



Chandra Asri SMI

An Integrated Petrochemical Complex

# World Eye Reports

# Indonesia



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## Indonesia becomes newest member of economic elite

Economists have constantly coined terms to reflect the ever-shifting landscape of the global economy.

From the 1980s until the 1990s, when growth was fastest in Asia, many experts referred to the “Asian Tiger” economies of Singapore, Taiwan, Hong Kong and South Korea as foreign capital flooded into those burgeoning markets.



Japanese Ambassador to Indonesia Kojiro Shiojiri

At the turn of this century, economists identified the newest set of the world's fastest-growing countries and grouped them under the term BRIC – Brazil, Russia, China and India. Less than a decade later, the Organization for Economic Cooperation and Development (OECD) revised the term to BRIICS to accommodate two more countries, Indonesia and South Africa.

According to Douglas Lippoldt, acting head of the Development Division of the OECD's Trade and Agricultural Directorate, Indonesia's inclusion in this new grouping of countries is “recognition of the importance and size of the country, (its) situation relative to

OECD member countries and the desire of OECD countries to engage in it more closely.”

As one of the world's fastest-growing economies, Indonesia is expected by 2011 to post GDP growth of 7 percent, higher than several G-8 countries.

Even amid the worst global crisis of this generation, the economy expanded by 4 percent year-on-year in the second quarter of 2009, giving Indonesia the fastest growth rate in Southeast Asia.

This growth and achievement is remarkable considering that only about a decade ago, the country was the epicenter of the 1997 currency crisis, and went through political turmoil, plummeting falling gas prices and its worst drought in 50 years.

Over the last 10 years, GDP growth steadily climbed to 6.1 percent last year.

The country has proven to be more resilient than its neighbors because of less dependence on exports and a huge domestic market made up of 230 million people.

The government was also quick to respond to the economic crisis late last year by protecting liquidity, providing alternative financing for an expansionary budget and implementing an economic stimulus package worth more than \$6 billion.

President Susilo Bambang Yudhoyono, the first directly elected leader, won a second five-year term this year and is expected to continue with his “pro-growth, pro-poor, pro-employment” policies.

SBY, as the president is fondly called, has gained wide respect in the international community and was responsible to the free-trade agreement signed in 2007 with Japan, Indonesia's largest trading partner and investor.

### Golden anniversary

Last year, the two countries marked the 50th anniversary of diplomatic relations and ushered in a new era of cooperation through the Japan-Indonesia Economic Partnership Agreement, which came into force in July 2008 after three years of formal talks.

“This is the sixth EPA for us and we hope it will strengthen our relations not only in foreign direct investment but also culturally mutual benefits,” says Japanese Ambassador to Indonesia Kojiro Shiojiri.

“Since it was put into effect last year, we have seen positive signs from its implementation,” he adds.

Both countries also have an existing Strategic Action Plan composed of 118 measures to promote foreign investment in Indonesia in five areas: tax, customs, labor, infrastructure, and competitiveness of small and medium-size enterprises.

From 1967 to 2007, cumulative direct investment from Japan to Indonesia was over \$40 billion, or 11.5 percent of total foreign direct investment in the country. Be-

tween 2007 and 2008, there were 243 Japanese-invested projects in the country.

Major Japanese manufacturing companies in the country such as NOK, Panasonic, Astra Honda Motor, Denso, Toray Industries, Ebara and Uni-Charm have announced plans to expand their production over the next few years.

“Historically, Japanese investment to Indonesia was largely directed to the manufacturing sector, which contributed significantly to employment and also helped in strengthening the specific industry through technology transfer,” says Shiojiri.

According to the Indonesian Investment Coordinating Board, there are around 1,000 Japanese companies in the country that directly employ about 324,000 people.

While both countries have enjoyed half a century of diplomatic relations, there are more areas for further collaboration.

New investments in areas such as energy and mineral resources (Indonesia's main export commodities) by Japanese companies such as Mitsui are under way. ♦

## Panasonic strikes gold in Indonesia

Two years after their governments celebrated 50 years of diplomatic ties, Panasonic Corp. marks next year its golden anniversary in Indonesia, where the Japanese giant's robust growth vindicated the long-term view for the country of company founder Konosuke Matsushita and local partner, Drs. H. Thayeb Mohammad Gobel.

Starting in 1960 as a technical partner and manufacturer of transistors for Panasonic, Gobel was later licensed to produce black-and-white televisions under the National brand in time for the 1962 Asian Games in Jakarta.

“After the success of National, we gradually expanded production into other categories as well as imported other products for the Indonesian market,” recalls President Director of PT Panasonic Gobel Indonesia Ichiro Suganuma.

The successful collaboration led to a joint venture in 1970, forming PT National Gobel.

“National became a household name in the '70s and '80s, and the company was specifically strong in home appliances like air conditioners, refrigerators, washing machines and similar products within the category,” says Suganuma.

In 2004, the sales company renamed itself PT Panasonic Gobel Indonesia to highlight the global Panasonic brand and promote its new top-of-the-line products, such as VIERA televisions, LUMIX cameras, Envio air conditioners, Aquabeat washing machines and Magic Top refrigerators.

“That was a big moment for us because



PT Panasonic Gobel Indonesia President Director Ichiro Suganuma

beforehand, 74 percent of our total volume of products sold were with the National brand while 26 percent sold were with the Panasonic brand. The impact was quite huge because all over Indonesia, people knew about National while Panasonic was perceived as a newcomer,” he says.

“Now we are gradually overcoming this issue and Panasonic the brand is gaining popularity in Indonesia,” he adds.

With nine production companies and two sales groups, Panasonic sees a tremendous amount of potential in Indonesia.

