

Study on Business Potential and Major Players of CPO Industry in Indonesia, 2018 – 2022

Oil palm industry is feasible to be decided as a strategic commodity since it has given great contribution towards the state income, to provide job opportunities to 4 million heads of family or more than 16 million people. Therefore, Indonesian government should have provided its support for this business advancement and protection from the attack of other parties. As the world largest producer of Crude Palm Oil with production of 32 million tons and Palm Kernel Oil (PKO) of 3 million tons, Indonesia has a vast role to supply world's foods and energy.

Based on a research of CDMI that in the last six years (2012 – 2017) the export of CPO and PKO kept on increasing with fluctuating prices. In 2012, the export of CPO and PKO reached 20.30 million tons valued US\$ 19.11 billion while the export of CPO and PKO in 2017 amounted to 27 million tons valued US\$ 18.68 billion. The export demand for CPO derivative products such as Biodiesel and Oleochemical kept on rising. Particularly for oleochemical, some 80% of its products were exported to various countries with continuously raising volume. The highest oleochemical export was in 2014 reaching 3.64 million tons valued US\$ 3.1 billion or it increased if compared with that in 2012 reaching 2.26 million tons valued US\$ 2.23 billion.

Not only oil palm product and its derivative product which are required by the world, oil palm shells are also adored for fuel need. The research output of CDMI found some countries such as South Korea, Japan, Thailand, and Vietnam routinely accept the export of oil palm shells from Indonesia. In 2012, the export of oil palm shells to various countries amounted 209 thousand tons valued US\$ 14.74 million, fantastically rocketed to 1.2 million tons valued US\$ 89.60 million in 2016 and projected to rise to 1.4 million tons valued US\$ 110.78 million in 2017.

High production of CPO and its derivative products has close relation with the role of oil palm conglomeration company groups, either local or foreign, which incessantly

perform plantation expansions and add total oil palm plants (PKS) in order to raise the production capacity. Great role is also played by PTPN and farmers' oil palm plantations.

Foreign exchanges produced from oil palm industry can actually be increased more if Indonesia is able to raise oil palm productivity which is considered to be low since there are many old oil palm trees which need regeneration. Oil palm regeneration program through the assistance of fine seedling will produce additional value which is estimated to reach Rp. 125 trillion per annum.

Until 2017 from some 4.7 million hectares of farmers' oil palm plantations, some 2.5 million hectares were less productive. Realizing this condition, the government has committed to assist the farmers through the financing provided by Plantation Fund Management Body (BPDP) of Oil Palm reaching Rp. 25 million per hectare. Also, banking sector also incessantly has distributed its credit for this program.

Viewing great potential of oil palm business in the country, CDMI Consulting is attracted to perform a deeper research and finally succeeded in publishing it in a study book with the title of "Study on Business Potential and Major Players of CPO Industry in Indonesia, 2018 – 2022".

This book is only available in PT. CDMI Consulting and it can be ordered directly to our marketing division with Mrs. Tina by phones: (6221) 3193-0108, 3193-0109, 3193-0070, or Fax: (6221) 3193-0102 or e-mail: marketing@cdmione.com at a price of Rp. 9,000,000.- for Indonesian Edition; Rp. 9,500,000.- for English Edition and US\$ 750 for overseas price.

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