

2019 World Ceramic Tiles Forum

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Westin Grand Hotel Berlin

Berlin, Germany



2019 World Ceramic Tiles Forum - Indonesian Ceramic Industry Association -

INDONESIA



ASOSIASI ANEKA INDUSTRI KERAMIK INDONESIA



World Ceramic Tiles Forum



Outline Presentation – Indonesia



- I. Trends in the construction sector/demand
- II. Trends in production, consumption and trade in ceramic tiles
- III. Latest developments at national level in energy supply regulation and taxation
- IV. Developments in standardisation at national level
- V. Developments in regulations at national level affecting ceramic tiles (notably environmental or health & safety regulation)
- VI. Other national developments



I. Trend in the construction sector/demand

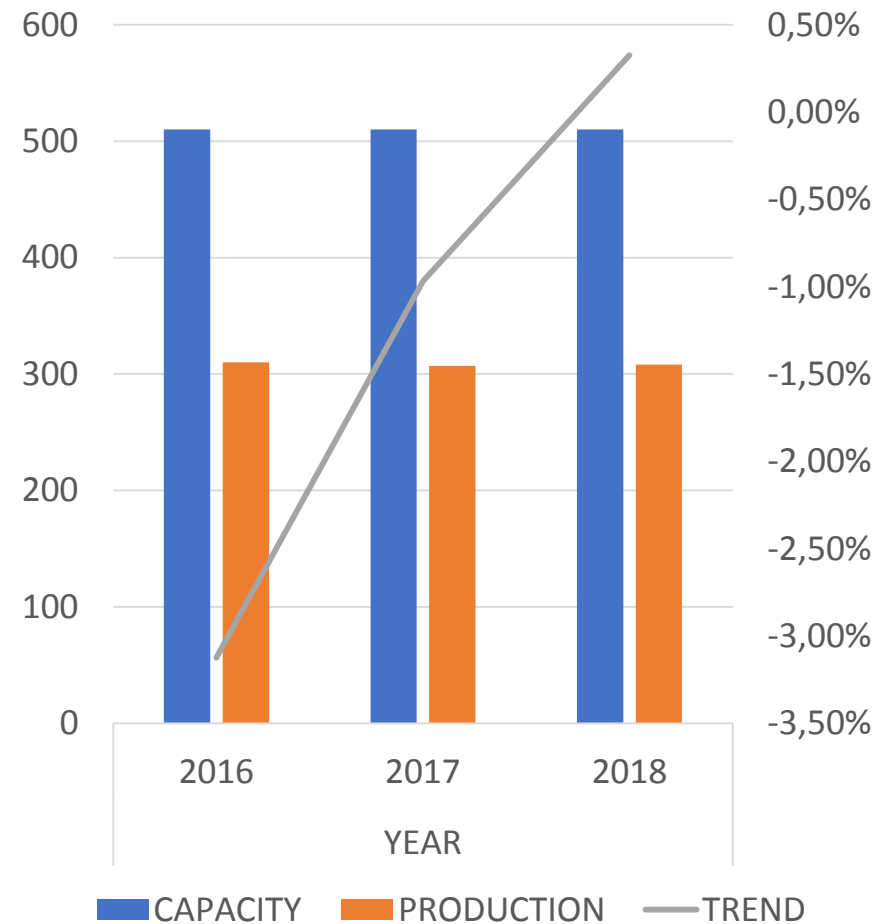
- The Indonesian economy has been volatile since 2018 and continues to remain weak in 2019. Forecast for 2020 is seen as stagnant.
- Political tensions since the presidential elections coupled with trade tensions between our biggest trading partners, China and US has sowed pessimism and delayed investments.
- In 2015 the Government launched a “One million Houses “program per year which has reached 90% completion in totality in 2019. This translates to 36million m2/year of affordable tiles and is about 12% of our national production of tiles.
- Indonesian consumption is driven by Agriculture and Agro based industries. The prolonged dry season coupled with mining and economic uncertainty has sowed real estate market pessimism resulting in Medium to High end developments halting since second quarter of 2019.
- Government’s fiscal policies targeted to stimulate the economy is focused on building infrastructure with the added expectations to improve supply chain management, connectivity and tourism.