“Currently, 82 percent of our business is exported within our group companies in Indonesia, while the rest is for the domestic

market. This is our focus since Indonesia has the fourth-largest population in the world and the penetration ratio of electronic goods is still very low,” says Suganuma.

Apart from business, PT Panasonic Indonesia is heavily involved in CSR.

It has provided scholarships to selected university students for the past 11 years. It gives out 22 awards in support of the local entertainment industry and contributes to environmental projects.

“We are known for ‘Ideas for Life’ but are now focusing on ‘Eco Ideas.’ One of our ‘ideas’ is through collaborating with state-owned electricity supplier PT PLN to educate consumers on conserving energy,” says Suganuma.

To mark its 50th year in the country, Panasonic will hold several events, including the launch of special-edition models in each of its product lines. ♦

www.panasonic.co.id



Panasonic's top-of-the-line VIERA V Series

## Honda rules the road

In the third-largest motorcycle market in the world, Japanese giant Honda continues to dominate the streets of Indonesia, providing two-thirds of motorcycles, and overseeing a very extensive network of dealerships and service.

Set up just in 2001 as a 50-50 joint venture, PT Astra Honda Motor capitalized on the solid reputation of Japanese motorcycles, which were present in the country as early as the 1970s.

“Our market share is a result of our strong brand and the good products we've been providing our customers all these years,” says President Director Miki Yamamoto.

In 2007, the company reported a record 20 million accumulated units produced in the country, a third of Honda's global production of its “CUB” model. This figure is expected to rise to 25 million this month.

In Indonesia, where the motorbikes are customized to suit local tastes and preferences, PT Astra Honda has three factories, which have a total production capacity of 3 million units a year.

Apart from production facilities, PT Astra Honda also has about 1,500 dealerships across the country and 3,800 service centers, called AHASS (Astra Honda Au-



thorized Service Station).

“Astra Honda has about 14,000 employees, but if you calculate the number of people working under that whole operation, it goes up to about 150,000 people. Then if you include families, you are looking at about half a million people in Indonesia who are in some way under the influence of our operations,” says Yamamoto.

Despite the enormous growth of the company, the penetration ratio of motorcycles remains much lower than in the bigger motorcycle markets such as China and India.

Meanwhile, the company's local suppliers have improved their products.

“Out of our 100 suppliers, more than half are local. One of my important tasks, with the help of various ministries and industry-related associations, is to develop and transfer know-how and technology to local suppliers for them to attain global standards,” he says.

As more motorcycles continue to ply the streets of Indonesia, road safety remains a vital concern of Honda.

“Safety and training is a main priority for us. There is no production or sales without safety first,” says Yamamoto, whose company is involved in several CSR activities through the Astra Honda Foundation. ♦

www.astra-honda.com



PT Astra Honda's third factory in Indonesia, where the company has a total annual production of 3 million units

## NYK Line expects better business

Coinciding with the 50th anniversary of diplomatic relations, Indonesia and Japan executed last year an economic partnership agreement that was the result of five years of meticulous negotiations and is aimed at further strengthening robust trade ties between the two countries.

“The Japan-Indonesia EPA is a comprehensive and wide-ranging bilateral economic partnership agreement in which we can expect a much more active relationship

between Indonesia and Japan in terms of investment value, capacity-building, and the transfer of technology and expertise, and not just in resource extraction. I expect the JIEPA to have an immediate impact on Indonesia-Japan trade relations as Japan is Indonesia's largest trading partner and a very close friend,” states NYK Line Indonesia President Director Katsuo Isomura.

A global leader in fully integrated logistics solutions, the NYK Group expects a bigger role in facilitating trade between both countries as demand not only for sea freight but also for warehousing and distribution, freight-forwarding, global network solutions, supply-chain consulting, IT solutions and other related services increases.

“Indonesia has a huge population scattered across the world's largest archipelago. Warehousing

and inland transportation are just some of the many requirements of our customers. That is why we have two local partners (NYK New Wave Logistics and NYK Puninar Logistics) in our group aimed at fulfilling all the needs of our customers,” says Isomura.

As a reminder of its mission to fully serve its customers, NYK Line has greatly increased its business capacity and ability to solve customer needs through its “Sea, Earth, Air – Logistics Integrator Program (SEA-LIP).”

“Our comprehensive strategy for our customers is to provide them with a service that can combine all the modes of transportation (sea, air and land) and impart solutions from our personnel who are equipped with the wide-ranging business knowledge needed for comprehensive logistics,” says Isomura.

The NYK/TSK group has



A warehouse facility of PT NYK New Wave Logistics Indonesia

## Yokogawa grows with local economy

Over the last 50 years, Indonesia and Japan have built a solid relationship based on mutual respect for each other's strengths. Around the world, Japan has earned a well-deserved reputation for impeccably made products and capitalized on it.

Present in Indonesia for over 20 years, Yokogawa has posted impressive growth in recent years and gained market leadership, allowing the Japan-based maker of industrial instrumentation and control to open more branches around the country.

In fact, PT Yokogawa Indonesia was granted an Indonesian market leadership award last year by Frost & Sullivan, a leading research and consulting firm.

“In the last five years, the economic situation in Indonesia has been good and we have grown with the Indonesian economy. With four branch offices, we can be closer to our customers,” says Yokogawa Indonesia President Di-

rector Toshinari Miyamoto.

A global leader in instrumentation and control, testing and measurement, and information systems, Yokogawa has enlisted state-owned companies, PT Pertamina (Persero) and PT PLN, as well as major foreign oil and gas companies, and Japanese chemical companies as its clients.

