

## Study on Business Potential and Major Players of PULP & PAPER Industry in Indonesia, 2016 - 2020

Pulp and paper industry still has great potential to be developed and becomes Indonesian export mainstay to get high foreign exchanges. Abundant raw materials in Indonesia make Indonesia as the largest producer in ASEAN and the third largest in ASIA. In 2015, Indonesian pulp and paper producers kept on pushing the production capacity in line with the rising demand for pulp and paper in global markets. The effectiveness of free trade zone in ASEAN or Asean Economic Society (MEA) has opened an opportunity of Indonesia to get greater markets in this area.

Based on a survey of CDMI that Indonesian paper export in the last five years (2011 - 2015) had kept on rising. The peak occurred in 2014 in which the export amounted to 4.67 million tons valued US\$ 4.02 billion and predicted to increase again to 5.21 million tons valued US\$ 4.44 billion in 2015. The largest export contribution was from printing and writing paper, board paper, tissue paper, newspaper, special paper, craft liner paper and other paper types.

High production value could not be separated from paper producers' step to perform an expansion by constructing new paper plants to raise their production capacity. APRIL Group issued an investment of Rp. 4 trillion to construct Paper Machine 3 for adding production capacity of 250,000 tons per annum, PT. Fajar Surya Wisesa had prepared an investment of US\$ 165 million for constructing 8th paper plant located in Bekasi with annual production capacity of 350,000 tons per annum, PT. Kerta Basuki Rachmat had completed the construction of Paper Machine 3 with production

capacity of 260,000 tons per annum and escalated the production capacity of Paper Machine 4. Fantastic step was performed by PT. Asia Pulp and Paper (APP) by constructing a new paper plant in Ogan Komering Ilir, South Sumatra. The plant which is claimed to be the largest company in Asia absorbed an investment of US\$ 2.63 billion. There are also lots of expansion steps performed by other companies.

Viewing the enthusiasm above, CDMI is attracted in performing a deep research for three months and finally succeeded in publishing a book titled "Study on Business Potential and Major Players of PULP & PAPER Industry in Indonesia, 2016 - 2020".

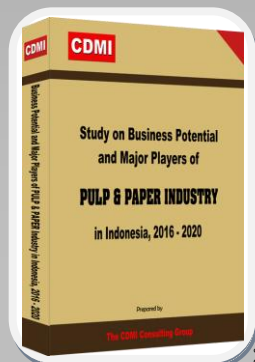
This book is only available in CDMI, and it can be directly ordered in our Marketing Division with Mrs. Tina by phones (021) 3193 0108, 3193 0109, 3193 0070 or Fax (021) 3193 0102 or e-mail: marketing@cdmione.com at a price of US\$650 for Indonesian Edition and US\$700 for English Edition.

Having submitted this offer, we thank you for your cooperation and look forward to hearing your response promptly.

Cordially yours,  
**P.T. CDMI**

Muslim M. Amin

<b>P.T. CENTRAL DATA MEDIATAMA INDONESIA</b> AGP Building, 2 <sup>nd</sup> Floor Jl. Pegangsaan Timur No. 1 Cikini Jakarta 10320, Indonesia		Phone : (021) 31930108 - 9 Fax : (021) 31930102 E-mail : <a href="mailto:marketing@cdmione.com">marketing@cdmione.com</a> Website : <a href="http://www.cdmione.com">www.cdmione.com</a>	
Please send us	: ..... copy(ies)	<b>"Study on Business Potential and Major Players of PULP &amp; PAPER Industry in Indonesia, 2016 - 2020"</b>	
Name (Mr/Mrs/Ms)	: _____		
Name of Company	: _____		
Address	: _____		
Telephone/Fax	: _____	Date	: ____ / ____ / ____
E-mail	: _____	Signature	: _____
Please, tick	<input checked="" type="checkbox"/>	Price :	<input type="checkbox"/> US\$ 650 (Indonesian Edition)/ <input type="checkbox"/> US\$ 700 (English Edition)
	<input type="checkbox"/>	Check/Bank Draft	<input type="checkbox"/>
	<input type="checkbox"/>	Invoice us	<input type="checkbox"/>
	<input type="checkbox"/>	Indonesia Edition	<input type="checkbox"/>
	<input type="checkbox"/>	English Edition	
Note : Overseas is added delivery cost			



