

# Heavy Engineering Prospects in Indonesia

prepared for the Russian Export Center Business Mission

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# Agenda

- Indonesian Macro Economics
- Opportunities for Heavy Engineering in Indonesia
- Key Factors
- Doing Business with Indonesia

# Macro Economics

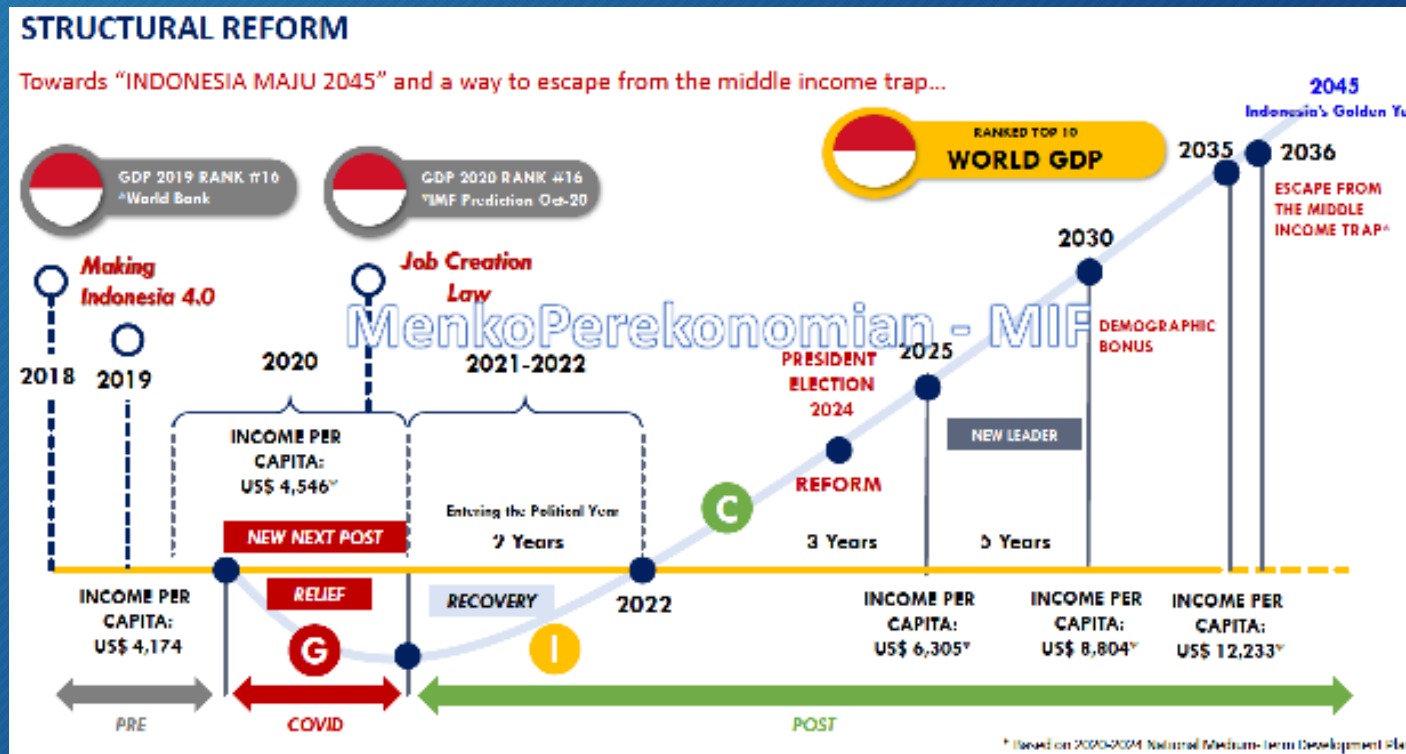
## Current Position and Short-Term

- Indonesia
  - Population : 270 mn
  - GDP : US\$ 1.06 Tn



# Macro Economics

## Medium to Long-Term Direction



# Macro Economics

## Indonesia Trade Statistics

(in US\$ millions)						January to February		
Description	2016	2017	2018	2019	2020	2020	2021	Change (%)
<b>TOTAL TRADE</b>	<b>280,839.0</b>	<b>325,813.7</b>	<b>368,724.0</b>	<b>338,958.7</b>	<b>304,875.3</b>	<b>53,509.8</b>	<b>57,144.8</b>	<b>6.8</b>
OIL AND GAS	31,845.3	40,060.6	47,040.6	33,674.6	22,565.9	5,356.0	4,600.5	(14.1)
NON OIL AND GAS	248,993.7	285,753.1	321,683.5	305,284.1	282,309.4	48,153.8	52,544.3	9.1
<b>EXPORT</b>	<b>145,186.2</b>	<b>168,828.2</b>	<b>180,012.7</b>	<b>167,683.0</b>	<b>163,306.5</b>	<b>27,692.9</b>	<b>30,549.8</b>	<b>10.3</b>
OIL AND GAS	13,105.5	15,744.4	17,171.7	11,789.3	8,309.1	1,621.2	1,744.4	7.6
NON OIL AND GAS	132,080.7	153,083.8	162,840.9	155,893.7	154,997.4	26,071.7	28,805.4	10.5
<b>IMPORT</b>	<b>135,652.8</b>	<b>156,985.6</b>	<b>188,711.4</b>	<b>171,275.7</b>	<b>141,568.8</b>	<b>25,816.8</b>	<b>26,595.0</b>	<b>3.0</b>
OIL AND GAS	18,739.8	24,316.2	29,868.8	21,885.3	14,256.8	3,734.8	2,856.1	(23.5)
NON OIL AND GAS	116,913.0	132,669.3	158,842.5	149,390.4	127,312.0	22,082.1	23,738.9	7.5
<b>TRADE BALANCE</b>	<b>9,533.4</b>	<b>11,842.6</b>	<b>-8,698.7</b>	<b>-3,592.7</b>	<b>21,737.7</b>	<b>1,876.1</b>	<b>3,954.9</b>	<b>110.8</b>
