

04

KEY POLICIES AND INCENTIVES

Support on Policies on Biofuel Development

Presidential Instruction in 2006 on Biofuel Supply and Utilization mandated government agencies to take action in advancing biofuel development in all stages, from feedstock supply to commercialization of biofuel technologies and increased biofuel consumption.

Mandates and Pricing Formula for Biodiesel

A biofuel blending mandate was created in 2008 through MEMR Regulation Number 32. The blending mandate was most recently revised through MEMR regulation 12/2015 that established biofuel blending targets for transportation, industry and power generation sectors.

Indonesian biodiesel mandate according to Ministerial Regulation No. 12/2015
(Percent of biofuel blending required)

Sector	April 2015	January 2016	January 2020	January 2025
Micro-business, fisheries, agriculture, and public service (subsidized)	15%	20%	30%	30%
Transportation	15%	20%	30%	30%
Industry and commercial	15%	20%	30%	30%
Electricity	25%	30%	30%	30%

Fiscal Incentives

Fiscal incentives related to renewable energy include income tax facilities (income tax reductions, accelerated depreciation and amortization, compensation for losses), import duty and VAT facilities.

05

SUCCESS STORY

Louis Dreyfus Company

"Today, LDC is the first and only company to operate a wholly foreign-owned Biodiesel facility in Indonesia. Since then, we continue to be an active participant in Indonesia's Biofuel mandate." Rubens Marques, President Director of PT LDC Indonesia.

Louis Dreyfus Company (LDC) is a leading global merchant and processor of agricultural goods, leveraging its global reach and extensive asset network to deliver for its customers around the world—safely, responsibly and reliably. Within the palm oil sector, LDC Indonesia operates two state-of-the-art refineries in Lampung and Balikpapan. It also has a biodiesel plant in Lampung which was opened in 2016.



INDONESIA INVESTMENT PROMOTION CENTRE

Sydney

Suite 6, Lvl. 30, Governor Macquarie Tower, 1
Farrer Place, Sydney 2000, New South Wales
Phone : +61 29 252 0091
Fax : +61 29 252 0092
Email : ipc.sau@idbikpm.go.id

Singapore

8 Temasek Boulevard Suntec Tower 3,
#33-03, Singapore 01898
Phone : +65 6334 4410
Fax : +65 6334 4891
Email : ipc.sg@idbikpm.go.id

Abu Dhabi

Level 17, The Offices World Trade Center,
Central Market Al Markaziya, P.O. Box: 3826,
Abu Dhabi, UAE
Phone : +971 2 659 4274, +971 2 659 4275
Fax : +971 2 654 4150
Email : ipc.abu@idbikpm.go.id

Taipei

#F, No 550, Rui Guang Road, Neihu District,
Taipei 114
Phone : +886 28752 6179 ext. 31, +886 28752 6084
Fax : +886 28752 3706
Email : invest.taipei@idbikpm.go.id

Seoul

Two WFC, 15 Fl. 18, Gukjeumnyang-ro,
Yeoungdeungpo-gu, Seoul 150-945, Republic of
Korea
Phone : +82 26 137 9455
Fax : +82 26 137 9456
Email : ipc.seoul@idbikpm.go.id

Tokyo

Fukoku Seimei Building 16F 2-2-2, Uchisaiwai-cho,
Chiyoda-ku, Tokyo 100-0011, Japan
Phone : +81 3 500 3878
Fax : +81 3 500 3879
Email : ipc.tokyo@idbikpm.go.id

London

Landmark Barbican, 200 Aldersgate (South),
London EC1A 4HD, United Kingdom
Phone : +44 20 3440 3830
Fax : +44 20 7397 8565
Email : ipc.london@idbikpm.go.id

New York

370 Lexington Avenue, Suite 1903, NY
10017, New York, United States
Phone : +1 646 885 6600
Fax : +1 646 885 6601
Email : ipc.newyork@idbikpm.go.id

HEAD OFFICE

Jl. Jendral Gatot Subroto No. 44, Jakarta (12190)
Tel: 021-525 2008 (hunting), 021-525 4945 (fax)
info@idbikpm.go.id - palm oil.investindonesia.go.id

BIODIESEL RENEWABLE ENERGY BIOFUEL INDUSTRY



01

INDONESIA'S MARKET OPPORTUNITIES

New and Renewable Energy Condition

As stated in Government Regulation No. 79 of 2014 on National Energy Policy, energy mix between primary and new and renewable energy is targeted at least 23% by 2025 and 31% by 2050. Indonesia has a huge potential of new and renewable energy to meet this target. The total of biofuel and biogas potential is up to 200 thousand bpd (barrel per day), which can be used in transportation, household, commercial sector and industry.