# LIST OF CONTENTS

❑ LIST OF CONTENTS .....	i
❑ LIST OF TABLES .....	viii
<b>1. INTRODUCTION .....</b>	<b>1</b>
1.1. Background .....	1
1.2. Scope of Study .....	5
1.2.1. Coverage of pulp industry is frequently classified in a variety of groups/categories below .....	5
1.2.2. Coverage of Paper Industry includes : .....	5
1.3. Classification of Paper Industry .....	6
1.3.1. Upstream Industrial Group .....	6
1.3.2. Intermediary Industrial Group .....	6
1.3.3. Downstream Industrial Group .....	6
<b>2. PULP INDUSTRY .....</b>	<b>8</b>
2.1. Supply-Demand Pulp .....	8
2.1.1. Producers and Installed Capacity of Pulp .....	8
2.1.1.1. Controlled by 2 Large Sized Groups .....	9
2.1.1.1.1. Sinar Mas Group (Asia Pulp and Paper) .....	10
❑ PT. Indah Kiat Pulp & Paper .....	12
❑ PT. Lontar Payrus Pulp & Paper Industry .....	14
2.1.1.1.2. Raja Garuda Mas (RGM) Group .....	15
❑ PT. Riau Andalan Pulp and Paper (RAPP) .....	15
❑ PT. Toba Pulp Lestari Tbk. ....	17
2.1.1.1.3. Other Pulp Producers .....	19
❑ PT. Pabrik Kertas Indonesia (Pakerin).....	19
❑ PT. Tanjungenim Lestari Pulp & Paper .....	23
❑ PT. Kertas Nusantara (Kiani Kertas).....	23
❑ PT. Kertas Kraft Aceh (Persero).....	24
❑ PT. Polapulpindo Mantap .....	25
❑ PT. Eureka Aba.....	25
❑ PT. Kertas Padalarang .....	25
2.1.2. Pulp Production .....	26

2.1.3.	Import.....	27
2.1.3.1.	Import by Type .....	28
2.1.3.2.	Import by Country of Origin .....	29
2.1.4.	Supply.....	32
2.1.5.	Demand.....	34
2.1.5.1.	Export .....	34
2.1.5.1.1.	Export by Type.....	35
2.1.5.1.2.	Export by Destination Country .....	36
2.1.5.2.	Local.....	38
2.2.	Marketing .....	39
2.2.1.	Distribution Channels .....	39
2.3.	Prospect of Pulp Market .....	39
2.3.1.	Projection of Demand .....	39
<b>3.</b>	<b>PAPER INDUSTRY.....</b>	<b>41</b>
3.1.	Paper Types.....	42
3.2.	Analysis of Supply.....	43
3.2.1.	Producers and Their Capacity .....	43
3.2.2.	Development of Paper Production .....	44
3.2.3.	Development of Import .....	45
3.2.3.1.	Import by Type .....	46
3.2.3.2.	Import by Country of Origin .....	47
3.3.	Analysis of Demand .....	54
3.3.1.	Export Demand.....	54
3.3.1.1.	Export by Type .....	55
3.3.1.2.	Export by Destination Country.....	56
3.3.2.	Domestic Demand .....	71
3.4.	Supply – Demand of Paper by Type.....	71
3.4.1.	Board Paper/Duplex.....	73
3.4.1.1.	Analysis of Supply .....	73
3.4.1.1.1.	Local Products.....	73
	❑ Producers and Their Capacity .....	73
	❑ Development of Production.....	75
3.4.1.1.2.	Import.....	75
	❑ Development of Import.....	75
	❑ Import by Type .....	76
	❑ Import by Country of Origin .....	78
3.4.1.1.3.	Supply.....	79

