

Study On :
SUGAR INDUSTRY AND MARKETING IN INDONESIA
(Equipped with Government Regulation and Company Directories)
July 2009

Since the year 1995, sugar production of Indonesia kept decreasing from 2 million tons to only 1.4 million tons in the year 2000, so this business was not attractive to the investor. The degradation of the national sugar industry was caused by the reducing productivity of the sugar cane field, decreasing old age sugar factories efficiency, and the unstable sugar price, so it weakened the farmer's spirit to plant sugar cane.

However, since the year 2003, sugar industry and trade in Indonesia started to move and encouraging. National sugar production was increased, which was from 1.6 million tons in 2003 to become 2.25 million tons in 2005 and it was increased again to 2.27 million tons in 2006. In last 2008, national sugar production of 58 existing sugar factories was increased significantly from the previous year, to become 2.78 million tons. If it was combined with the refined sugar production that was made of imported raw material, total national sugar production in 2008 became 4.2 million tons. This amount consisted of consumer sugar of 2.7 million tons and refined sugar for food, beverages, and pharmaceutical industries of 1.5 million tons. While total national sugar consumption was 3.5 million tons, which consisted of household consumption of 2 million tons and industrial consumption of 1.5 million tons. Therefore, in 2008, Indonesia has a sugar surplus (self-supporting) for household consumption about 700,000 tons.

The success of increasing sugar production was triggered by the determination of Indonesian government and the involved parties in sugar agribusiness and agro industry to improve national sugar industry so it is able to compete in the international level. The government performed revitalization program for sugar cane plantation, sugar factories, and encouraged the investors to build new sugar factory, especially outside Java. Currently, in Sumatera, Sulawesi, Maluku, and Papua, there is field potency for sugar cane plantation as wide as 576,000 hectares. According to the research result of Sugar Research and Development Indonesia (Pusat Penelitian dan Pengembangan Gula Indonesia - P3GI), out of the field width, about 284,500 hectares are considered proper for sugar cane plant development, with potential production above 65 - 70 tons sugar cane per hectare.

To force the domestic sugar production, in 2009, the government issued a policy of sugar import limitation. In 2007, Indonesia determined the refined sugar import quota of

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650,000 tons, in 2009, this quota is cut-off 50%, so it becomes 325,000 tons. Then for raw sugar import quota, in 2007 was as much as 1.55 million tons, in 2009, it was cut-off 20% to become 1.2 million tons. The import quota limitation is expected to trigger the sugar cane farmer to increase their production and national sugar factory could cooperate with the domestic sugar cane farmer.

Besides to achieve the government goal in sugar self-supporting, the effort to increase national sugar production, it was also expected that Indonesia could increase sugar export, so it could compete in the international level. Currently, sugar export of Indonesia is still very low, even it was defeated by the neighboring countries in South East Asia. In the past 2008, total sugar export of Indonesia was only 1,693 tons with total value of US\$ 905,000, whereas in 2004, Indonesia was exported sugar of 10,370 tons with total value of US\$ 1,974. On the other hand, the opportunity of sugar export of Indonesia was widely opened to the East Asia region, Arabian countries, Africa, even European Union. Therefore, the business opportunity in the sugar industry sector and marketing in Indonesia was opened widely for the investors and other manufacturers.

To identify further about the development of sugar industry and marketing in Indonesia, PT Media Data Riset has carried out a study until May 2009. This study result was prepared in form of report book as thick as about 250 pages. This report study is offered to the investors and the involved interest parties in sugar agribusiness sector and agro industry, domestic or overseas.

The price of this book is Rp 5,000,000 (Five million rupiah) per copy for the Indonesia version, while for the English version is US\$ 750 (Seven hundred and fifty US Dollar) per copy. This book could be ordered directly to PT Media Data Riset through telephone number 021-8093140, mobile phone: 085217061945 or through e-mail: info@mediadata.co.id / mediadatariset@yahoo.com . We enclosed the order form with this letter. For overseas or outside Jakarta order, there would be additional delivery cost.

Jakarta, July 2009

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SUGAR INDUSTRY AND MARKETING IN INDONESIA (Equipped with Government Regulation and Company Directories) July 2009

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GOVERNMENT REGULATION ABOUT SUGAR INDUSTRY IN INDONESIA

SUGAR COMPANIES DIRECTORY

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