY

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THE 24th NATIONAL MERCHANDISE AND COMMODITY SHOW



24TH TRADE EXPO INDONESIA 2009

OCTOBER 28 - NOVEMBER 1, 2009

JAKARTA INTERNATIONAL EXPO KEMAYORAN - JAKARTA, INDONESIA

Organized by:

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The 24th Trade Expo Indonesia 2009 is set to open on 28 October - 1 November 2009. Like in the previous shows, Trade Expo Indonesia 2009 will showcase all Indonesian export products ranging from Industrial, Mining, Agricultural to Craft sectors. The last year shows successfully attracted more than 7.444 buyers from 119 countries, and generated in total trade transactions valued at US\$217.29 million. The fact that thousands of buyers from many countries came to visit Trade Expo Indonesia every year demonstrates a high commitment of our trading partners around the world. Indonesia is one of the potential and reliable suppliers of qualified and competitive consumer products. Therefore, you and your associates are cordially invited to pay a visit to The 24th TRADE EXPO INDONESIA 2009, from 28 October - 1 November 2009 at Jakarta International Expo, Kemayoran, Jakarta.

Indonesia Icon Pavilion : Indonesia Icon Pavilion of Trade Expo Indonesia 2009 is the showcase of potential, unique and best quality value-added products, resources and services which meet international standards of export. In this pavilion it is also displayed specific products that have ISO, Ecolabel and CSR. They boast a synergy of cultural heritage, creative innovations and technology to form an exemptional competitive advantage that is distinctively Indonesia.

PRODUCTS ON DISPLAY

Main Products : Automotive Components, Cocoa, Coffee, CPO, Electricity & Electronics, Footware, Furniture, Prawn, Rubber & Rubber Products, Textile & Textile Products. **Potential Products** : Essential Oils, Fish & Fish Products, Handicrafts, Herbal, Jewelry & Accessories, Leather & Leather Products, Medical Instruments & Appliances, Processed Foods, Stationery Non-Paper, Spices. **Services** : Information Technology Job Worker Construction Service **Multi Products** : Agricultural Products, Building Materials, Chemical Products, Food and Beverages, Glassware, Heavy Machineries and Equipments, Household Goods, Paper Products, Sport Equipments, Wooden Products Miscellaneous. **Agenda** : - Opening Ceremony, - Tourism, Trade and Investment (TTI) Forum, - Networking Reception, - Product Presentation **Buyer & Investor Benefits** : - Free Expo Directory (at Opening Ceremony), - Complimentary use of Business Lounge, - The Expo is complemented with modern facilities for business transaction, and telecommunication, - Shuttle Bus from venue to the nearest hotel

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ECONOMIC GROWTH IN 2010 FORECASTED BETWEEN 4.5-5.5%

Bank Indonesia (BI) forecasts economic growth between 4.5 and 5.5 % in 2010, in line with the government's recent figure of about 5%, BI said in its economic outlook report for 2009-2014 published recently. Private spending accounted for an average of 64% of gross domestic product (GDP) between 1998 and 2008, up from

58% between 1988 and 1997. BI estimates private consumption, including household consumption, will grow by 4%-5% next year, up from 3.2-4.2% this year. However, BI warned that household consumption, the main driver of private consumption, would be in a more fragile state as it was heavily financed by labor income rather than savings, loans or other sources. Around 60% of workers are employed in the manufacturing, agricultural and mining sectors, which could be hard hit by the crisis, according to BI. BI forecast export growth this year to contract by between 5.1% and 4.1%, while possibly growing next year at between 6.7 and 7.7%. Finance Minister Sri Mulyani Indrawati stated that Indonesia is likely to rebound next year with growth of about 5%, Economic activity is likely to start improving in 2010. The Finance Minister added that growth to return to the 5% level, while inflation is forecast at 5%. Indrawati also said the optimism of the country's business sector to conduct expansion in addition to the declining tendency of interest rates would also give a positive impact. Indrawati said the economy might expand between 4.3% and 4.8% in the first three months this year, with a "mid-point of 4.5%" due to quite high growth in private consumption. Government spending reached between 8% and 13%, higher than in the first quarter of 2008. Meanwhile the country's Planning and Development Minister stated that GDP should grow by 4% in 2009, and the impact of the global economic downturn on the domestic economy should dissipate this year. The effect on Indonesia of the economic crisis should end in 2009 as the fiscal stimulus is being set in motion to increase domestic consumption. Paskah Suzetta said that the economic growth will reach 4% this year. The government is implementing a Rp73.3 trillion fiscal stimulus, which will largely take the form of tax incentives, to boost purchasing power and investment in Indonesia. Last year the economy grew 6.1%. However, flagging external demand for exports has sapped domestic fundamentals since late last year, dragging down imports and domestic demand. The Finance Ministry's official growth forecast for 2009 is 4.5%.

RI RELAUNCHED LOVE INDONESIA PROGRAM

The government has re-launched "Cinta Indonesia" (Love Indonesia) program to induce people on using more Indonesia-made products stated Indonesian Trade Minister, Mari Eka Pangestu. Mari added that the program have been promoted in last two decades, but it was stopped with no reason. This is a movement to appreciate Indonesia products to be able compete with imported products. To support this program, the trade ministry will cooperate with other ministries, involving several state-owned enterprises.

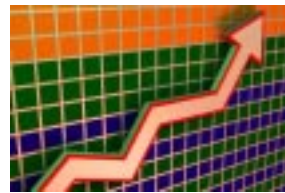


NON-OIL AND GAS EXPORTS INCREASED : The Central Board of Statics (BPS) recently reported that Indonesia's non-oil and gas exports in March 2009 increased 20.08 percent to US\$7.27 billion. The March export performance this year is 21.30 percent lower than that in the corresponding period a year earlier stated BPS Chief Rusman Heriawan adding that the main contributor to the increase in the non-oil exports was the increase

in the exports of mineral fuels such as coal. The increase in the exports was due to exports of natural resource-based products such as agricultural and mining products.