OIL AND GAS	-5,634.3	-8,571.9	-12,697.1	-10,096.1	-5,947.8	-2,113.6	-1,111.7	47.4
NON OIL AND GAS	15,167.7	20,414.5	3,998.4	6,503.3	27,685.4	3,989.7	5,066.6	27.0

SOURCE: MINISTRY OF TRADE, REPUBLIC OF INDONESIA

# Macro Economics

## Indonesia-Russia Trade Statistics

(in US\$ millions)						January to February		
Description	2016	2017	2018	2019	2020	2020	2021	Change (%)
<b>TOTAL TRADE</b>	2,112,218.1	2,528,222.3	2,552,026.1	2,068,539.9	1,931,709.3	346,674.6	394,023.8	13.66
OIL AND GAS	-	15.2	171.4	447.7	22,704.4	5.9	0	0.00
NON OIL AND GAS	2,112,218.1	2,528,207.1	2,551,854.8	2,068,092.2	1,909,005.0	346,668.6	394,023.8	13.66
<b>EXPORT</b>	1,261,604.6	1,225,507.9	1,000,908.3	864,080.6	973,824.0	145,874.6	205,885.7	41.14
OIL AND GAS	-	-	156.2	201.5	0.1	0	0	0.00
NON OIL AND GAS	1,261,604.6	1,225,507.9	1,000,752.2	863,879.0	973,823.9	145,874.6	205,885.7	41.14
<b>IMPORT</b>	850,613.5	1,302,714.4	1,551,117.8	1,204,459.3	957,885.4	200,800.0	188,138.1	-6.31
OIL AND GAS	-	15.2	15.2	246.2	22,704.3	5.9	0	0.00
NON OIL AND GAS	850,613.5	1,302,699.2	1,551,102.6	1,204,213.1	935,181.1	200,794.1	188,138.1	-6.30
<b>TRADE BALANCE</b>	410,991.2	-77,206.6	-550,209.5	-340,378.8	15,938.6	-54,925.4	17,747.5	132.31
OIL AND GAS	-	(15.2)	141.0	(44.7)	-22,704.2	-5.9	0	0.00
NON OIL AND GAS	410,991.2	-77,191.4	-550,350.4	-340,334.1	38,642.8	-54,919.5	17,747.5	132.32

SOURCE: MINISTRY OF TRADE, REPUBLIC OF INDONESIA

# Opportunities for Heavy Engineering Projects

- Major Projects
  - Government Initiatives
    - PSN (Project Strategis Nasional)
    - Pronas (Program Prioritas Nasional)
  - Private Initiatives
  - Non-major Projects

# Opportunities for Heavy Engineering

## Government Initiatives

- PSN (Project Strategis Nasional)
  - 233 Projects valued at IDR 2,000 Trillion (USD 135 bn) - 42% private funding