Through its factory in Batam, an Indonesian free-trade zone island, Yokogawa is the only such company to have manufacturing capabilities in the country, which helps it maximize local contents significantly. On top of this, Yokogawa also provides comprehensive customer service and software to clients.

“We employ very skillful engineers to implement the software and execute the projects. With over 180 people working in the company and a significant presence all over the country, our customers expect us to provide them with the best services besides cutting-edge technol-



NYK Line Indonesia President Director Katsuo Isomura

grabbed a 30 percent market share in container ship trade between Indonesia and Japan, and expects that figure to grow once the global economy normalizes.

“I'd like to continue the good relationship between Indonesia and Japan. I appreciate the hospitality of the Indonesians very much. I feel we can be even better partners as we look into the next 100 years of diplomatic relations,” he says. ♦

www.nykline.com



Yokogawa Indonesia President Director Toshinari Miyamoto (seated left) with his management team

ogy and reliable Japan-brand products,” Miyamoto says.

“(Yokogawa) wants to contribute to Indonesian society in the areas of instrumentation and control. We also want to be with our customers as a reliable partner and ensure that their facilities are well taken cared of,” he adds. ♦

www.yokogawa.com

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## Bakrie seals partnerships in Japan and looks beyond

When Michael Thomas Clarke restructured Bakrie Construction about two years ago, he traveled to Japan and visited the country's leading power companies.

"In Japan, I saw the potential that we were looking for, which was the production of modular fabrications for their industrial developments overseas, specifically for power stations," says the president director and CEO.

The trip proved profitable because he secured a project spearheaded by Mitsubishi Heavy Industries to fabricate 3,000 tons of equipment for the recirculation piping systems of a power plant in Indonesia.

Established in 1985, Bakrie Construction operates a 17.2-hectare heavy industrial steel fabrication yard with capabilities to construct large modular equipment ranging in size from 500 to 2,500 tons.

The yard includes a bonded



**Bakrie Construction President Director Michael Thomas Clarke**

zone area with registered IPSA harbor facilities that enable the company to receive materials or directly export fully integrated steel structures and modules to Asia and other overseas markets.

Bakrie's reputation in the steel fabrication and construction industry has been outstanding over the last 30 years. But since the restructuring two years ago, it has increased its international focus and raised the quality of produc-

tion worldwide.

"There were several areas to re-focus the company's direction. We upgraded safety, quality and management systems in the company to take on the challenge of further promoting the international business," says Clarke.

Given the company's global focus, Clarke sees opportunities in partnering with the Japanese not just in Indonesia, where it has been operating for 25 years, but also overseas.

"There are indeed international projects where Japan builds power plants and we know we can competitively supply them with the needed equipment," he says.

The company takes pride in its proven track record as a world-class contractor, and has all the needed accreditations required by the Japanese and other international companies.

"Our particular focus is supplying high-class fabrication products to Japanese companies, and meeting all international standards for construction, quality and safety. That's where we are. We compete with those standards and competitively so. We have a great care for our customers. We want them to come back the next time and we

know the Japanese are very responsive to that," he explains.

Apart from the company's core business of fabrication and construction of modular equipment for the oil and gas, power, mining, marine and infrastructure industries, it also looks into further diversification as an EPC contractor, offshore services contractor and pressure vessel fabricator. ♦

[www.bakrieconstruction.com](http://www.bakrieconstruction.com)



**A 670-ton, 45-meter-tall STP cylinder at the APL Norway Peregrino FPSO unit made for Maersk Inc.**

## AKR finds the right chemistry

Over the past 40 years, AKR has grown to become Indonesia's largest distributor of petroleum products and a reliable supplier of quality fuels in the downstream sector, with long-standing business with several huge multinationals.

The company – whose Japanese principals and partners include Asahi Glass, Mitsui Chemicals, Mitsubishi Corp., Mitsubishi Gas Corp. and Toyota Tsusho, among others – has further expanded its network of tank terminals and bulk logistics facilities, which now covers nine major sea and six river ports in Indonesia, and five river ports in China.



**AKR's petroleum terminal in Sumatra**

Aside from being the main distributor of Asahimas Chemical in Indonesia, AKR also supplies chloro alkali products, such as liquid and flake caustic soda, polyvinyl chloride (PVC), hydrochloric acid and sodium hydroxide. It also produces adhesives and glue for the plywood industry.

In the fast-growing sector of petroleum distribution, AKR imports petroleum from major oil companies and distributes it to industrial customers.

In 2008, AKR's consolidated sales turnover reached \$990 million, with petroleum distribution accounting for nearly \$500 million.

To consolidate growth, the company is seeking partnerships with Japanese energy companies, as well as with chemical and petrochemical companies.

Established in 1983, AKR's subsidiary PT Sorini Agro Asia Corporindo Tbk. is among the world's largest producers of Sorbitol. It has gained a reputation as an efficient and reliable producer of the substance, which is used in oral care, pharmaceuticals and food manufacturing. It also manufactures dextrose monohydrate, maltodextrine, maltitol, glucose and tapioca starch.

Exporting its products to over 70 countries and enjoying a big market share in Japan, Sorini makes Sorbitol liquid and powder in the country also in a joint venture with Mitsubishi



**AKR President Director Haryanto Adikoesoemo**

Shoji Foodtech Co. Ltd.

In China, the company makes Sorbitol and mannitol through its affiliate Khalista Liuzhou Chemical Industries.

AKR foresees better business in the medium and long term as the economic partnership agreement between Japan and Indonesia can only strengthen ties between companies from the two countries. ♦

[www.akr.co.id](http://www.akr.co.id)

## Mitsui sees great opportunities in Indonesia

With 154 offices and nearly 40,000 employees all over the world, Mitsui & Co. is one of the largest Japanese trading and investment companies.