3.4.1.2.	Analysis of Demand.....	80
3.4.1.2.1.	Export.....	80
	❑ Development of Export.....	80
	❑ Export by Type .....	80
	❑ Export by Destination country.....	82
3.4.1.2.2.	Consumption.....	84
3.4.1.2.3.	Distribution Channel .....	85
3.4.1.2.4.	Market Prospect.....	86
	❑ Projection of Consumption of Board Paper/Duplex.....	86
	❑ Projection of Export.....	86
	❑ Projection of Total Demand .....	87
3.4.2.	Newsprint .....	87
3.4.2.1.	Analysis of Supply .....	87
3.4.2.1.1.	Local Product.....	87
	❑ Producers and Their Capacity .....	87
	❑ Development of Production.....	89
3.4.2.1.2.	Import.....	89
	❑ Development of Import.....	89
	❑ Import by Type .....	90
	❑ Import by Country of Origin .....	90
3.4.2.1.3.	Supply.....	91
3.4.2.2.	Analysis of Demand.....	91
3.4.2.2.1.	Export.....	91
	❑ Development of Export.....	91
	❑ Export by Type .....	92
	❑ Export by Destination Country.....	92
3.4.2.2.2.	Consumption.....	93
3.4.2.2.3.	Distribution Channel .....	95
3.4.2.2.4.	Market Prospect.....	95
	❑ Projection of Newsprint Consumption .....	95
	❑ Projection of Export.....	97
	❑ Projection of Total Demand .....	98
3.4.3.	Craft Paper/Medium Liner .....	98
3.4.3.1.	Analysis of Supply .....	98
3.4.3.1.1.	Local Product.....	98
	❑ Producers and Their Capacity .....	98
	❑ Development of Production.....	100

3.4.3.1.2.	Import.....	101
	❑ Development of Import.....	101
	❑ Import by Type .....	101
	❑ Import by Country of Origin .....	104
3.4.3.1.3.	Supply.....	105
3.4.3.2.	Analysis of Demand.....	106
3.4.3.2.1.	Export.....	106
	❑ Development of Export.....	106
	❑ Export by Type .....	106
	❑ Export by Destination Country.....	108
3.4.3.2.2.	Consumption.....	109
3.4.3.2.3.	Distribution Channel .....	113
3.4.3.2.4.	Market Prospect.....	113
	❑ Projection of Consumption of Craft Liner/Corrugating Medium Paper .....	113
	❑ Projection of Export.....	114
	❑ Projection of Total Demand .....	114
3.4.4.	Sack Craft Paper .....	115
3.4.4.1.	Analysis of Supply .....	115
3.4.4.1.1.	Local Product.....	115
	❑ Producers and Their Capacity .....	115
	❑ Development of Production.....	116
3.4.4.1.2.	Import.....	117
	❑ Development of Import.....	117
	❑ Import by Type .....	117
	❑ Import by Country of Origin .....	118
3.4.4.1.3.	Supply.....	119
3.4.4.2.	Analysis of Demand.....	120
3.4.4.2.1.	Export.....	120
	❑ Development of Export.....	120
	❑ Export by Type .....	120
	❑ Export by Destination Country.....	121
3.4.4.2.2.	Consumption.....	121
3.4.4.2.3.	Distribution Channel .....	127
3.4.4.2.4.	Market Prospect.....	128
	❑ Projection of Export.....	128
	❑ Projection of Total Demand .....	128

3.4.5. Cigarette Paper .....	129
3.4.5.1. Analysis of Supply .....	129
3.4.5.1.1. Local Product.....	129
<input type="checkbox"/> Producers and Their Capacity .....	129
<input type="checkbox"/> Development of Production.....	132
3.4.5.1.2. Import.....	132
<input type="checkbox"/> Development of Import.....	132
<input type="checkbox"/> Import Cigarette Paper by Type .....	133
<input type="checkbox"/> Import by Country of Origin .....	133
3.4.5.1.3. Supply.....	134
3.4.5.2. Analysis of Demand.....	135
3.4.5.2.1. Export.....	135
<input type="checkbox"/> Development of Export.....	135
<input type="checkbox"/> Export by Type .....	135
<input type="checkbox"/> Export by Destination country .....	136
3.4.5.2.2. Consumption.....	137
3.4.5.2.3. Distribution Channel .....	139
3.4.5.2.4. Market Prospect.....	140
<input type="checkbox"/> Projection of Cigarette Paper Consumption .....	140
<input type="checkbox"/> Projection of Export.....	140
<input type="checkbox"/> Projection of Total Demand .....	141
3.4.6. Tissue Paper .....	141
3.4.6.1. Analysis of Supply .....	141
3.4.6.1.1. Local Product.....	141
<input type="checkbox"/> Producers and Their Capacity .....	141
<input type="checkbox"/> Development of Production.....	143
3.4.6.1.2. Import.....	143
<input type="checkbox"/> Development of Import.....	143
<input type="checkbox"/> Import Tissue Paper by Type.....	144
<input type="checkbox"/> Import by Country of Origin .....	144
3.4.6.1.3. Supply.....	145
3.4.6.2. Analysis of Demand.....	146
3.4.6.2.1. Export.....	146
<input type="checkbox"/> Development of Export.....	146
<input type="checkbox"/> Export by Type .....	146
<input type="checkbox"/> Export by Destination country .....	147
3.4.6.2.2. Consumption.....	149
3.4.6.2.3. Distribution Channel .....	150

