



Indonesia

New Presidential regulation provides guarantees on finance

A new presidential regulation provides state guarantees for financing of coal fired power plants as part of the government's crash programme to develop 10 GW of new capacity by 2009. This measure is taken up as it has been a demand of infrastructure investors to be provided with guarantee since the first infrastructure Summit in early 2005. The policy states that the Government may provide guarantees for the liabilities of the State Power Company (PLN) to creditors that provide export credits. The measure further states that the Finance Minister will establish the criteria and process required for issuance of these guarantees.

Launch of India Kadin Committee

The Indonesian Chamber of Commerce and Industry (KADIN) launched India Committee on 16 November, 2006. The Committee was inaugurated by the Ambassador. The Committee is a specialised body for promoting bilateral economic relations between India and Indonesia, to enhance interaction between the Chambers of Commerce and Industry of the two countries and promote individual business interests of the private sector. (The Indonesian Chamber of Commerce and Industry had signed an MoU with FICCI in November 2005 to enhance cooperation between the two Chambers).

India Committee is a 28-member body, headed by Mr. S. P. Lohia, Chairman and assisted by a 10-member Executive Committee. In addition, there is a 3-member Advisory Board to the Committee consisting of prominent Indonesian businessmen.

Essar may invest US\$ 500 million in Kalimantan

PT Essar Indonesia, a local affiliate of India based conglomerate Essar Group will build a pellet factory at a cost of US\$ 500 million on Kalimantan Island to strengthen

its presence in the country's steel industry. According to Director General of Metal, Textile and Machinery, Ansari Bukhari, Essar Pellet factory would have a production capacity of two million tonnes per annum. Currently, Essar operates in the industry's downstream side, producing among other products, hot rolled and cold rolled coils. Indonesia imports US\$ 6 billion worth of steel per annum to meet the increasing domestic demand which stood at 6.5 million tonnes in 2005 and is expected to increase to 10 million tonnes in 2010.

India's Bajaj makes debut in Indonesian market

Bajaj Auto, the second Indian motorcycle manufacturer officially launched its pulsar motorcycle in Jakarta on 09/11/06. Bajaj Auto Indonesia's Marketing Sales Director, Dharmesh Banerjee said the company would focus on the sporty-look market segment. According to data from Indonesian Motorcycle Association, sales of sporty motorcycles rose to 300,000 unit in 2005, accounting for 5.9% of total motorcycle sales. To ensure consumer satisfaction, the company would build 50 service centers across Java by the end of 2006 with main dealers being located in Surabaya and Jakarta. At the launch, the company also revealed a plan to build a factory in Indonesia with an investment of about US\$ 50 million. The plant would have a capacity of 100,000 bikes a year.

TVS Motors to enter showrooms in early 2007

TVS Motor Company, India's third largest motorcycle manufacturer has recently built a plant in Indonesia and is set to start selling its bikes in the Indonesian market in early 2007. To be able to compete with the Japanese giants, the company has built a network of 60 dealers offering service and spare parts throughout Indonesia. The company also revealed an investment plan worth US\$ 100 million over three years to help boost local content to 80% from 40% at present.

(Source : EEPC Singapore Office)