



# COUNTRY REPORT

## Indonesia

Bangkok, 22 October 2014



**Indonesian Olefin, Aromatic & Plastic Association**



# Country Report Indonesia



- Highlights:
  - Established new government.
  - Opposition seem stronger.
  - Political situation still conducive.
  - Business environment not so bright.
  - GDP growth projected at 5.5 %.
  - Inflation rate expected at 5.2 %.
  - Energy subsidy still a big issue.
  - Weak rupiah exchange rate.



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- Petrochemical Industry
  - Chandra Asri is expanding its capacity.
  - TPPI still facing its internal problem.
  - Pertamina will take bigger role on petrochemical business.
  - New olefins plant has not started yet.
  - No new capacity for PP, PE, PVC, PET, PTA.
  - Looking for feedstock alternative using gas and coal.



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- Plastic Industry.
  - Facing difficult competition with China products.
  - Non tariff barrier doesn't work.
  - Short domestic supply of raw material for plastic industry.
  - Unfair treatment by regional MNC producer.
  - Many plant relocations due to high wages.
  - Invests on bigger machine capacity, less labor.
  - Suffers weak IDR exchange rate.



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- Inaplas:
  - Working on SNI and Enforcement of Compulsory SNI for competitive and strategic products.
  - Conduct training for petrochemical operator.
  - Establish Profession Certification Institution for petrochemical sector.
  - Collaborate on the establishment of Center of Excellence for petrochemical industry.
  - Solicit fair utilities tariff increase.
  - Apply import duty exemption for plastic industry.