

Study on Business Potential and Major Players of BIODIESEL Industry in Indonesia, 2015 - 2019

After bearing a title as the largest CPO producer in the world, Indonesia has an opportunity to be the king of world biodiesel with potential of abundant raw materials. However, the step will not be easy in view of great investment required to develop oil palm downstream industries including biodiesel industry. The government is expected to encourage this industry by giving investment facility after the effectiveness of regulation of Minister of ESDM No. 25/2013 which decides the blending of 10% biodiesel into diesel oil (B-10) and increased to 20% (B-20) in 2016 so the need of biodiesel absorbed by Pertamina goes up.

The development of downstream industry including biodiesel aims to expand the consumption of CPO in the country since it will be risky if Indonesia depends on international markets particularly European markets which always attack Indonesian CPO products. If the downstreaming is successful, the dependency of CPO industry on world markets will decrease since there is an alternative of domestic markets. Therefore, Indonesia will be the leader and controller of the dynamics of global CPO market and global vegetable oil market including biodiesel.

Based on a survey carried out by CDMI that Indonesian biodiesel production in the last five years (2009 - 2014) has kept on increasing with average growth rate of 49.8% per annum from 412.98 thousand tons in 2009 to 2.58 million tons in 2013 and predicted to reach 2.64 million tons in 2014. Similarly, the biodiesel export in 2009 amounted to 309.15 thousand tons valued US\$ 199.6 million increased to 1.69 million tons valued US\$ 1.41 billion and projected to reach 1.30 million tons valued US\$ 1.11 billion in 2014.

Viewing this potential, there are more national oil palm companies entering into biodiesel industry. Whereas, old companies which have developed biodiesel for a long time compete to increase their production capacity. In 2013, WILMAR which have owned 6 units of biodiesel plants added a unit of biodiesel plant with an investment of Rp. 200 billion so total production capacity of the company becomes 7,000 tons per day of biodiesel. MUSIM MAS has already owned 2 units of biodiesel plants located in Medan

and Batam with total capacity of 850,000 tons per annum, ROYAL Golden Eagle Group with production capacity of 400,000 tons, FIRST Resources with production capacity of 250,000 tons, PERMATA Hijau Group with production capacity of 200,000 tons, DARMEK AGRO Group with production capacity of 150,000 tons and ETERINDO Group with production capacity of 140,000 tons per annum, several State-Owned Oil Palm Company (PTPN) and many others.

A new player in this industry is SINAR MAS Group which planned to construct a plant in Dumai, Riau. The prepared investment of the company reached US\$ 300 million and it is intended for downstream products such as fatty acid and fatty alcohol. To market its products in overseas, SINAR MAS has held Compañia Espanola de Petroleos (CEPSA), a company owned by Abu Dhabi government based in Singapore and spreading in several countries.

Viewing the enthusiasm of the companies above, CDMI, an independent consulting company in Jakarta, is attracted to conduct a deep research and finally succeeded in publishing a study book with the title of Study on Business Potential and Major Players of BIODIESEL Industry in Indonesia, 2015 - 2019.

This study book is only available in CDMI and directly ordered to our marketing division 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\$ 680.- or equivalent US\$ for English Edition.

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

Cordially yours,
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LIST OF CONTENTS

❑	LIST OF CONTENTS	i
❑	LIST OF TABLES	v
❑	EXECUTIVE SUMMARY	vii
1.	INTRODUCTION	1
	1.1. Background.....	1
	1.2. Objective and Scope of Study	2
	1.3. Methodology	3
	1.3.1. Research Period	3
	1.3.2. Data Sources	3
2.	RAW MATERIALS AND THEIR AVAILABILITY	4
	2.1. Raw Materials and Their Availability.....	5
	2.2. Width of Indonesian Oil Palm Plantation Areas by Status of Cultivation.....	7
	2.3. Production of Indonesian Oil Palm Plantation by Status of Cultivation	8
	2.4. Potential of Indonesian CPO	9
	2.5. Other Raw Materials.....	12
3.	GENERAL OUTLOOK OF BIODIESEL INDUSTRY IN INDONESIA	14
	3.1. Development of Biodiesel in Indonesia	14
	3.2. Total Biodiesel Companies	17
	3.3. Main Players/Groups of Biodiesel Industry	18
	3.4. Production Capacity of Biodiesel by Province	20
	3.5. Producers by Capital Status	22
	3.6. Marketing of Biodiesel	26
	3.6.1. Transportation	27
	3.6.2. Storage	27
	3.6.3. Blending	28
	3.7. Biodiesel Prices.....	28

