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Study on

Potential and Investment Opportunity of IRON STEEL INDUSTRY in Indonesia, 2012

After Indonesia had been nominated as investment grade at the end of 2011, Foreign Direct Investment (FDI) flowed swiftly into Indonesia and this momentum shall be utilized effectively to improve its greater role in ASEAN and Global levels. Fundamentally, Indonesia has actually considered as an feasibly invested country far before the Fitch Ratings announcing the rating of Indonesia.

One of investments which is mostly attracted by investors is iron and steel industry which has lately increased rapidly in line with the development in building construction such as hotels, office buildings, apartments, real estates, bridges, automotive industries and others.

Although the supply of basic materials in the form of iron pellets becomes main obstacles because they are still imported, Indonesia still has opportunity to develop this steel industry in view of low steel iron consumption per capital in Indonesia if compared with steel iron consumption per capital of other ASEAN countries. Therefore, the government is actively inviting domestic and foreign investors to develop this sector.

PT. Krakatau Steel Tbk (KRAS), a leading steel iron industry in Indonesia, has energetically expanded its business. In 2011, the company was in cooperation with Metallurgical Corporation of China Ltd, a state owned company of China, to construct iron plant using blast furnace with capacity of 1.5 million tons per annum valued Rp. 5.92 trillion.

According to a survey of CDMI that in order to maintain and to improve the position of the company as a leader of national steel market, KRAS will keep on increasing the national steel production to 4.7 million tons per annum up to 2014. This strategic step will require high investment and banking support.

Investigation output of CDMI showed that the performance of KRAS has kept on increasing in the last four years. Therefore, local banks such as Bank Negara Indonesia, Bank Mandiri and Bank Rakyat Indonesia have committed to support the expansion step of KRAS. Besides, there are also foreign banks actively financing the expansion of KRAS including Industrial and Commercial Bank of China (ICBC) and China Bohai Bank (CBB).

In line with swift increase of local steel industry and other supporting industries, CDMI, a leading consulting company in Indonesia, is interested in composing a study with the title of "Study on Potential and Investment Opportunity of IRON STEEL INDUSTRY in Indonesia, 2012".

This study book elaborates the potential of iron ore mining in Indonesia, resources and iron mineral reserves, production of iron ores in Indonesia and the interest of investors to construct iron and steel plant in Indonesia. Besides, it also discusses pig iron products and potential of scrap market.

This book can be directly ordered to our marketing division Mrs. Tina by phone (021) 3193 0108-09 or Fax (021) 3193 0102 and e-mail: marketing@cdmione.com at a price of US\$ 550 for Indonesian Edition and US\$ 600 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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