Renewable Energy Potential

Energy Source	Potential ^(*)
Hydro	34.3 GW
Geothermal	28.5 GW
Bioenergy	Bio PP : 32.6 GW and Biofuel : 200 thousand bpd
Solar energy	207.8 GW ²
Wind	60.6 GW
Ocean energy	17.9 GW

Source: Indonesia Energy Outlook 2019, Secretariat General - National Energy Council

Biodiesel Industry Trends

As Indonesia's four-wheel vehicle market grows by double digits every year, transportation related diesel consumption grew by 10% from 2013 to 2018. The liquid biofuel blending mandate, which is to increase the use of domestically produced biodiesel (B30) and ethanol (E20) blending from 2025 onwards, is projected to strongly rise the use of liquid biofuels. The total liquid biofuel use per year is predicted to increase to 25 billion liters by 2030.

Biodiesel production, Domestic and Export Distribution 2015-2019 in Million KL



Source: Directorate General of New and Renewable Energy and Energy Conservation, Ministry of Energy and Mineral Resources (ESDM)

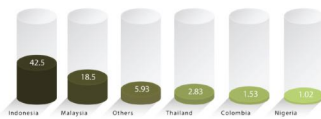
02

INDUSTRIAL COMPETITIVENESS

Largest Palm Oil Producer in the World

Providing about half of the world's supply of palm oil, Indonesia remains to be the world's biggest producer and exporter of the commodity. In 2019, its production of this commodity amounted to around 42.5 million metric tons.

Palm oil top global producers 2019/2020 in Million metric tons

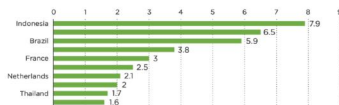


Source: STATISTA 2020, Published by H. Shahbenden, May 19, 2020

Indonesia Becoming the World's Largest Biodiesel Producer

Global production of biodiesel increased 13% in 2019 to 47.4 billion liters. Indonesia took the lead as the largest country producer with 17% of the global production. Biofuel blending mandates – the most widely adopted policy type for increasing renewable fuels in road transport – are prevalent across all regions and countries. Regarding that, Indonesia launched a mandate for 30% biodiesel blending in petrol (B30, up from the previous B20 requirement), the highest mandatory mix in the world.

Leading biodiesel producers worldwide in 2019, by country in billion liters¹



Source: Renewables 2020 Global Status Report, REN21

03

MAJOR LOCATIONS

Palm Oil Area by Region

Around 90% of Indonesia's oil palm plantations are located in Sumatra and Kalimantan. With a total area of 14 million hectares land planted of palm oil in Indonesia, Riau is the leading palm oil producer with 8.97 million tons, while Central Kalimantan has the highest production of CPO.

Area and production of Indonesian CPO by Region, 2019*

Region	Total	
	Area (Ha)	Production (Ton)
Sumatra	8,370,137	28,407,833
Java	33,694	64,020
Kalimantan	5,519,555	18,459,319
Sulawesi	433,190	929,322
Maluku and Papua	239,003	557,403

Note: * preliminary figures

Source: Indonesia Palm Oil Statistics, 2019 - Statistics Indonesia

Biodiesel Production Capacity by Region

Indonesia currently has the capacity to produce 12 million KL of palm oil's fatty acid methyl ester (FAME). The bio-content used in blending with fossil diesel fuel to make biodiesel. The distribution of biodiesel companies are highly concentrated in the western part of Indonesia, mainly in Sumatra Island.



Source: Directorate General of New and Renewable Energy and Energy Conservation