

Study on Potential and Business Opportunity of CEMENT Industry in Indonesia, 2013 – 2017

In the last five years (2008 – 2012) cement industry in the country had increased with average growth of cement consumption of 9% per annum. The spectacular growth occurred in 2011 reaching 17.71% and at the same time the national cement consumption reached 48.00 million tons if compared with that in previous year of 40.78 million tons. Although in 2012 the growth of cement consumption declined slightly by 7% or 51.84 million tons, the national cement consumption in 2013 is predicted to reach 60 million tons. The supporter of such growth of them is the realization of government program through Master Plan for Accelerating and Expanding Indonesian Economic Development (MP3EI).

Based on a survey conducted by CDMI that in 2017 the national cement consumption will reach 78.94 million tons up to 80.00 million tons with cement consumption per capita of 289 kg. The consumption increases rapidly if compared with that in 2012 of 210 kg per capita. This condition is supported by national cement producers which are very competitive to expand their business by spending a fund of trillions rupiah particularly three leading cement producers namely PT. Semen Indonesia (Ex PT. Semen Gresik), PT. Indocement Tungal Prakarsa and PT. Holcim Indonesia. Similar step was also carried out by Bosowa Group, Semen Andalas and Semen Baturaja.

Up to 2017 the production capacity of national cement will increase 26 million tons with total investment of US\$ 7.4 billion. The largest investment comes from PT. Semen Indonesia reaching US\$ 1.5 billion to expand its business in Java, Sumatera and Sulawesi; PT. Indocement Tungal Prakarsa of US\$ 1.1 billion in Java and Kalimantan, PT. Holcim Indonesia of US\$ 400 million in East Java, whereas Bosowa Group invest of US\$ 300 million in in Java and Sulawesi and PT. Semen Andalas of US\$ 550 million in Sumatra.

cement industry was also spectacular reaching US\$ 3.6 billion until 2017. The largest one is Anhui Conch Group Ltd of China with investment of US\$ 2.3 billion which will construct cement plants in four locations including South Kalimantan, West Kalimantan, East Kalimantan and Papua. Another foreign investor is Siam Cement Group of Thailand which has invested US\$ 800 million up to 2012. The same thing is also carried out by LAFARGE, a cement company of France. High interest of foreign investors in this sector shall be alerted by old players which have controlled Indonesian markets for a long time. Besides, there are several new domestic which will construct new cement plants in West Sumatra and Rembang, Central Java.

Viewing the enthusiasm of the companies above, P.T. CDMI is interested in identifying deeply the advancement of cement industry in Indonesia and finally succeeded in issuing a study with the title of **"Study on Potential and Business Opportunity of CEMENT Industry in Indonesia, 2013 – 2017"**. This book talks about the rising growth of cement consumption in entire Indonesian regions and where should new cement plants be constructed. This study is equipped with cost calculation for constructing a new plant.

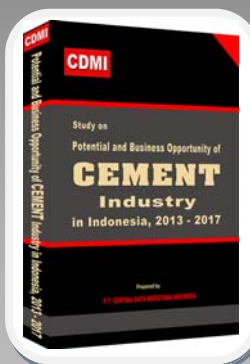
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