INVESTMENT IN RI IN APRIL 2009

Investments in Indonesia recorded at US\$ 1.57 billion (Rp 14.11 trillion) during April 2009. Around US\$ 1.4 billion (Rp 12.6 trillion) of the amount were foreign investments and US 170 million (Rp 1.51 trillion) was from local investors. Muhammad Lutfi head of the Indonesian Investment Coordinating Board (BKPM) stated that the biggest local investment was made on textile industry at Rp 446.4 billion, followed by food industry at Rp 312.3 billion, steel at Rp 180.6 billion, basic chemical at Rp 177.3 billion, rubber and plastic industry at Rp 153 billion. East Java province received the highest local investment at Rp 615,1 billion, followed by West Java Rp 215 billion, North Sumatra Rp 146,6 billion, Central Java Rp 125 billion, and West Sumatra Rp 113,1 billion. Largest foreign capitals were invested in transport, warehouse/storage and communication with combined value at US\$ 1.2 billion. Utility industry came second with US\$ 60.4 million, food industries US\$ 45.7 million, leather and shoes industries US\$ 37.9 million, steel and electronic with US\$ 33.5 million. Jakarta received the largest cut of foreign investment at US 1.1 billion, followed by West Java, South Sulawesi, East Java, and Central Java with US\$ 122,8 million, US\$ 60,4 million, US\$ 42,2 million, and US\$ 33,1 million respectively. The Netherlands made the biggest investment in April according to the investment agency at US\$ 1.1 billion, Australia came second with US\$ 61,5 million, Singapore third US\$ 44,5 million, next Italy and Japan with US\$ 37,9 million and US\$ 24,2 million respectively.



RI IN SEARCH OF FOREIGN INVESTORS

Indonesia has set a goal to attract US \$358 billion of private investment by 2010 and hopes foreign investors will provide some of the capital. The Chairman of Indonesian Investment Coordinating Board (BKPM) Muhammad Lutfi stated that several sectors in Indonesia, including crude palm oil and coal industries offer notable opportunities. Indonesia estimates each percent of growth in economy will create some 400,000 of the three million jobs the country's rapidly expanding population needs. Indonesia is currently the third-largest country in the world in the terms of its 228.5 million population. Lutfi added that the government's growth plan requires an investment of US \$426 billion. The government is providing some US \$68.43 billion of this, while US \$358 will come from the private sector. The priority areas of investment are located in Riau, Bengkulu and Central Java, among others, and include projects in industries including crude palm oil, pulp, aluminium, coal, tin, cocoa and copper.

SHARP JUMP IN MARCH TRADE SURPLUS

The Indonesian Central Bureau of Statistics (BPS) has recently reported that Indonesia's trade surplus increased sharply to US \$3.27 billion in March from US \$2.52 billion in February. Imports in March fell 33.4% on year to US \$5.27% billion, while exports declined 28.9% to US \$8.54% billion. In February imports had tumbled 42.0% on year, while exports fell 32.9%. Including imports to bonded zones where imported commodities are reprocessed for exports, the trade surplus was US \$2.01 billion, up from US \$1.26 billion in February. On a month-on-month basis, exports rose 20.6%, due to the significant increase in the volume of resource-based exports.

22 PROVINCES APPLY FOR SPECIAL ECONOMIC ZONE STATUS

As many as 22 provinces have applied for Special Economic Zone (SEZ) status, a program which may be implemented starting next year. Bambang Susantono, an official at the Coordinating Ministry for the Economy in charge of infrastructure and regional development, stated that the

government would scrutinize the capability of provinces before granting SEZ status. No provinces are being prioritized and will first verify that each area meets the SEZ criteria. The 22 provinces are North Sumatra, South Sumatra, Riau, Riau Islands, Bangka Belitung, Bengkulu, Banten, Jakarta, West Java, Central Java, Yogyakarta, East Java, West Kalimantan, South Kalimantan, East Kalimantan, South Sulawesi, Southeast Sulawesi, North Sulawesi, Central Sulawesi, Maluku, West Papua and Papua. Susantono stated that there is no deadline for the government to grant SEZ status and the SEZ draft bill is still being deliberated at the House of Representatives, with endorsement no earlier than October.

RI TO PROMOTE 200 DOMESTIC PRODUCT BRANDS : The Indonesian Trade Minister, Mari Pangestu has stated that the Indonesian government is to make an effort to popularize the brands of 200 of the country's products at home, regionally and globally. Pangestu stated that her office was currently compiling a database on companies whose products with the potential to have trademarks of their own including products of small and medium businesses. To meet the target Indonesia will facilitate them to be able to participate in various exhibitions. The Trade Ministry office would also help improve packaging of products, provide production equipment and with marketing. The Indonesian government recently launched the "Love Indonesia" campaign program to improve appreciation of the country's products, services and international image. Besides encouraging going global, the trade ministry has also encouraged small and medium businesses to create good packaging and trademarks for their products.



MANUFACTURING SECTOR TO EXPAND IN SECOND QUARTER

: The manufacturing sector may expand faster in the second quarter from a quarter earlier as firms start producing more than in the first quarter, with the

economic growth getting back on track. In the first quarter, consumption proved to be resilient, fueling the economy to expand by an estimated 4.6 percent. Indonesian Finance Minister, Sri Mulyani stated that the rise in car sales and electricity consumption by industries in March as compared to the previous months this year showed the economy had started moving again, supported by still-high purchasing power. According to the Finance Ministry, electricity consumption in industries in March rose 2 percent from February. In the last three-month period of 2008, power consumption in industries had contracted by 3 percent. The central bank has estimated that the manufacturing sector may expand 2 percent this year as compared to the 3.7 percent growth it recorded last year.