A. TOLL ROAD INFRASTRUCTURE DEVELOPMENT

B. NATIONAL ROAD INFRASTRUCTURE DEVELOPMENT / NATIONAL STRATEGIC NON-TOLL

C. INFRASTRUCTURE PROJECT FOR INTER-CITY RAILWAY

D. INFRASTRUCTURE PROJECT FOR MASS RAPID TRANSIT DEVELOPMENT

E. AIRPORT REVITALIZATION PROJECT

F. CONSTRUCTION PROJECTS OF NEW AIRPORT

G. OTHER STRATEGIC AIRPORT PROJECTS

H. NEW SEAPORT DEVELOPMENT PROJECT AND CAPACITY DEVELOPMENT

I. ONE MILLION HOUSING PROGRAM

J. OIL REFINERY DEVELOPMENT PROGRAM

K. GAS PIPE PROJECT / LPG TERMINAL

L. WASTE TO ENERGY INFRASTRUCTURE PROJECT

M. DRINKING WATER SUPPLY PROJECT

N. COMMUNAL WASTEWATER SYSTEM INFRASTRUCTURE PROJECT

O. FLOOD EMBANKMENT DEVELOPMENT PROJECT

P. DAM PROJECT AND IRRIGATION NETWORK

Q. BROADBAND COVERAGE ENHANCEMENT PROGRAM

R. OTHER STRATEGIC SCIENCE AND TECHNOLOGY INFRASTRUCTURE PROJECTS

S. PRIORITY INDUSTRY ZONE DEVELOPMENT / SPECIAL ECONOMIC ZONE

T. TOURISM

U. SMELTER DEVELOPMENT PROJECT

W. EDUCATION INFRASTRUCTURE

X. ELECTRICITY INFRASTRUCTURE DEVELOPMENT PROGRAM

Y. AIRCRAFT INDUSTRY PROGRAM

Z. ECONOMIC EQUALITY SECTOR

- Source: KPPIP



# Opportunities for Heavy Engineering

## Government Initiatives

- **Pronas (Program Prioritas Nasional)**
  - Selected projects within the National 5-year development plan
  - Government funded projects
  - 7 Fields of Interest (interesting would be infrastructure related projects)
  - Pronas 2021
- **KPPIP**
  - Committee for Acceleration of Priority Infrastructure Delivery
  - Manages the list of projects of PSN and Pronas, especially PSN
  - [kppip.go.id](http://kppip.go.id) (provides project details in including progress)

# Opportunities for Heavy Engineering

## Private Initiatives

- Pure Private
  - See Sectors
  - Utilize Private/Commercial Listing
    - Construction Projects: BCI Asia ([bciasia.com](http://bciasia.com))

# Opportunities for Heavy Engineering Sectors

- Energy
- Natural Resource Processing
- Infrastructure
- Tourism Infrastructure
- Pharmaceuticals

# Opportunities for Heavy Engineering

## Energy

### 12 ENERGY PRIORITIZED STRATEGY

#### Table of content

#### I. Energy supply and demand

#### II. Improving trade of balance

1. Crude and fuel oil import reduction strategy
2. LPG import reduction strategy

#### III. Energy infrastructure development

1. Gas supply and infrastructure
2. Power plant and renewable energy

Strategy-1: Increase crude oil production by 1 million bpd

Strategy-2: Improve capacity of oil refineries

Strategy-3: Development of bio fuel (Biodiesel & green gasoline)

Strategy-4: Acceleration of gas fuel

Strategy-5: Acceleration of electric vehicle (filling station)

Strategy-6: Domestic LPG improvement

Strategy-7: City gas network

Strategy-8: Acceleration of electric stove

Strategy-9: DME and methanol

Strategy-10: Acceleration of gas infrastructure (gas transmission & LNG receiving terminal)

Strategy-11: Acceleration of electric infrastructure (National transmission & distribution, smart grid, remote power)

Strategy-12: Acceleration of new & renewable energy (dominated by Solar power plant)

- Source: DEN (National Energy Council), Min of Energy

# Key Factors

- Financing
- Technology
- Local Presence

# Doing Business with Indonesia

- Resources
  - Indonesian Embassy, Moscow
  - Russian Embassy, Jakarta - Trade Representative Office
  - Kadin Indonesia
    - Russia Committee
    - Business Service Desk

# Thank you

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