Since establishing its first office in Surabaya in Indonesia in 1916, the company has grown consistently in the country, where its activities figure significantly in terms of global operations.

"Bussan Auto Finance (BAF) is a consumer finance company. This company is unique as we have 140 branches all around Indonesia and about 8,000 employees," says Mitsui Indonesia President Director and CEO Akira Nakaminato.

One of Mitsui's four main affiliates in Indonesia, BAF has provided financing for Yamaha motorcycles. In doing so, Yamaha Indonesia Motor gained a 37 percent market share in the country, where the motorcycle is a vital means of transportation for ordinary Indonesians.

"We have a global corporate strategic partnership with Yamaha and of the countries where we have this kind of partnership all over the world, Indonesia remains the most successful, and BAF certainly played a huge role in that because of the financing capabilities we offer customers," says Nakaminato.

Mitsui is also involved in some of the chemical projects and companies in the country, such as Kaltim Pasifik Amoniak (KPA), one of the company's four biggest businesses.

"Mitsui had ammonia operations in Asian countries with trade of about 2 million tons. Of that amount, 660,000 tons is from KPA," says Nakaminato. In fact, that amount represents 3 percent of world ammonia trade.

The fourth major affiliate is Paiton Energy, an energy plant in East Java, which recently began building a larger third plant due for completion in 2012.

"These companies have contributed to the profit of Mitsui in the last few years," explains Nakaminato, who has an extensive background in natural resources.

"I am looking at areas to do business in within the natural resources industry. Coal is one area where Mitsui maintains good relations with electric power suppliers in Japan and also suppliers in Indonesia. We are also to start a new enterprise at the Tangguh LNG project

in Papua," says Nakaminato. "I'm very happy to do business with our Indonesian colleagues and my aim is to encourage them to become global business leaders. We also need to thank Indonesians for the kindness shown to the Japanese and we need to motivate other Japanese companies to revive their interest in investing in the Indonesian market," he adds. ♦

[www.mitsui.co.jp](http://www.mitsui.co.jp)



**Mitsui Indonesia President Director and CEO Akira Nakaminato**

## Committed to a promising market

At a time when most auto-related companies defer further investments amid the global economic slump, NOK – Japan's first oil and rubber seal manufacturer – remains a major player in Indonesia, where it has posted remarkable growth and expansion as a result of growing domestic demand.

"We continue to invest in Indonesia because of the opportunity that exists in the country given its market size in terms of population and the economic growth sustained despite the ongoing crisis," explains NOK Indonesia President Director Senji Kagawa.



**PT NOK's factory in Bekasi, West Java**

The company recently expanded its manufacturing facility to cater to the growing motorcycle industry, which is expected to strengthen further exponentially in the next few years.

"The motorcycle industry will be a key contributor to our growth in the future, but we remain committed to all our customers who have played a huge role in our success," states Kagawa.

For the most part of its 13 years in Southeast Asia's largest market, NOK Indonesia has enjoyed huge growth and success by offering advanced products to a wide range of industries not limited to the motorcycle and automotive industries.

"Our products are of exceptional quality and yet reasonably priced to accommodate all our customers. We put a lot of importance into making sure our customers are satisfied not just with our product but our service as well," explains Kagawa, whose company has received numerous awards for quality and delivery time from their customers.

With all the accolades received over the years, Kagawa points out that NOK achieved its success because of its 900-strong workforce.



**NOK Indonesia President Director Senji Kagawa**

"It starts with our employees and it is our duty to train them in the best possible way. We continuously conduct training seminars to develop their skills professionally but also to assist them in their personal development as well," states Kagawa.

"We have been committed to the Indonesian market since we set up operations here in 1996. And we remain committed by expanding our manufacturing capabilities, contributing to the growth of the motorcycle industry and more importantly, providing customers with the best products and services," he adds. ♦

[www.nok.co.jp](http://www.nok.co.jp)

## NISCONI takes lead in Indonesian oil and gas

A part of the Group of 20 major economies of the world, resource-rich Indonesia is a fast-growing market with a rising need for technical expertise, specifically in the oil and gas sector.

A joint venture set up in 1972 between Pertamina and Japan's Nippon Steel Corp., PT Nippon Steel Indonesia plays a major role in developing the country's oil and gas sector through tie-ups with Steel Batam Offshore Services (NSB) and Nippon Steel Engineering Singapore.

It offers a complete range of services, such as engineering, procurement, fabrication, construction and installation for offshore platforms, subsea pipelines and on-land pipelines, oil/gas treatment and transfer facilities, LPG/LNG production and storage facilities.

"There are many offshore contractors in Indonesia but very few have the capability to execute activities the way we do. We currently have maintained the top level of sales for construction of offshore oil and gas production, and a very high reputation in this business field," says President Director Toru Ishihara.

"In the past, our style was to manage projects individually. But to provide better efficiency to

our customers, we've restructured our organization to put more focus on each department of our company. For instance, we now have an in-house engineering department to execute projects ourselves rather than subcontract them," says Ishihara.

The change allows NISCONI to provide total solutions and management during the entire project.

The company uses new technologies and construction capabilities in Indonesia. A complex process, central processing platforms is crucial in treating and transferring natural gas from a wellhead platform to the shore.

"Only a few contractors can construct CPP in the world. We expect to be the prime contractor of CPP projects in Indonesia, and utilize our long-term experience in offshore utility construction and many process technologies. But our target for the future is not only for offshore facilities but also onshore energy facilities such as 'Gas to Liquid' and 'Coal Gasification' plants developed by our parent company, Nippon Steel Engineering Co. (NSEC)," he says.

