

Study on Business Potential and Major Players of SUGAR Industry in Indonesia, 2013

Indonesia used to be known as one of leading sugar exporting countries in the world with processing plants of 179 units spreading in entire Indonesia with production capacity of 3 million tons of sugar per annum. Presently, it is just as a good memory and sugar industries in the country have to face lots of issues which shall be solved. For instance, it is the establishment of State Owned Company (BUMN) which owns sugar industry. Up to end 2011 Indonesia had still owned 62 units of active cane sugar plants.

Weakening cane sugar industry in Indonesia which is not able to balance the demand for Refined Crystal Sugar (GKR) particularly demand in food, beverage and pharmaceutical industries which use imported raw sugar materials. This opportunity is seen by private sectors by constructing several refined sugar plants in Indonesia particularly in Java Island. Based on data from Capital Investment Coordinating Board (BKPM) that in 2012 there were 15 investors constructing new refined sugar plants.

The performance of sugar industrial BUMN in 2012 increased highly and this condition was seen from their expansion step. Based on information received by CDMI that PTPN X had prepared an investment of Rp. 1 trillion to construction a modern sugar plant in Madura with capacity of 5,000 – 7,000 tons of sugar cane per day. The investment of Rp. 1.6 trillion had also been prepared by 3 BUMN namely PTPN III, PTPN XII, and PTPN XI to construct modern sugar plants with capacity of 7,000 tons of sugar cane per day in Banyuwangi, East Java. The name of this sugar plant is GLENMORE. Similar step is also taken by PT. Rajawali Nusantara Indonesia (RNI) by preparing an investment of Rp. 1.5 trillion to construct a modern sugar plant with capacity of 6,000 tons of sugar cane per day in Gempol.

The performance of private sugar companies has kept on increasing by performing expansion to raise their production. For instance, PT. Tunas Baru Lampung has constructed a refined sugar plant with capacity of 600 tons per day with an investment of Rp. 600 billion located

in Way Linuk, Lampung. Rajawali Group through its subsidiary companies PT. Cendrawasih Jaya Mandiri and PT. Karya Bumi Papua had prepared an investment of Rp. 3 trillion to carry out food estate project in Papua in which they built a sugar plant with capacity of 12,000 tons of sugar cane per day. This step had earlier been carried out by Wilmar Group, Artha Graha Group, Tiran Group, Sugar Group, and others.

Based on a survey conducted by CDMI that there are 8 refined sugar plants with total production capacity of 3,044 million tons. The main players are PT. Angel Products, PT. Jawamanis Rafinasi, PT. Sentra Usahatama, PT. Permata Dunia Sukses Utama, PT. Dharmaphala Usaha Sukses, PT. Sugar Labinta, PT. Makassar Tene and PT. Duta Sugar International. These eight companies kept on trying to increase their sugar production.

Viewing the enthusiasm of the companies above, CDMI, a leading consulting company in Indonesia, is interested in understanding deeply the growth of national sugar industry and finally succeeding in publishing a study book with the title of **"Study on Business Potential and Major Players of SUGAR Industry in Indonesia, 2013"**

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