RI TO MINIMIZE NEGATIVE EXPORT GROWTH : The Indonesian Government will do its best to boost non-oil commodity exports so that they could not experience a negative growth in 2009. Indonesian Trade Minister, Mari Elka Pangestu stated that the ministry wanted to widen the range of export target from minus 10 percent to zero percent. Mari added that the ministry was in the position of the optimistic scenario, therefore it would try to speed up export flows, expand its diplomacy and enhance trade security. Indonesian Trade Minister stated that in order to maintain Indonesia's export performance it would carry out efforts such as opening new markets, launching trade diplomacy and negotiations and intensifying export promotions.

RI ISSUED POLICY TO HELP EXPORTERS : The Finance Ministry's Directorate General of Customs and Excise has recently issued a policy extending the period of use of raw material and capital goods for re-export to 24 months. Previously, companies

that imported raw materials and capital goods were only given 12 months to process the materials into processed goods and to re-export them. The extension policy, known technically as KITE, would help exporters cope with the global economic downturn. It is part of the fiscal stimulus from the Customs and Excise to help companies (boosting exports).

RI'S INVESTMENT BOARD SEEKS 15-YEAR TAX HOLIDAY FOR INVESTORS

: Indonesia's Investment Coordinating Board (BKPM) has asked the government for a 15-year waiver of income taxes for new investors in certain industries, its chief Muhammad Lutfi stated recently. The Investment Board chairman said that his office has proposed the tax holiday for a range of industries including downstream oil and gas, energy, rubber, and agriculture. Lutfi added that he expected the growth of actual foreign direct investment in Indonesia to slow to 20% this year from 44% last year amid the global downturn. Actual FDI was \$14.87 billion in 2008.

IFC OFFERS ENERGY-SAVING PROJECT TO INDUSTRIES :

The International Finance Corporation (IFC) has offered Indonesia's palm oil and rice milling industries energy-efficiency projects that could enable them to cut energy costs by 30% and reduce CO2 emissions to be cashed in under the United Nations Framework Convention on Climate Change (UNFCCC) scheme. The energy efficiency programs will use the industries wastes to generate power or replace the use of fuel oil in the companies. Tom Moyes, the IFC program manager for energy efficiency projects stated that to facilitate the development of the projects, the IFC would provide technical expertise on energy efficiency and cooperate with banks on financing for the projects. The IFC, the private arm of the World Bank, had conducted a study since last November and decided that such projects would be started in the palm oil and rice milling industries.

RI TO REVITALIZE COUNTRY'S RAILWAY TRANSPORTATION SYSTEM

: The Indonesian government will set up a new company specializing in developing and maintaining railroads, and will allocate a total of Rp 19 trillion over the next three years as part of its plan to revitalize the country's railway transportation system. The Transportation Ministry's Director General of railways, Tunjung Inderawan stated that the new company could be split off from state-owned railway operator PT Kereta Api (PT KA) to pave the way for the planned privatization of the sector. Currently PT KA still controls both railroads and train services. Private companies also operate train services, but only a small portion, and they are very dependent on PT KA for the use of railroads. To attract the private sector, the government in 2007 enacted a law on railways and is now preparing a technical law on its implementation. Once approved, PT KA's monopoly as sole operators for rail roads and train transportation services will come to end. Tunjung added that about the Rp 19 trillion fund would mostly be used to improve railway tracks and trains, as well as to reform the institution dealing with railway transportation, including the establishment of the new company, and to revitalize PT KA and its human resources. Based on a 2008 survey, the share of trains in transportation passengers was only 7 percent of the total market of public transportation, while in transporting goods it was only 0.67 percent. Tunjung added that through the railway revitalization program, the government was aiming at increasing the trains' share in transporting passengers to about 20 percent by 2015, and to about 30 percent by 2025. In the short and long terms, the share of trains in transporting goods will be more focused on carrying coal, fertilizer and palm oil, in the resources rich provinces of Sumatra and Kalimantan.



RI HAS RETAINED THIRD MOST OPTIMISTIC MARKET : The Indonesian capital market has retained its position as the third most optimistic market in the Asia-Pacific region in the first quarter of this year. A survey released by the Dutch financial services giant ING, placed Indonesia after India and China, strengthening its position as one of the stronger capital markets in the region, amid the global economic crisis that has sent more bourses in the world into turmoil. ING Securities Indonesia, President Director Robert Scholten stated that the governments quick response to the global crisis by managing the country's economy well had also made investors more confident in Indonesia. The survey measures and tracks investors sentiment and behavior every quarter from 13 Asia-Pacific markets, including China, Hong Kong, India, Australia and New Zealand.

MARCH TIN EXPORTS INCREASE BY 29% : Indonesia's refined tins exports are estimated to have risen by nearly 29% in March from the same month a year ago as demand held up despite the crisis. About 82% or 9,141 tons of shipments in March went to Singapore while the remainder went to Malaysia, China, Thailand and South Korea. Indonesia is estimated to have exported 11,086.42 tons of refined tin in March, up from 8,606.27 tons in March 2008. The estimate was also up nearly 30% from 8,534.23 tons exported in February.

BULOG ABSORBS 1.65 MILLION TONS OF RICE ON DOMESTIC MARKET : Perum Bulog (the National Logistics Agency public corporation) has absorbed a total of 1.65 million tons of rice on domestic markets during the first months of this year or around 43 percent of the target set for 2009. The rice stock currently stored at Bulog warehouses stood at 2.1 million tons and the state trading enterprise procures each day around 30,000 tons of rice, Mustafa Abubakar, Perum Bulog's president director stated. If Bulog is able to control 10 percent of national rice production, which is projected to achieve 40 million tons this year, it will enable Bulog to perform its main task as price controller effectively. Last year, Bulog bought about 3.2 million ton of rice on domestic markets. This figure is the biggest procurement in Bulog's long history.