4.	PROFILE OF MAJOR PLAYERS OF BIODIESEL INDUSTRY IN INDONESIA	32
1.	P.T. ANUGERAHINTI GEMANUSA.....	33
2.	P.T. ASIANAGRO AGUNGJAYA.....	34
3.	P.T. BIOENERGI PRATAMA JAYA	35
4.	P.T. CEMERLANG ENERGI PERKASA	35
5.	P.T. CILIANDRA PERKASA.....	36
6.	P.T. DAMAI SEJAHTERA SENTOSA	37
7.	P.T. DARMEX BIOFUELS	38
8.	P.T. ENERGI ALTERNATIF INDONESIA.....	38
9.	P.T. ETERINDO NUSAGRAHA.....	39
10.	P.T. ETERINDO WAHANATAMA Tbk.	39
11.	P.T. ETERNAL BUANA CHEMICAL INDUSTRIES	41
12.	P.T. INDO BIOFUELS ENERGI.....	42
13.	P.T. KHARISMA BIOENERGI NUSANTARA	43
14.	P.T. MULTIKIMIA INTIPELANGI	43
15.	P.T. MUSIM MAS (MUSIM SEMI MAS).....	44
16.	P.T. NUSANTARA BIOENERGY	47
17.	P.T. PELITA AGUNG AGRI INDUSTRI	48
18.	P.T. PERKEBUNAN NUSANTARA IV (PERSERO).....	49
19.	P.T. PERKEBUNAN NUSANTARA XIII (PERSERO).....	51
20.	P.T. PETRO ANDALAN NUSANTARA.....	53
21.	P.T. REKAYASA INDUSTRI (REKIND)	53
22.	P.T. SAWIT SUMBERMAS SARANA Tbk. (SSMS)	55
23.	P.T. SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk. (SMART).	56
24.	P.T. SINTONG ABADI	58
25.	P.T. SUMI ASIH OLEOCHEMICALS INDUSTRY.....	58
26.	P.T. TUNAS BARU LAMPUNG Tbk. (TBLA)	60
27.	P.T. WILMAR BIOENERGI INDONESIA (WBI)	62
28.	P.T. WILMAR NABATI INDONESIA (WNI).....	63
5.	SUPPLY OF BIODIESEL IN INDONESIA	65
5.1.	Production of Indonesian Biodiesel	65
5.2.	Import of Biodiesel	66
5.3.	Import of Biodiesel by Country of Origin.....	67

6.	DEMAND.....	69
6.1.	Export of Indonesian Biodiesel	69
6.1.1.	Export Contribution towards National Production.....	70
6.1.2.	Biodiesel Export by Destination Country	71
6.1.3.	Volume and Value of Overseas Trade Balance.....	73
6.2.	Consumption of Indonesian Biodiesel.....	74
6.2.1.	Average Consumption of Biodiesel.....	76
7.	GENERAL OUTLOOK OF OIL FUEL MARKETING IN INDONESIA	78
7.1.	Domestic Supply of Oil Fuel (BBM).....	78
7.1.1.	Flow of National Oil Fuel (BBM) Supply	78
7.1.2.	Production of Oil Fuel (BBM)	79
7.1.3.	Import of Oil Fuel (BBM)	82
7.1.4.	Export of Oil Fuel (BBM)	83
7.1.5.	Distribution of Oil Fuel (BBM).....	84
7.1.6.	System for Forming Domestic Oil Fuel (BBM) Price.....	87
7.2.	Consumption of National Oil Fuel (BBM)	89
7.3.	Projection of Oil Fuel (BBM) Consumption	91
8.	PROJECTION AND MARKET PROSPECT	93
8.1.	Projection of Supply	93
8.2.	Projection of Demand	96
8.2.1.	Projection of Consumption	96
8.2.2.	Projection of Export	100
8.2.3.	Projection of Demand	101
8.3.	Market Prospect	102
9.	TECHNICAL ASPECT AND FEASIBILITY FOR ESTABLISHING BIODIESEL PLANT IN INDONESIA.....	107
9.1.	Technical Aspect	107
9.1.1.	Production Process.....	107
9.1.2.	Technology	110
a.	Production Technology	110
b.	Technology Supplier	114
9.1.3.	Investment Cost.....	119
9.1.4.	Production Cost.....	120
9.1.5.	Biodiesel Standard	121

9.2. Feasibility for Establishing Biodiesel Plant in Indonesia 123

9.2.1. Basic Assumption 123

9.2.2. Financial Aspect..... 124

9.2.2.1. Financial Need..... 124

9.2.2.2. Projection of Income 125

9.2.3. Industrial Risk & Critical Point..... 126

9.2.3.1. Feedstock Price..... 127

9.2.3.2. Biodiesel Marketing 127

9.2.4. Financing 129

ATTACHMENT :

- I. Minister of Energy and Mineral Resources of Republic of Indonesia Number 25 Year 2013 on Amendment Towards Regulation of Minister of Energy and Mineral Resources Number 31 Year 2008 on Supply, Utilization and Trade Sytem of Biofuel As Other Fuel i. ⇨ A

- II. Minister of Energy and Mineral Resources of Republic of Indonesia Decree Minister of Energy and Mineral Resources No : 0219 K/12/MEM/2010 On Market Index Price of Oil Fuel and Market Index Price of Biofuel Which is Blended into Certain Type of Oil Fuel xi. ⇨ A

- III. Minister of Energy and Mineral Resources of Republic of Indonesia Decree of Minister of Energy and Mineral Resources of Republic of Indonesia No : 2185 K/12/MEM/2014 on the Second Amendment of Decree of Minister of Energy and Mineral Resources Number 0219 K/12/MEM/2010 on Market Index Price of Biofuel Which is Blended Into Certain Type of Oil Fuel xiv. ⇨ A

