THE OPPORTUNITIES OF FOREST INDUSTRY BUSINESS IN INDONESIA

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Indonesia’s Forest in a Glance
Indonesia’s Forest Industry in A Brief
A Glance Of Perhutani :
  ✓ Perhutani Forest Management
  ✓ Perhutani Forest Industry
The Opportunities of Forest Business Investment
A Glance of Indonesia Forestry
✓ Forest area is a specific area that is forested, and was appointed Government for the sustained existence as permanent forest.

✓ 33 provinces-Forest lands 120.35 million ha:
  - Conservation 20.5 mill ha.
  - Protection 33.5 mill ha.
  - Production 58.3 mill ha.
  - Conversion 8.0 mill ha.
INDONESIA’S FOREST IN A GLANCE

Indonesian Forest

- Conservation Forest: 7%
- Protection Forest: 17%
- Production Forest: 28%
- Conversion Forest: 48%
INDONESIA’S FOREST IN A GLANCE

MAP OF FOREST LAND USE PLAN (BY FUNCTION)

KETERANGAN:
- Kawasan Suaka Alam/Kawasan Pelestarian Alam (KSA/KPA)
- Hutan Lindung (HL)
- Hutan Produksi Terbatas (HPT)
- Hutan Produksi-Tetap (HP)
- Hutan Produksi yang dapat dikonversi (HPK)
- Areal Penggunaan Lain (APL)
- Perkebunan/Perkebunan tanah basah

Ministry of Forestry of the Republic of Indonesia
Indonesia’s Timbers Production 2006 up to 2011

Chart Raw Wood Materials Source in 2006-2011

Data Source: General directorate of forestry business development 2011
FOREST INDUSTRY IN A BRIEF

- Indonesia’s Timber industry rapidly increase during the period of 1980-2002 supported by Government Policy.
- Declining of reserved wood resources since 2002.
- Inbalancing in demand and supply.
- Since about 2002, a lot of Timber Industry from outside Java island relocate to Java due to limited wood supply materials.
- An important role of Indonesia’ forest to combat climate change.
- Forest products has given contribution to gross domestic product, foreign exchange, government revenue and employment in the period of 1980-2002 significantly.
Condition of the timber industry in Indonesia is currently divided into:

1. Sawn timber
2. Woodworking industry
3. Plywood and other wooden panels
4. Pulp and Paper Industry
5. Furnitures Industries and crafts
6. Block Board
7. Veneer
Indonesia’s Timbers Production 2001 up to 2011

Data Source: General directorate of forestry business development 2011
Indonesia’s Timbers Production 2001 up to 2011

Chart of Export Development of Forest Production

Data Source: The National Statistic Agency 2011
Forest Industry Issue

- Decreasing in output due to out of dated technology.
- Decreasing of domestic wood supply especially from natural forest.
- Environmental public awareness increases.
- Moratorium on a new timber consession in natural forest
Timbers Supply & Demand

Wood Consumption vs Wood Supplies

Source: Directorate General of Forest Utilization (2011)
Demand of Global Market Due to Environmental Issue

Wood Industries

**Standarisation:**
- COC (Chain of Custody)
- FSC (Forest Stewardship Council)

NON WOOD: Gum Rosin Industries

**Standarisation:**
- ISO
- REACH (Registration, Evaluation, Authorisation and Restriction of Chemical substances)

CONSUMERS/BUYERS

NEEDS & WANTS
A Glance of...

Perhutani
Perhutani’s Sustainable Forest Management

- Perhutani is one of the State-Owned Forest company in Indonesia.

- Perhutani manages 2.4 million ha of forest area in Java & Madura by applying the principles of Sustainable Forest Management.

- Perhutani was currently conducted based on Government Regulation No. 72 Year 2010.

- **Plantation Forest such as**: Teak, Pine, Mahogany, Other Species
  - Mandatory: PHPL (Sustainable Production Forest Management)
  - Voluntary: FSC (Forest Stewardship Council)

- Perhutani has 57 Forest Management Unit (FMU); 5 FSC Certified, others are still in progress.
Perhutani’s Sustainable Forest Management

Chart of Forest Plantation Production in 2007 - 2011

- Volume (m³)
- Year

- 2007
- 2008
- 2009
- 2010
- 2011

- Teak
- Non Teak
Perhutani’s Forest Industry

Industry, divided into:

1. **Wood**:
   - Woodworking
   - Furnitures & Crafts

- **Mandatory standardisation**:  
  - SVLK (Timber Legality Assurance System)

- **Voluntary standardisation**:  
  - COC (Chain of Custody),
  - FSC (Forest Stewardship Council)

2. **Non Wood**:
   - Pine Resin
   - Drinking Water (AMDK)

**Standarisation**: (ISO 9001:2008)
The Efforts to Reduce Usage of Fossil Energy:

- **Wood Industry**: Using wood waste for energy.
- **Gum Rosin Industry**: Using Compressed Natural Gas (CNG) for energy.
- **Cajuput Industry**: Using leaf and branches waste for energy. (Biomass).
Perhutani’s Wood Production Industry in 2007 -2011

Source : Perum Perhutani
Perhutani Non Wood Production Industry in 2007 -2011

Source : Perum Perhutani
Perhutani’s Future Forest Industry

Perhutani Gum Rosin & Turpentine Industry Process:

- Tapping Pine rosin
- Collecting Pine rosin
- Industrial Processing

Gum Rosin

Turpentine
Gum Rosin Derivats:

- Gum Rosin
- Gliserol rosin ester

Using for:

- Adhesive tape
- Bottles
- Cans
Perhutani’s Future Forest Industry

Turpentine Derivats:

- α-β Pinene
- D-Limonene
- α-terpineol
- Cineole

Turpentine is derivated using for various products.
Perhutani’s Future Forest Industry

- **Wood Pellet Industry**: MoU between Perum Perhutani, Korean Green Promotion Agency (KGPA), and PT. Solar Park Indonesia (SPI) on ‘Bio-energy plantation for wood pellet’ located in Wonosobo, Central Java.

- **Plywood**: Raw Material from forest plantation.
Investment Opportunities

- **Developing Renewable Energy such as**: 
  - **Microhydro**: Perhutani has 122 waterfalls & 1167 natural springs all over Java island.
  - **Solar Energy**

- **Machinery Renewal**

- **Timber Estate** (*Hutan Tanaman Industri*) involving the local people in forest management, such as: Latex.
Thank You