Aside from NISCONI's activities, NSEC took part in the South Sumatra West Java Gas Pipeline, a special yen-credited project com-



**A digital rendering of NISCONI's MWPN platform at the Sisi Nubi Project (below) and the completed platform (above)**

pleted last year to mark the signing of a bilateral economic partnership agreement.

"NISCONI will continue to contribute to Indonesia by constructing energy-related facilities. Through these activities we will provide not only hard products but also highly skilled Indonesian engineers," he adds. ♦

[www.nsc-eng.co.jp](http://www.nsc-eng.co.jp)

## Right formula for growth

One of the largest rayon-producing countries in the world, Indonesia has increased efforts to expand its chemical sector, whose activities complement the growth of the country's other industries.

Among the biggest industry players, PT Asahimas Chemical (ASC) is taking advantage of the strong domestic demand for caustic soda (a component of textiles, soap, pulp and paper, and rayon among others) and other basic chemicals needed by various industries.

"This year marked the 20th anniversary of our company and we've expanded our operation three times in the past two decades," says President Director Izumi Tabuchi.

In fact, Southeast Asia's largest integrated producer of Chlor Alkali-Vinyl Chloride, with its majority owned partly by Asahi Glass Company of Japan, recently embarked on its fourth expansion phase, which is due for completion in 2012.

"If you produce caustic soda, chlorine is automatically generated from the plant. So one of our key business successes was how we were able to effectively use the chlorine. In the case of our company, 80 percent of the chlorine was absorbed for vinyl chloride, which is a kind of plastic used for PVC pipes," says Tabuchi.

Like that of caustic soda, demand for polyvinyl chloride (PVC) products is also expected to grow in the coming years.

While a bulk of the caustic soda produced by ASC is sold locally, a considerable percentage of its PVC output is shipped to customers in Southeast Asian and East Asian countries.

"We have the biggest market share in the country for caustic soda and PVC, and we look forward to maintaining that even as local and global demand increases," says Tabuchi.

Other basic chemicals produced by ASC are ethylene dichloride (EDC), vinyl chloride monomer (VCM), hydrochloric acid (HCl) and sodium hypochlorite (NaClO).

With over 20 years of market leadership and state-of-the-art technology, the company is committed to preserving the environment by improving processes that minimize waste and eliminate gas pollutants.

"That is our main priority in Indonesia, and of course we also look forward to continuing a great relationship with our customers here in Indonesia and around the world," says Tabuchi. ♦

[www.asc.co.id](http://www.asc.co.id)



**ASC's PVC plant has an annual production capacity of 285,000 tons.**



**ASC can produce 400,000 tons of vinyl monomer hydrochloric acid a year.**

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**Bakrie Construction**

DESCRIPTION :

CW Piping and FGD Piping  
ID1800 - ID3800 Fabrication  
for Indonesian Paiton  
Extension Coal-Fired  
Power Plant Project, Block III

Client : MITSUI & Co. Ltd.

Fabrication Yard <  
Modular Construction (2500T) <  
EPC Oil & Gas <  
EPC Projects Onshore <  
Offshore Services <

DESCRIPTION :

Seawater Cooling System  
Client : PT. SWI Jetty Nusantara -  
Tokyo Kyuei CO. LTD.  
Project : Tanjung Jati-B Power Station

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## Indonesia

www.world eyereports.com

## DENSO boosts domestic economy

Despite the global economic downturn that hit the automotive industry around the world, the sector in Indonesia has weathered the storm and posted some growth because of stronger domestic consumption.

"Indonesia car production has grown tremendously the last 10 years. Today, car sales are in excess of 500,000 units.

Ten years ago, it was less than half of that," says PT DENSO INDONESIA President Director Kazuyoshi Minato.

"Our company has grown together with the automotive industry the last 10 years and this trend is expected to continue with the growth of Indonesia's economy," he adds.

Present in Indonesia since 1975, it inaugurated its production facilities in the country three years lat-

er. Its plants in Bekasi and Sunter are among the company's largest production sites in Southeast Asia.

"As a result of the crisis and import costs, we want to localize the manufacture of more products in Indonesia. Just this year, we started producing radiators and are looking to add more products within two years," explains Minato.

DENSO

Even with the addition of other auto components, it is most recognized for its air conditioners as most of the buses in the country are equipped with them.

For more than 30 years, the company has played a huge role in the growth of the automotive industry but also more importantly, has contributed to the country's growth by employing more than 4,000 people, including workers from the group's other companies



PT DENSO INDONESIA President Director Kazuyoshi Minato

in Indonesia - HAMADEN and ASMO.

"I've enjoyed working with Indonesians. They work well and are good-natured people. What I would like is to train and develop their skills further for more managerial positions within our company," Minato says. ♦

www.denso.co.id

## Uni-Charm becomes local household name

One of the world's largest and most-populated countries, Indonesia has provided foreign investors over the years with several opportunities in basic industries such as natural resources and automotive manufacturing. But as the economy prospers and purchasing power grows, foreign-made consumer goods have rapidly found their way into households across the country.

One Japanese company that has enjoyed remarkable success in Indonesia is Uni-Charm, a pioneer and leader in baby-care, feminine-care and health-care products with more than 6,000 employees around the world. In Indonesia, its

baby-care and feminine-care products lead the market.

"Our operations in Indonesia have had the most growth within the Uni-Charm group for the last three years in Asia," said Uni-Charm Indonesia President Director Yoshihiro Miyabayashi.