RI TO OFFER 24 NEW OIL & GAS BLOCKS IN MAY : The government will offer 24 new oil and gas blocks in May. Most of the blocks are offshore blocks and located in eastern part

of Indonesia stated the Director General for Oil and Gas Evita H. Legowo. The blocks will be offered during the 33rd annual convention and exhibition of the Indonesian Petroleum Association (IPA) which will be held in Jakarta Convention Centre from May 5 to 7. Of the 24 blocks, 17 blocks will be offered under a regular tender and the remaining 7 will be offered under a so-called direct offer mechanism. In the later mechanism, the early exploration of the blocks was initiated by oil and gas contractors and these companies will be prioritized to develop the blocks. During the event, the government will also sign 12 new oil and gas contracts and 3 new coal bed methane (CBM) contracts.

WEST SUMATRA TO EXPORT COCOA : The West Sumatra provincial administration aims to export cocoa amounting to Rp 1 trillion in value to Singapore this year, West Sumatra governor stated. The provincial administration will also provide assistance by distributing 2.5 million cocoa beans while the Ministry for Trade and Industry is set to donate 1 million. The province, which currently produces cocoa beans over a 61,000-hectare area, had already exported 32,000 tonnes of cocoa last year -- generating no less than Rp 744 billion in revenue. The area for local cocoa

cultivation would also be increased to 100,000 hectares. The price of cocoa is currently steady at Rp 26,000 to Rp 27,000 per kilogram.

SALES OF HOME-MADE TEXTILES IN DOMESTIC MARKET INCREASE BY 20% :

Domestic sales of textiles and textile products made in Indonesia in the last three months increased by about 15 to 20 percent as a result of the government's policy to tighten import of five manufactured commodities, including textile products. The trade ministry's efforts to regulate the entry of foreign-made garments and other kinds of clothes have boosted the sales of domestic textile products by 15-20 percent stated Benny Sutrisno, Chairman of the Indonesian Textile Association (API). At the end of last year, the government issued Trade Minister's Decree No.56 which limited import of five manufactured commodities, namely textile and textile products, footwear, electronics, foods, beverages and toys. The five commodities may be imported only through five designated seaports and two airports. They could be imported by registered importers only. The five seaports are Tanjung Priok of Jakarta, Tanjung Perak of Surabaya, East Java, Tanjung Emas of Semarang, Central Java, Belawan of Medan, North Sumatra and Makassar of South Sulawesi. While the two airports are the Soekarno-Hatta of Jakarta and Juanda of Surabaya. Benny said that according to API's calculations, the textile market at home was capable of absorbing textiles and textile products worth four trillion rupiahs per month. But since the government's policy to tighten import of the five commodities, the sales of textile and textile products at home increased to about Rp4.6 trillion to Rp5 trillion.



NORTH SULAWESI TO HAVE GEOTHERMAL ENERGY : The State-owned geothermal company (PLTP) Lahendong units 1, 2, and 3, will supply electricity for people in North Sulawesi by using geothermal energy. It is predicted that geothermal energy in Lahendong/Tompaso can create 200 megawatts of electricity. At present, PLTP Lahendong has nine production refineries with two refineries for the power at PLTP itself. PLTP Lahendong unit 1 with a capacity of 20 megawatts has operated since 21 August 2001, while units 2 and 3 will be launched by the Energy and Mineral Resources Minister, Purnomo Yusgiantoro. The state-owned electricity company PLN said in a press release that Indonesia has geothermal energy capacity of 27,510 megawatts. Only 1,052 megawatts of this is in production, and 1,647.5 megawatts are under development. The Government plans to open a tender for geothermal energy with capacity of 680 megawatts.

ENERGY DEALS SIGNED FOR VARIOUS INDUSTRIES : Oil and Gas Regulatory Body BP MIGAS reported that 12 energy deals have been signed between different companies either government controlled or privately owned companies. All the gas contracts were made for electricity, fertiliser, and other industries. Four deals for electricity sector valued at US\$ 170,19 million were signed between PT Sarana Pembangunan Palembang Jaya and PT Pertamina EP to generate electricity supply in Palembang; PT Indonesia Power and PT Pertamina EP for Sunyaragi Power Plant; Malamoi Olom Wobok Regional Company and PT Pertamina Hulu Energi and Petrochina; and PT Gasuma Corporindo and PT Pertamina Hulu Energi dan Petrochina East Java. The other six deals were for fertiliser and petrochemical industries between PT Pupuk Kujang Cikampek and British Petroleum Onshore West Java; PT Pupuk Sriwijaya and PT Pertamina EP; PT Pertamina Gas and PT Pertamina Hulu Energi Raja Tempirai and PT Golden Spike Energy Indonesia to supply Pupuk Sriwijaya; PT Pertamina (Persero) and Joint Operating Body Pertamina Talisman; PT Pertamina Gas with PT Pertamina Hulu Energi OK, Talisman OK Ltd, PT Pertamina EP to supply Pupuk Sriwijaya; and PT Pupuk

Iskandar Muda and ExxonMobil. The contracts worth around US\$ 284.48 million. The last two contracts totalled at US\$ 10.82 million were signed by PT Sumber Daya Kelola and PT Pertamina EP; and between PT Henrinson Iriana and PT Petrochina International (Bermuda) Ltd.