3.4.6.2.4.	Market Prospect.....	151
	❑ Projection of Consumption.....	151
	❑ Projection of Export.....	151
	❑ Projection of Total Demand .....	152
3.4.7.	Writing – Printing Paper.....	152
3.4.7.1.	Analysis of Supply .....	152
3.4.7.1.1.	Local Product.....	152
	❑ Producers and Their Capacity .....	152
	❑ Development of Production.....	153
3.4.7.1.2.	Import.....	154
	❑ Development of Import.....	154
	❑ Import of Writing – Printing Paper by Type .....	154
	❑ Import by Country of Origin .....	157
3.4.7.1.3.	Supply.....	159
3.4.7.2.	Analysis of Demand.....	159
3.4.7.2.1.	Export.....	159
	❑ Development of Export.....	159
	❑ Export by Type .....	160
	❑ Export by Destination Country.....	163
3.4.7.2.2.	Consumption.....	166
3.4.7.2.3.	Distribution Channel .....	167
3.4.7.2.4.	Market Prospect.....	168
	❑ Projection of Consumption Kertas Tulis-Cetak... ..	168
	❑ Projection of Export.....	168
	❑ Projection of Total Demand .....	169
3.4.8.	Wrapping Paper .....	169
3.4.8.1.	Analysis of Supply .....	169
3.4.8.1.1.	Local Product.....	169
	❑ Producers and Their Capacity .....	169
	❑ Development of Production.....	171
3.4.8.1.2.	Import.....	172
	❑ Development of Import.....	172
	❑ Import of Wrapping Paper by Type .....	172
	❑ Import by Country of Origin .....	173
3.4.8.1.3.	Supply.....	173

3.4.8.2.	Analysis of Demand.....	174
3.4.8.2.1.	Export.....	174
	❑ Development of Export.....	174
	❑ Export by Type .....	174
	❑ Export by Destination country .....	175
3.4.8.2.2.	Consumption.....	175
3.4.8.2.3.	Distribution Channel .....	175
3.4.8.2.4.	Market Prospect.....	176
	❑ Projection of Demand for Wrapping Paper .....	176
3.5.	Total Paper Consumption.....	177
3.6.	Projection of Paper Consumption .....	177
3.7.	Price.....	179
<b>4.</b>	<b>PROFILE OF PAPER COMPANIES.....</b>	<b>182</b>
4.1.	PT Pabrik Kertas Tjiwi Kimia Tbk. ....	182
4.2.	PT Suparma Tbk. ....	185
4.3.	PT Fajar Surya Wisesa Tbk. ....	189
4.4.	PT Dwi Aneka Jaya Kemasindo Tbk. (DAJK) .....	196
4.5.	PT Alkindo Naratama Tbk. ....	197
4.6.	PT Adiprima Suprinta .....	199
4.7.	PT Pindo Deli Pulp and Papers Mills .....	199
4.8.	PT Pura Barutama .....	200
4.9.	PT Kertas Basuki Rachmat (Persero).....	201
4.10.	PT Kertas Blabak .....	206
<b>5.</b>	<b>PAPER RAW MATERIAL.....</b>	<b>207</b>
5.1.	Availability of Raw Materials .....	207
5.2.	Way to Obtain Raw Materials .....	208
	5.2.1. Pulp Potential.....	209
	5.2.2. Renewed Paper .....	209
	5.2.3. Potential for Recycling Renewed Paper.....	210
<b>6.</b>	<b>GOVERNMENT POLICY.....</b>	<b>212</b>
<b>7.</b>	<b>CONCLUSIONS AND PROSPECTS.....</b>	<b>214</b>