At a time when most companies report flat growth or post single-digit growth at best due to the global economic crisis, Uni-Charm has grown more than 300 percent from 2006 to 2008. Last year, it grew 149 percent.

"The success we've had in the local market is a result of the quality of our reasonably priced products as well as our marketing activities. Our baby-care products have been No. 1 since 2003 while our feminine-care products have been No. 1 since 2007," says Miyabayashi.

Mamy Poko Pants are pants-type disposable diapers and have gained an increasing share over tape-type disposable diapers. As of June 2009, the diapers had a market share of 43.8 percent.

Active in numerous CSR activi-



Uni-Charm Indonesia President Director Yoshihiro Miyabayashi

ties, the company's progress has reflected Indonesia's growth. Recently, it began construction of a second factory due for completion in May 2011. The 12-hectare factory will be a manufacturing base, with output expected to reach about \$400 million by 2015.

"We are committed to Indonesian society through the products we offer our customers. We are grateful for the success we've been able to achieve so far and we promise that we will continuously provide Indonesians with the best products for their personal use and comfort," he says. ♦

www.unicharm.co.jp

## Providing security and peace of mind

A pioneer in Japan's security systems and services industry for over 45 years, PT Secom Indopratama has become one of Indonesia's most-trusted sources of security management through its Total Security Solutions services since 1994.

The company has grown steadily over the last 15 years by developing a loyal customer base composed of reputable institutions across all industries.

"Most of our clients are lifetime customers. Once they've tried our services they continue using us for a very long period of time. Our customers are mostly corporations but oftentimes the top management of these companies also choose to use our services for their homes," says Chairman S.S. Rahardja.

Though demand continues to

rise, security solutions in Indonesia remain modest in comparison to more developed countries like Japan.

"We have to change the mindset of people to make them see the importance of protecting their assets through security solutions. Peace of mind is essential to our daily lives and the services we provide are aimed at helping our customers achieve this," says Rahardja.

Reflecting its slogan "ALBYS," an acronym for "Always By Your Side," the company has a 24-hour control center that is capable of responding to any disturbance in its clients' guarded premises.

Other integrated services include Facilities Monitoring, Security Management, Fire Safety Management, Armored Car and Internal Audit.

Besides sophisticated equipment and machinery, the company boasts a top-notch human component to complete its total integrated security solutions.

"After many years of relationship and mutual understanding with the police, in 2001 we established a new company called PT Secom Bhayangkara. Secom has strong relations with the police and it is one of our strongest points in Indonesia," says Rahardja, whose company recently opened a train-



PT Secom Bhayangkara President Director Jim Kurnia (left) and PT Secom Indopratama President Director Tsuyoshi Sakamoto

ing center in Bogor to train security guards in the same manner that police academies do. It also opened its first branch office in East Java earlier this year.

"We are the only ones in our industry who have a proper training center and we invested in this center to also help the community through crime-prevention services," says Rahardja.

"I've worked with the Japanese since the early '70s and it's been a very good experience. Indonesians and Japanese have a good mutual relationship, and the synergy is great. We hope to use the best of both our traits by providing the best integrated security solutions to our customers," adds Rahardja, recalling the company's Japanese heritage. ♦

www.secom.co.id

## Toray Group boosts local expansion

Of the largest Japanese investors in the country, chemical maker, and fiber and textile manufacturer Toray Group has been among the most aggressive in its expansion as it has grown to nine companies and one foundation under the umbrella of PT Toray Industries Indonesia since the early '70s.

Given the parent company's principal business, five of nine Toray group companies are involved in the fiber and textile businesses, all of which play a huge role in its further diversification in the future.

"Our main area of business in Indonesia is fiber and textiles but at the same time, the business is rather mature so we would like to expand into engineering plastics and other businesses within our areas of expertise," PT TIN President Director Yoshio Shingeya says.



PT Toray Industries Indonesia President Director Yoshio Shingeya

undertook a drastic streamlining and implemented more cost-effective measures.

"To use energy more efficiently, which is crucial for our operations, we've made big investments in new generators. These generators create high-pressure steam to produce electricity using coal and natural gas as an alternative to heavy oil, which makes them very efficient in terms of energy consumption," says Shingeya.

The garment industry in Indonesia hasn't matured yet, so PT TIN sees several opportunities in this potentially massive market and hopes to lead the way in further developing the local industry.

"The growth rate here is rather stable and even better for now than in neighboring countries, so there remains a lot of potential also in the industrial materials business in this country not only consumer goods," says Shingeya.

As part of the company's numerous CSR



PT Toray Industries Indonesia's facilities in Tangerang, outside Jakarta

activities, PT TIN has installed sophisticated equipment for wastewater treatment in each of its factories in the country. Besides, in 1993 it established the Indonesia Toray Science Foundation to promote the advancement of science and technology in the country.

In the area of cultural exchange, it supports a judo center aimed at promoting mental and physical health.

"Through our business and CSR activities, we would like to contribute to the development of Indonesian society, as well as further promote friendship between Indonesia and Japan," he says. ♦

www.toray.co.id

## MSIG Indonesia climbs to the top

Although operating under a new name, PT Asuransi MSIG Indonesia (MSIG Indonesia) remains the same award-winning general insurance company that has provided a broad range of services to its clients for over three decades.

"Considering that the majority of our company's portfolio is Japanese, we changed the name of our company in April 2008 to provide better name recognition for Indonesians and to further penetrate the local market, which is one of our main strategies," says President Director Tadashi Maekawa.

Formerly known as PT Asuransi Mitsui Sumitomo Indonesia, the company is ranked first among all joint-venture general insurance firms and has climbed steadily in recent years, an impressive feat considering there are nearly 100 such companies in the country.