ADB TO INVEST IN INFRASTRUCTURE FUND : The Asian Development Bank (ADB) will invest up to \$140 million in the Indonesian Infrastructure Financing Facility to support urgent infrastructure development in Indonesia. The ADB said in a statement that it will pay up to \$40 million for a 20% equity stake in IIFF, and will give a 25-year loan of up to \$100 million to government-owned infrastructure holding company PT Sarana Multi Infrastruktur, which will re-lend the money to IIFF as subordinated debt. The loan will have a grace period of five years. The IIFF is a government-backed fund created in 2007 to support private investment in infrastructure projects by providing financial assistance in the form of guarantees, equity or long-dated debt instruments. It aims to increase private investment in Indonesia's infrastructure by six or seven times. IIFF is expected to finance \$5.5 billion of projects in its first five years of operations. There is a huge gap between needed infrastructure investments and the available financing. That has significantly constrained the expansion of crucial infrastructure in Indonesia stated Arjun Thapan of the ADB's Southeast Asia department. The fund will finance commercially viable infrastructure projects by offering long-term financing and by providing the intellectual capital needed to catalyze public-private partnerships stated Philip Erquiaga of the bank's private sector operations department. By limiting its exposure to 20% of the cost of any project, (the fund) is expected to finance up to \$5.5 billion of projects in its first five years of operations.



RI TO BUILD TWO NEW POWER PLANTS IN LOMBOK : The Indonesian government will build two coal-fired power plants with a total capacity of 75 megawatts in Lombok Island, West Nusa Tenggara. The project was

opened officially by Energy and Mineral Resources Ministry Purnomo Yusgiantoro. The two power plants will be located in Kebon Ayu village, Gerung district, West Lombok. The first power plant, named PLTU 1 Lombok-NTB, has a capacity of 25 megawatts. The second one, PLTU 2 Lombok-NTB, has a capacity of 2x25 megawatts. Both power plants will use low rank coal for their fuel. They will need about 195,000 tones of coal a year. The power plants are expected to help the province anticipating power deficit which currently reaches 10 megawatts in peak hours.

INVESTMENT COMMITMENTS IN OIL AND GAS BLOCKS : The Indonesian government has received several investment commitments worth a total of US\$190 million to develop 11 oil and gas blocks. The funds would be fully disbursed for exploration activities in three years, Director for Oil and Gas Evita H. Legowo stated. Evita announced 11 winners for 11 oil and gas blocks offered December last year. Included among the winners are Hess and ExxonMobil's subsidiary Esso Exploration International LTD. All the winners were to submit their confirmation between April 30 and May 1. The contracts of these blocks are scheduled to be signed on May 5th, during the 33rd conference and exhibition of the Indonesian Petroleum Association (IPA).

FREEPORT INDONESIA HOPES TO BOOST OUTPUT : PT Freeport Indonesia hopes to produce 2.4 million tons of gold and copper this year, an increase of 0.5 million tons from last year. Freeport manager for government relations, Wawa J Sungkawa said that copper concentrate to be produced this year from the Grassberg mine will have higher grade. Sungkawa added that Freeport hopes to sell at least 1.3 billion pounds of copper and

2.1 million ounces of gold this year, up from 1.1 billion pounds and 1.2 million ounces respectively last year. Freeport is ready to supply concentrate to a number of copper and gold processing plants to be built in the country.

WHITE ENERGY COMPLETES CLEAN COAL PLANT : Australia's White Energy Company, in conjunction with Bayan Resources has built the world's largest clean coal plant at the Tabang mine in East Kalimantan. It will be the first full commercial production, large scale operating plant, providing the first steady revenue stream to White Energy. White Energy uses technology from Australia's Commonwealth Scientific and Industrial Research Organization (CSIRO) to upgrade low quality coal to reduce its moisture content, allowing it to burn more cleanly.

SEMEN PADANG TO BUILD NEW FACTORY : West Sumatra based cement maker PT Semen Padang stated it plans to build a new factory to build a new factory with a capacity of 2.5 million tons a year with an investment of Rp3.3 trillion (US \$366 million). The new production unit will increase the annual production capacity of the company from 5.8 million tons at present to Rp8.3 million tons when it is completed in 2011. Last year the subsidiary of state-owned PT Semen Gresik Produced 5.4 million tons of cement from its four existing units. PT Semen Padang President Endang Irzal said that the company is also preparing the construction of a coal-fired power plant to guarantee supply of power to the factory. The power plant will be part of a package of 10 coal-fired power plants to be built by the Semen Gresik Group.

RI SELF-SUFFICIENT IN CORN : The Indonesian Agriculture Ministry stated that Indonesia has succeeded in achieving self-sufficiency in corn as domestic production has reached 90 percent of domestic demand. In 2008 Indonesia imported 170,000 tons of corn and exported 150,000 tons. The



Ministry's director general of food crops, Sutarto Alimoeso stated that exports could still increase, for this year the production target had been set at around 18 million tons of which one million tons would be exported. The agriculture ministry was expecting domestic corn production to increase 14 percent this year. National corn production in 2008 rose more than 22 percent from 16.3 million tons in the previous year. The corn plantation area was increasing while productivity was also rising following the use of superior seeds. Alimoeso stated that the government was subsidizing seed price for rice, corn and bean farmers. Besides seed subsidy the government was also helping farmers to get superior seeds and seeds taken from national reserves. For 2009, the agriculture ministry has allocated a corn seed subsidy for producing 4,266 tons of corn on an area of 225,534 hectares. Seed assistance taken from national seed supply for the farmers will reach 5,595 tons for an area of 353,000 hectares. Direct top seed assistance totaling 7,610 tons meanwhile is allocated for an area of 507,333 hectares.

