

Study on Business Potential and Major Players of FORESTRY Industry in Indonesia, 2017 – 2022

Indonesia is one of countries which owns the richest biology and widest forestry in the world. Based on information of Ministry of Environment and Forestry that total forestry areas reach 120.7 million hectares. However, this condition has changed due to forestry destruction and caused forestry area width in Indonesia to shrink every year.

Forestry destruction in Indonesia is apprehensive enough. Based on information that at least 1.1 million hectares or 2% of Indonesian forestry areas decrease every year. From some 42 million hectares from 120.7 million hectares of Indonesian forestry have entirely been cut down.

Some 29.2 million hectares or 24.2% of total forestry areas in Indonesia are production forests. Limited production forests are 26.7 million hectares (22.2%) and converted production forests are 12.9 million hectares (10.7%). Whereas, non-production forests or protected forests are 29.6 million hectares (24.6%) and conservation forests are 22.1 million hectares (18.3%).

Meanwhile, viewed from Forestry Concession (HPH) area width in 2012 – 2016, its width has declined by 3.82% per annum. The width of HPA has yet to be utilized maximally although concession permits have been obtained. From 244 companies obtaining HPH permits, some 60 companies which are not active with area width of 3.4 million hectares. Whereas, the rest of 184 companies are active companies with area width of 16.9 million hectares. It means that only 75.4% of HPH width which is utilized.

The development of forestry products in the form of timbers has kept on showing positive trend. The production of sawn timber increased by 17.68%, plywood of 3.09%, veneer of 3.14%, logs of 3.16%, and pulp of 2.13%. Until end 2016, the production of logs reached 5.9 million m³, plywood of 3.7 million m³, veneer of 1 million m³, sawn timber of 1.9 million m³ and pulp product of 5.9 million tons.

The capability of forestry production export in 2012 – 2016 had escalated. The increasing export occurred in almost forestry products such as plywood, sawn timber, pulp and veneer. Plywood export in this period had ascended by 6.44% on the average per annum, sawn timber by 8.51% on the average per annum, pulp by 2.98% on the average per annum, and veneer by 31.42% on the average per annum.

In the last five years (2012 – 2016) a large extent of demand for forestry products in the country had increased and only one forestry production of which the demand declined namely plywood. The consumption of plywood decreased by 1.92% per annum while the consumption of sawn timber escalated by 15.37% per annum, pulp by 1.48%, veneer by 2.23% and logs by 4.07% per annum on the average.

The demand for forestry products such as timbers is believed to keep on increasing in domestic and international markets. However, the challenge for wood based industry will be harder year to year. Nevertheless, the government has kept on encouraging forestry industry in Indonesia to grow. Moreover, forestry industry is one of the largest contributors of foreign exchanges after gas and natural oil.

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