Source: Indonesian Ceramic Industry Association



II. Trend in production, consumption and trade in ceramic tiles

DESCRIPTIONS	VOLUME	YEAR		
		2016	2017	2018
CAPACITY	<i>Million/m2/Year</i>	510	510	510
PRODUCTION	<i>Million/m2/Year</i>	310	307	308
TREND (Production)	<i>% (Year on Year)</i>	-3,13%	-0,97%	0,33%
TOTAL CONSUMPTION	<i>Million/m2/Year</i>	371.8	381	399.2
CONSUMPTION PER CAPITA	<i>m2/Year</i>	1.48	1.49	1.54
EXPORT	<i>Million/m2/Year</i>	16.9	14.7	16.2
IMPORT	<i>Million/m2/Year</i>	70.9	83.3	99.4



Source: Indonesian Ceramic Industry Association

III. Latest developments at national level in energy supply regulation and taxation



Indonesian Energy supply.

The Indonesian ceramic sector relies on Natural Gas. Coal gas while available is shun due to environmental sustainability, pollution and overall costs factors.

Natural Gas Prices

Indonesia Natural Gas prices are relatively high compared to other countries despite the large deposits and being one of the biggest gas exporters in the world. Majority of Indonesian Ceramics manufacturers use natural Gas as the source of energy.

Regional Gas price distribution

Indonesian regional Natural Gas prices:

- a. West Java : USD **9.16** per mmbtu
- b. East Java : USD **7.96** per mmbtu
- c. North Sumatra : USD **10.43** per mmbtu

Main Gas Provider

PGN, the gas provider, has proposed a **10-15%** price increase before end of 2019. It is seen as a threat to the industry.

Source: Indonesian Ceramic Industry Association



III. Latest developments at national level in energy supply regulation and taxation

Electricity and Rates

The industrial electricity needs are government supplied and regulated. Rates are divided into peak and non peak usage.

- Non Peak hour rate : USD 0.07/kwh
- Peak hour rate (6pm-11pm) : USD 0.11/kwh

Average Industry rate : USD 0.081/kwh

Source: Indonesian Ceramic Industry Association



IV. Development in standardisation at national level



Standard Nasional Indonesia (SNI)

- SNI is the only Indonesian mandatory ceramics certification required for domestic manufacturers and for importers.
- It was formulated by the Technical Committee and confirmed by the BSN (National Standardization Agency of Indonesia).
- SNI's main objective is to protect consumers by ensuring that the quality and the safety of the products are within Industry standards.
- The implementation of Post Border inspection for imported products has resulted in less stringent checks thus resulting in numerous violations. Actions to rectify are being studied.

Source: Indonesian Ceramic Industry Association



V. Development in regulations at national level affecting ceramic tiles (notably environmental or health & safety regulation)

Indonesia's Green Industry Standard

Carbon Footprint

The ministry of Industry issued a decree No.5/M-IND/PER/6/2015 that outlines the requirements for manufacturers to meet Indonesia's commitment in lowering its carbon emission by **29%** before **2030**.

While this decree is not a mandatory however some of our members have successfully obtain the 'Green Industry Award'

Asaki strongly believes in the Green industry initiative. We support and encourage our members to commence implementation steps and to contribute to enviromental sustainability.

Source: Indonesian Ceramic Industry Association



VI. Other national developments



Industry Ceramic Challenges

- High gas prices has affected our local and export competitiveness.
- Lack of facilities for human resource and productivity development reduces Indonesian industries competitiveness especially ceramics.
- In the last few years imported tiles from China have negatively impacted the industry. Safeguards implemented in October 2018 has elevated the situation has improved. Constant monitoring is required.
- ASAKI in collaboration with the Green Product Council Indonesia (non-government organization) promotes the green industry initiative to all ASAKI members. Our aim is to create a sustainable environment for the future generations.

Source: Indonesian Ceramic Industry Association





TERIMA KASIH
THANK YOU



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