INDIA'S JSL TO MAKE RI AS MANUFACTURING HUB : Ratan Jindal led JSL (formerly known as Jindal Stainless) is planning to make Indonesia a manufacturing hub to supply stainless steel products in the South-East Asian region. JSL has doubled the capacity of its Indonesian stainless steel plant to 1.5 lakh tonne and intends to export 70% of the produce to ASEAN countries.

INDONESIAN TRADE PROMOTION CENTRE (ITPC) IN CHENNAI : The Indonesian government with the aim of enhancing the partnership with India very recently has opened Indonesian Trade Promotion Center (ITPC) in Chennai. The ITPC will be the venue to know more about what Indonesia can offer, not only it's products but also the art and the culture that inspire the quality, design and uniqueness. ITPC having office in Chennai will be a

positive step towards exploring Indonesian Products.

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PERTAGAS TO BUILD LPG REFINERIES : PT Pertamina is going to construct two LPG refineries in Tambun (Bekasi) and South Sumatra. Pertamina is state-owned gas company PT Pertamina's subsidiary running operation in upstream gas field. President Director of Pertamina Suharyanto stated that the capacity of each refinery is 15 and 250 million cubic feet per day. The construction of Tambun refinery will cost US\$20 million. The company is planning to supply LPG for Tambun refinery from the Tambun field which is owned by Pertamina. Meanwhile, Pertamina is holding an auction of the engineering procurement construction (EPC) regarding the LPG refinery construction in South Sumatra with consortium member including South Korean company E1.



SMART CORP TO BUILD CPO FACTORY : PT SMART Corp. plans to build a crude palm oil refinery to cost up to US \$50 million in Jakarta in the second half of this year. The project was originally to be carried out in May last year stated the company investor relations director, Pintasari Chandra adding that the new plant will have a

processing capacity of 800 tons of oil palm fruits per day. It will produce CPO derivatives including olein, margarine, and cooking oil.

INDOSMELT TO BUILD COPPER PROCESSING FACTORY : Indonesia's PT Indosmelt plans to build a copper processing factory in the regency of Maros, South Sulawesi with an investment of US \$500 million. Construction of the project will start next year in cooperation with an Australian investor Ausmelt. The factory, which will produce 100,000 of copper cathode and 200,000 tons of copper crust, will need 350,000 tons of copper concentrate for feedstock.

C. SULAWESI TO MAKE LAND AVAILABLE FOR SEAWEED CULTIVATION PROJECT : The Central Sulawesi provincial administration is to make one million hectares of land available for South Korean-funded seaweed cultivation projects. The Head of the Central Sulawesi Development Planning Agency (Bappeda), Hasan Haris stated that one million hectares of land are to be located along the coastlines of the bays of Tomini and Tolo. South Korean investment in seaweed cultivation in Central Sulawesi was one of the activities agreed on in a Letter of Intent (LoI) signed in Palu last April to establish sister province relations between Central Sulawesi and South Korea's Jeollanam-do province. An investment of around Rp3 trillion would be needed to make bio-energy from seaweed. South Korean investors would provide prime seaweed seeds and all the technology needed for the seaweed processing industries.

RI TO EXPORT AROMATIC RICE : The President Director of Indonesian National Logistic Agency (Bulog), Mustafa Abubakar has stated that Indonesia will export 10,000 tons of aromatic rice to Singapore and Japan in May. Based on the result of verification, exports would still be limited to a total of only 54,000 tons and only nine of 14 companies received recommendations to carry out the exports.

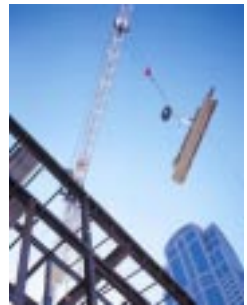
RI'S BUKIT ASAM POWER PLANT TO BE COMPLETED IN 2011 : The construction of power plant in South Sumatra by coal mining company PT Tambang Batubara Bukit Asam will be

completed in April 2011. The project to be built soon in Tanjung Enim where Bukit Asam has large coal mine, will cost around US \$41.4 million. The company signed an engineering, procurement and construction contract with a consortium of China Overseas and PT Weltes Energi Nusantara. The power plant will have a capacity of 30 megawatts and save the company at least US \$3.3 million in operating costs a year.

RATU'S BUSINESS EXPANSION INTO COAL AND GOLD : Publicly listed oil service company PT Ratu Prabu Energi is launching an aggressive business expansion by joining the coal and gold rush. The company will spend as much as US \$500 million over the next years to mine gold and coal in East Kalimantan and Bengkulu. Ratu President Director Burhanuddin BurMaras said that the company's subsidiary PT Indo Asia Resources, specializing in mining and energy services, had already secured gold and mining concessions, and would soon launch exploration activities.

SEMEN PADANG TO BUILD NEW FACTORY : West Sumatra-based cement maker PT Semen Padang stated it plans to build a new factory with a

capacity of 2.5 million tons a year with an investment of Rp3.3 trillion (\$366 million). The new production unit will increase the annual production capacity of the company from 5.8 million tons at present to Rp8.3 million tons when it is completed in 2011. Last year the subsidiary of state-owned PT Semen Gresik produced 5.4 million tons of cement from its four existing units. Its president Endang Irzal said the company is also preparing the construction of a coal-fired power plant to guarantee supply of power to the factory. The power plant will be part of a package of 10 coal-fired power plants to be built by the Semen Gresik Group, Irzal said.