"Our ranking among general insurance companies in Indonesia has also improved from No. 9 in 2006 to No. 7 in 2007 and finally to No. 6 in 2008," says Maekawa.

Early this year, MSIG became the first general insurance company in Indonesia to achieve ISO 9001:2008 certification.

Its consistent growth was a result of a mid- and long-term business strategy called "Our Dream," along with its CSR activities, re-branding efforts, customer and client centers, new and expanded businesses, as well as improved distribution channels.

"With the execution of our strategies, we hope to be ranked among the Top 5 general insurance companies in Indonesia by 2010," says Maekawa, who also plans to bring the company to the Top 3 by 2015.

"We look forward to continued growth in Indonesia. I also have



PT Asuransi MSIG Indonesia President Director Tadashi Maekawa

a strong feeling that business between Indonesia and Japan will become better in the future and that more investments from Japan will come into Indonesia. And as trade between the two countries increases, Japanese-related insurance business will also increase," states Maekawa.

MSIG Indonesia currently has four branch offices and four representative offices in major cities around the country. ♦

www.msig.co.id

## Kobelco achieves rapid growth

Sales of construction machinery and heavy equipment have grown steadily in Indonesia the past few years, boosted by the mining and agricultural sectors, which are among the fastest-growing industries in the country.

Set up in 2000, PT Daya Kobelco Construction Machinery Indonesia experienced a surge in orders five years ago from the leading companies in the mining, plantation, forestry, infrastructure, as well as the oil and gas industries. Its main products are 20-ton excavators.

"In 2001, the volume for the entire market of excavators was 1,000 units. Last year, the market volume was 6,500 units," says President Director Seiji Oritomo.

While Kobelco's increased

business can also be attributed to the improved performance of the Indonesian economy, the company benefited from its widely known reputation as a manufacturer of superior-quality machinery.

"We are very proud of our products, especially with regard to fuel consumption. Our machines use 20 percent less fuel than our competitors. Given rising oil prices and a shift toward environmentally friendly products, customers are choosing to use our products," he says.

Recently, Kobelco launched a slightly remodeled heavy-duty 20-ton excavator (Model SK200-8 Super), built to withstand low-grade fuel, which is oftentimes a problem for Kobelco's other fully integrated engines, which require high-quality fuel for efficient operations.

To support and educate its customers on the proper maintenance of these high-powered excavators, the company established 18 branch and service offices across the country, and plans to open more in the next few years as the market grows.

"We expect the market to grow at a rate of 20 percent to 30 per-



PT Daya Kobelco Construction Machinery Indonesia President Director Seiji Oritomo

cent annually. Our market share is growing, but we expect it to be around 25 percent in about two years," says Oritomo.

The company is also the distributor of New Holland construction equipment such as backhoe loaders, skid steer loaders and Iwafuji harvester equipment.

For Oritomo, Kobelco would not have performed this well in the country if it were not for its employees.

"Though we are a Japanese company, our operations are composed of good-quality Indonesian staff. I hope that our company continues to grow and that management will eventually be passed on to our local staff," he says. ♦

www.dayakobelco.co.id

## Ebara taps local talent to boost global growth

While most Japanese companies in Indonesia have their R&D teams back home or in other similarly advanced locations, Ebara wants to prove that Indonesia is more than just a manufacturing hub.

"We were initially set up as just a manufacturing company but after studying what the country and our people had to offer, I realized we had the ability to develop new products in Indonesia," says PT Ebara Indonesia President Director Takehiro Machida.

As a joint venture between PT

Donomulio Industry and Ebara Corp. of Japan, the company was set up in 1980 as the first domestic manufacturer of water pumps in the country.

Since then, it has developed products that bolster Ebara's global position as a leading maker of pumps. This year, it launched end-suction pumps that comply with DIN international standards and in-line pumps, and will launch firefighting pumps this year, too.

"Originally, we manufactured pumps with only Japan industry standards (JIS) but to compete and expand our operations globally, I decided to develop products in Indonesia that have DIN standards," says Machida.

"We are the only company in our industry to develop products in Indonesia, and we are committed to the country and our customers," he adds.

"In addition to the development and release of the above new products, we have just started to aggressively promote our ability in the after-sales market not only for standard pumps but also special



PT Ebara Indonesia President Director Takehiro Machida

pumps, which have been installed in the Indonesian market," he also says.

In almost 30 years in the country, Ebara Group and PT Ebara Indonesia have been involved in major projects, such as the pump-plant for the Surabaya River Improvement Project, the Water Treatment Plant at East Jakarta Industrial Park, Bukit Indah Industrial Park and the MM 2100 Industrial Town, among others. ♦

www.ebaraindonesia.com



Ebara's LPDA type pump

## Meeting demand for local manpower

With the thousands of Japanese companies operating in Indonesia and a host of others expected to follow suit, manpower and local business expertise are two vital elements needed by Japanese companies to succeed in the country.

Fuji Staff Group Indonesia was set up in 1998 as a one-stop consultancy firm to provide Japanese companies with all the tools, knowledge and services needed to achieve long-term success in this growing market.

"When I started this company, I wanted a company that would be able to provide all services in one place. I also wanted to assist Japanese companies that wanted to invest in Indonesia," says CEO Eisuke Yamashita.

Because some Japanese SMEs sometimes lack the needed fluency in Bahasa and even English, one of the company's most worthwhile services is the translation of legal and business documents from the local language into Japanese, and consultations in the Japanese language.

Even before those companies move to Indonesia, Fuji Staff can be ready to work with them.

