

*Study On :*  
**PROSPECT OF UPSTREAM AND DOWNSTREAM PLATIC RAW MATERIAL IN  
INDONESIA, 2009**  
**(In the middle of global economic crisis and the falling price of global oil price)**

In the middle of economic crisis suffered by the world recently, the business climate in the plastic raw material industry and plastic industry are facing a serious challenge. Plastic raw material industry is influence by the fluctuation of global crude oil price. As a result, the price of naphtha as the raw material of olefin industry (ethylene and propylene) is not stable. The other red tape is the unbalance between supply and demand, so it encouraged the increase of plastic raw material price, such as PE resin and PP resin.

When the global crude oil price was increased to reach US\$ 141 per barrel by the middle of 2008, the price of both commodities was increased to reach US\$ 2,000 per ton. In September 2008, global crude oil price was decreased to a level of US\$ 109.73 per barrel, PE and PP plastic raw material price was decreased to become US\$ 1,600 – US\$ 1,650 per ton. In January 2009, the global oil price was fell to the lowest level of about US\$ 41.96 per barrel, the price of PE and PP in the global market was still at the level between US\$ 790 – US\$ 850 per ton. The result of plastic raw material price movement, which was becoming anomaly (a situation that deviates from the normal condition), local upstream petrochemical industry was becoming sluggish. Some producers had difficulty in increasing production. For example, PT Polytama Propindo has not the courage to increase their production, because they are waiting for the price improvement.

Four local intermediated petrochemical producers had PE and PP production stocks pile up to 90,000 tons. The four producers are PT Chandra Asri, PT Titan Petrochemical, PT Tri Polyta, and PT Polytama. The most stock piling was suffered by PT Chandra Asri about 35,000 tons of PE and PP.

But, the demand of plastic product, such as plastic film, plastic woven bag, plastic pipe, plastic sheet, plastic house wares, plastic electronic consumer and household appliances, motorcycle and automotive plastic parts, and plastic bottle/container in the last few years have increased. This condition encouraged the increase of plastic raw material.

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It was noted that the consumption of six types of plastic raw material in Indonesia for the last five years (2003-2007) was increased from 1.7 million tons to become about 2.1 million tons. In 2007, the largest plastic raw material consumption was PP resin, which reached 817.0 thousand tons. The high PP resin consumption was pushed by the rapid growth of user industry, such as automotive component industry that uses copolymer PP resin in large amount, followed by the consumption of PE resin of 697.6 thousand tons.

In Indonesia, plastic raw material consumption was relatively low, which was reached about 10 kg per capita per year. Meanwhile, in other Asean countries, such as Singapore (80 kg), Malaysia (60 kg), and Thailand (31 kg). While in advance countries, the plastic consumption per capita has reached above 100 kg. With total population of about 220 million lives (the fourth after China, India, and America), the prospect of plastic industry is widely open. Even though as the impact of global economic crisis, many new projects and expansions could not be realized according to the schedule.

This report is intended to identify the opportunity of new investment in petrochemical industry sector, especially in the olefin industry and its by-products, and its prospect. The discussion covered the balance of trade of petrochemical products, either olefin, its supporting industry, and plastic raw material. Beside that, it discussed also about the domestic petrochemical industry condition and the framework of the government policy in developing petrochemical industry.

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This study book, which discussed various aspects, is hopefully useful to the business circle, especially the decision makers in the upstream and downstream plastic product. Beside that, this study would be useful to the investors that would execute a partnership with the company that is doing business in plastic raw material business and its downstream business in Indonesia. This 400 pages study book is offered at the price of Rp 5,000,000.00 (Five million rupiah) per copy of the Indonesian version or US\$ 750 (Seven hundred and fifty US dollar) per copy of the English version. For those who is interested, please do not hesitate to contact PT Media Data Riset through telephone number 021-8093140, mobile phone: 085217061945 or through e-mail: [info@mediadata.co.id](mailto:info@mediadata.co.id) / [mediadatariset@yahoo.com](mailto:mediadatariset@yahoo.com) .

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