WIKA FORECASTS US \$864M IN 2009 NEW PROJECTS : State-owned contractor PT Wijaya Karya (Wika) is forecasting Rp9.4 trillion (US \$864 million) in new contracts this year, with most of the work expected to be government projects following an expansion in infrastructure spending. The company will work on contracts worth around Rp17.2 trillion this year, including Rp7.7 trillion in contracts carried over from last year. Wika will focus on government projects, including state-owned enterprises (SOE) projects, rather than private sector ones. In the first three months of 2009, Wika signed new contracts worth Rp2.7 trillion, an increase of about 26.03% from Rp2.1 trillion during the same period last year. The company also recorded unaudited revenue of Rp1.26 trillion in the first quarter, compared with Rp1.1 trillion during the same period in 2008. The biggest contracts was from state power company PT PLN worth Rp1.9 trillion to supply 2.6 million tons of coal to the Tanjung Jati B power plant over the next five years. In 2008, the government and SOEs entrusted projects worth Rp3.8 trillion to Wika, accounting for about 50% of its total contracts. Private companies represented some 47%, or Rp3.6 trillion, of the company's order book, while only about 3% worth Rp233 billion, came from international companies.

RUSSIAN TO INVEST IN INDONESIA : Russian entrepreneurs are reported to invest in Indonesia stated the Indonesian Ambassador to Russia, Hamid Awaluddin. Russia would like to invest in various sectors such as medical equipment, wind-based electricity and bio-ethanol removals stated Awaluddin. He also said that 14 Russian business people will come by April 25 while 50 others will arrive by May 19. On April 25, those businesspeople joining in the Russian Business Academy are interested in investing in Batam Free Trade Zone. They have requested for 150 hectares of land.

UAE FUND SEEKS INVESTORS FOR E. KALIMANTAN

PROJECT : UAE investment fund RAK Minerals & Metals Investemtns (RMMI) is seeking partners to finance a US \$1 billion project to develop a rail link and terminal to ship coal from Indonesia. RMMI was awarded a license in March to build a 150-km rail link to carry 15 million tons of thermal coal a year from a mine in East Kalimantan to a coal terminal. RMMI would provide around US \$100 million of the initial US \$600 million investment in the project. Around US \$500 million would come from institutions such as the World Bank and development banks. Nearly five million tons of coal will be used to power industrial projects in the UAE's northern emirates of Ras Al Khaimah, home to RMMI. The remaining 10 million tons would be divided equally between exports and Indonesia's domestic market.

MOZAMBIQUE, INDONESIA SIGN GAS DEAL : Mozambique's national hydrocarbons company signed a US \$30 million agreement with PT Kalila Energi Ltd of Indonesia to prospect for gas in the Buzi bloc in the Central Sofala Province, Mozambique. Kalila will explore for natural gas in the area for the next eight years and will drill two prospect and two evaluation wells, Nelson Ocuane, Chief Executive Officer for Empresa Nacional de Hidrocarbonetos de Mocambique (ENH) stated. ENH has ceded 75% of its shareholding in the Buzi bloc to Kalila. The contract also provides for funding for social responsibility and staff-training programs.

MALAYSIA TO JOINTLY DEVELOP PETROLEUM CITY IN INDONESIA : The Al-Aidid Petro Corporation Sdn Bhd (APCSB), is set to undertake the development of an integrated petroleum city on Breueh Island in northern Aceh, Indonesia. The company is a special purpose vehicle set up by three companies, namely Aceh World Trade Centre (AWTC) from Indonesia and Malaysian companies Khairi & Zakri Holdings and Al-Aidid (M) Sdn Bhd. An agreement for the joint development of the city was signed recently by APCSP with Sabang Freeport and Free Trade Zone (BPKSS) a shareholder of the Aceh province and the ruler of Aceh province, APCSB's President, Mohammad Aidid Zakaria stated. BPKS would provide a 1,200-hectare piece of land needed for the development of water, oil and gas facilities on Breueh Island.

NEW PREMIX PLANT IN INDONESIA : Nutreco subsidiary Trouw Nutrition Indonesia recently opened its newly built plant and offices near Jakarta, Indonesia. This premix facility has a capacity of approximately 15,000 tons of blends and premixes per year, for adding essential nutrition, vitamins and minerals to compound animal feeds. The plant is a stepping stone for Trouw Nutrition in the South East Asian region, with potential to develop more opportunities in the growing South East Asian markets. Trouw Nutrition Indonesia is already the leading premix supplier in Indonesia, with a 30 per cent market share. The Indonesian business has been acquired from BASF in 2007 and for the past 19 months the premix has been produced at the former BASF factory. Trouw Nutrition Indonesia has now transferred all production to the new plant.

IT GIANT EXPAND TO INDONESIA : Ohio, US-based Teradata, a giant information and technology firm specializing in data warehousing, is set to open an office in Jakarta despite the global economic crisis. Indonesia is one of the largest markets in Southeast Asia stated Lih Giap Lim, Country Manager for Tdata Indonesia, the local unit of Teradata. Ikhsan Banarto, and IT analyst at Jakarta-based Optima Sekuritas said that Teradata's move was a smart one because there were not too many big competitors in the current IT market, especially in data warehousing.

ADHI KARYA SECURES NEW PROJECTS WORTH US \$43M : Publicly traded construction company PT Adhi Karya secured new contracts valued at Rp474.61 billion (US \$43 million). State owned Adhi Karya has been awarded the contract to build the Kuningan

City Project in Jakarta and mechanical electrical facilities for the Kuala Namu airport being built in Medan, North Sumatra. The Kuningan City structure and architecture project is to be completed in 26 months stated Adhi Karya corporate secretary Kurnadi Gularso. The Kuningan City project owned by the Mayapada Group is estimated to cost Rp227 billion.

ENERGI MEGA PETROLEUM OUTPUT INCREASE IN FIRST QUARTER : PT Energi Mega Persad has recently has stated that the petroleum output including gas soared 20% in the first quarter from a year earlier. Output rose about 30,000 barrels of oil equivalent a day from 25,100 in the year-earlier quarter. Production increase after the company resumed operations at its Sepanjang field in East Java.