"One of the first services we offer when Japanese companies show interest in investing in Indonesia is a feasibility study. Then when they finally decide to go ahead with it, we provide services that abide by all legal, administrative and accounting policies in the country," says Yamashita.

Employment, recruitment services and training are three other components that bridge the gap between Japanese employers and skillful Indonesian employees.

Indonesia Fuji Staff Group provides not only normal employment and recruitment services but also runs a vocational training school for Indonesians who want Japanese-language lessons.

In fact, over 150 students have passed the third grade Japanese certification test and may be ready for work placement in Japan or in Japanese companies in Indonesia.

"We started sending Indonesians to Japan last year and I am proud to say that they have been doing very well," says Yamashita.

Also the company has so far placed more than 20,000 in various trainee positions or as workers at Japanese companies operating in the country.

"We are doing business in Indonesia, but we should do business that benefits Indonesians. They are the heroes and we are just the supporting actors here," he says. ♦

www.fujistaff.co.id



Fuji Staff Group Indonesia CEO Eisuke Yamashita

## Mazda leads the competition in growth

In one of Southeast Asia's largest and most competitive automotive markets, there is a new player zooming its way to record growth in Indonesia.

Established in 2006 as a fully owned subsidiary of Mazda Motor Corp. of Japan, PT Mazda Motor Indonesia has been the fastest-growing carmaker in the country over the last three years.

In 2008, it grew by 68 percent, and by 397 percent from its first year in the country due to effective and aggressive re-branding.

"We have been and remain very focused on rebuilding the Mazda brand name. This has been our aim since Day One," says PT Mazda Motor Indonesia President Director Yoshiya Horigome.

"We found out that prior to setting up our company here in 2006, the Mazda brand had a low reputation in the country. This gave customers the wrong perception of our cars," he continues.

Prior to 2006, Mazda cars were sold through local automotive companies and certain elements of Mazda's global branding directives, such as its famous "Zoom Zoom" credo, were not being met, prompting the carmaker's headquarters in Hiroshima to directly enter the Indonesian market.

"In 2004 to 2005, we noticed that the Indonesian automotive market was rapidly growing, and we came to the conclusion that we needed to market and sell our cars by ourselves," says Horigome.

Mazda imports most of its cars from Japan and Thailand.

"To date, I feel we have been successful in our branding efforts. People see the values in our cars, and see it as a value-added and strongly differentiated brand compared to other Japanese brands," says Horigome.

The company currently has 15 dealers across the country and is expected to increase the number to about 25 by the end of the year. Selecting the right partners has been crucial for the business.

"Our whole dealer network is independent. We needed to appoint competitive and well-trusted dealers in each region of the country to build our brand with us," says Horigome.

Successfully getting the job done right, Horigome looks forward to future growth in a country that Mazda is fully committed to.

"Mazda will continue to invest in Indonesia and contribute to the prosperity of Indonesians," he says. ♦

www.mazda.co.id



PT Mazda Motor Indonesia President Director Yoshiya Horigome

undertook a drastic streamlining and implemented more cost-effective measures.

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## Experts at network systems

In this digital age, ICT (information, communications and technology) infrastructure has become an indispensable component in the effectiveness and efficiency of any business. Major Japanese companies in Indonesia, such as Toyota, Yamaha, Suzuki, Honda, Epson, Panasonic and others are equipped with state-of-the-art technologies for their broadband networks.

"Most of our customers are Japanese companies from the automotive and manufacturing industries. Netmarks is a trusted brand in ICT solutions because the services we offer have very high Japanese standards," says President Director Darmawan B. Soetrisno.

Along with business partner Ng Kim Soon, the two have been affiliated with Japanese companies for close to two decades, prompting them to establish the company in 1998 at the recommendation of Netmarks Inc. of Japan.

"We have been growing ever since, and we've made it a point to hire experienced and well-trained engineers to work in our company," says Soetrisno.

The company provides customers with a full range of services from network, storage network and security solutions that incorporate state-of-the-art technologies from all over the world.

"Our technology is taken from the best of U.S. and Europe, but the standard of our solutions is Japanese. This is what we want to deliver to our customers," explains General Manager Wicaksono Wibowo.

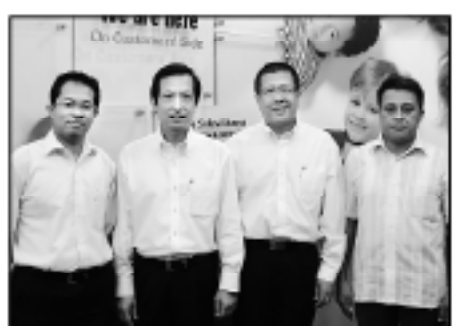
The company's Japanese clientele represents 80 percent of its business.

Although Netmarks Indonesia wants to expand its local client base, the Japanese continue to provide them with business as a result of recent expansions.

"Some of our customers recently established or expanded their factories, and as a result needed to upgrade and establish their ICT infrastructure," says Wibowo.

ICT infrastructure solutions remain the company's main business and core expertise.

Netmarks has branch offices in Surabaya, Bali, Karawang and Cikarang, the last two of



(From left to right) Netmarks Deputy General Manager Taofik Hidayat, Commissioner Ng Kim Soon, President Director Darmawan B. Soetrisno and General Manager Wicaksono Wibowo

which are industrial hubs where hundreds of Japanese companies have facilities.

"Our company motto is 'We are here.' We make it a point to be as close to our customers as possible in order to provide them with the best service possible," says Deputy General Manager Taofik Hidayat.

"I personally love working with the Japanese. We are committed to them as we are to all our customers and we look forward to more partnerships in the future," says Ng. ♦

www.netmarks.co.id