INDONESIA NEEDS 3000 MECHANICS THIS YEAR : Indonesia needs around 3,000 mechanics for heavy-duty equipment this year was stated by PT United Tractor Sorowako spokesman Wahyudi. The statement was made on the sidelines of a Heavy Equipment Training Program for Mechanics (PKPMA) as part of cooperation between Budi Utomo foundation and PT United Tractor which was held at Budi Utomo Vocational School (SMK) in Sorowako, Luwu Timur district, South Sulawesi. Besides the demand of mechanics for heavy equipment at home, Wahyudi said Australia, India, the Philippines, and other countries had asked for some 200 mechanics from PT United Tractor. Meanwhile, Budi Utomo Foundation Chairman, Anwar Idy said that the foundation provided the place for training program while PT United Tractor provided the instructors and teaching aids during the six-month training.



MARCH TOURIST ARRIVALS UP 1.9% FROM YEAR AGO : Foreign tourist arrivals rose just 1.9% in March from a year ago. In March 511,314 foreign tourists visited Indonesia, up from

502,000 a year ago, while in the first quarter the number was almost unchanged at 1.41 million. The government hopes to attract 7 million foreign tourists to visit Indonesia this year, up from 6.32 million in 2008. Tourism accounts for about 3% of gross domestic product in Indonesia, but some areas, including Bali, are heavily dependent on tourism for jobs and growth.

TOURISM ARRIVALS IN BALI INCREASE BY 4.7% IN FIRST QUARTER : March 2009 foreign tourist arrivals to Bali (161,169) increased month-on-month 4.7%, as compared to the same month in 2008. Arrivals covering the first three months of the year (Q1) totaled 465,182 - improving 3.61% over Q1 2008 (448,954).

SOKERNO HATTA OPENS TERMINAL 3 : Terminal 3 at Soekarno-Hatta International, Indonesia, opened to the public recently, lightening the loads at Terminals 1 and 2. It will be used for domestic flights operated by Air Asia and Mandala Airlines. Unlike Terminals 1 and 2, which were designed with a traditional architectural concept, the US\$27.27 million Terminal 3 is designed with a modern concept as an environmentally friendly and energy-saving building. Some remaining work to finish the car park, ticket booths and a retail space are being completed as operations get underway. The new terminal is designed to accommodate four million passengers each year for the two airlines. Terminal 1 for domestic flights and Terminal 2 for international flights were initially designed to accommodate nine million passengers each per year, but records show annual passenger arrivals at the airport have topped 32 million in the past two years. Work will begin this year on a connecting building between Terminal 2 and Terminal 3.

Indonesia Newsletter (April 2009)

EXHIBITION CALENDAR 2009
ORGANIZED BY : PT. PAMERINDO BUANA ABADI
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Visit : www.pamerindo.com

3-6 June 2009

Grand City Convention & Exhibition Centre, Surabaya

Machine Tool & Manufacturing Indonesia-Surabaya 2009

The 5th International Machine Tool, Metalworking, Welding, Manufacturing Machinery and Equipment Exhibition.

14-17 October 2009

Jakarta International Expo, Kemayoran

Building & Construction Indonesia Series 2009

The 15th International Series of Building and Construction, Equipment & Materials Exhibitions.

Marble, Granite & Ceramics Indonesia 2009

The 9th International Marble, Granite and Ceramics, Equipment, Materials & Products Exhibition.

Interiors Indonesia 2009

The 9th International Interior Design, Lighting, Aircon, Kitchen & Bathroom, Textile and Flooring Exhibition

Truck Indonesia 2009

The 9th International Specialist Vehicle Exhibition for the Construction and Mining Industries

14-17 October 2009

Jakarta International Expo, Kemayoran

Mining Indonesia 2009

The 14th International Mining and Minerals Recovery Exhibition and Conference.

14-17 October 2009

Jakarta International Expo, Kemayoran

Electric Indonesia Series 2009

The 14th Electric Indonesia Series of Power Generation, Electronics and Electrical Equipment Exhibitions.

Power Indonesia 2009

The 14th International Power Generation, Transmission and Distribution Exhibition.

Renewable Energy Indonesia 2009

The 5th International Exhibition for all Renewable Energy Technologies.

Securitex & Fire Indonesia 2009

The 10th International Security, Safety & Fire Protection Show.

14-17 October 2009

Jakarta International Expo, Kemayoran

Oil & Gas Indonesia 2009

The 7th International Oil and Gas Exploration, Production and Refining Exhibition

Marine Indonesia 2009

The 14th International Marine, Shipping, Port Equipment and Cargo Handling Exhibition

14-17 October 2009

Jakarta International Expo, Kemayoran Water & Envirotech Indonesia 2009

The International Water and Environment Technology Exhibition

2 - 5 December 2009

Jakarta International Expo, Kemayoran Manufacturing Indonesia 2009

The 20th International Manufacturing Machinery, Equipment, Materials and Services Exhibitions

Including :

Machine Tool Indonesia 2009

The 23rd International Machine Tool, Metalworking and Allied Industries Exhibition.

Incorporating **Welding Indonesia**.

Industrial Automation & Logistics Indonesia 2009

The 12th International Automation Technology and Materials Handling Exhibition.

Vehicle Manufacturing & Automotive Technology Indonesia 2009

The 9th International Vehicle Manufacturing Machinery, Components, Spares, Maintenance and Forecourt Equipment Exhibition.

2 - 5 December 2009

Jakarta International Expo, Kemayoran

Plastics & Rubber Indonesia 2009

The 22nd International Plastics and Rubber Machinery, Processing and Materials Exhibition.

Incorporating

Mould & Die Indonesia

Propak Indonesia 2009

The 22nd International Series of Exhibitions for the Processing & Packaging Industries.

Incorporating :

Printing Indonesia 2009

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