

## **C. INVESTMENT OPPORTUNITY**

- **CRUDE IRON INDUSTRY**  
**“IRON MAKING” PELLETIZING, PIG IRON & SPONGE IRON INDUSTRIES**
  - **CRUDE STEEL INDUSTRY**  
**“STEEL MAKING” CRUDE STEEL INDUSTRIES (SLAB, BILLET, BLOOM)**
  - **STEEL MILLING INDUSTRY**  
**“STEEL ROLLING” HOT ROLLED COIL (HRC) AND COLD ROLLED COIL (CRC)**
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# INVESTMENT OPPORTUNITY IN STEEL INDUSTRY (1)

## CRUDE IRON INDUSTRY

- Currently there is no iron ore processing industry in Indonesia, especially for pellet and pig iron industry.
- Demand for national iron ore amount to 2-3 million ton/year, nowadays all of demand still imported.
- Sponge iron industry in Indonesia currently only produced by PT. Krakatau Steel which all of production used only for self production demand for producing crude steel (slab, bloom and billet).

## CRUDE STEEL INDUSTRY

- Currently for crude steel industry (slab as raw material of flat product) only produced by PT. Krakatau Steel, while for bloom and billet (raw material of long product) are produced by more than 10 domestic producer which most of them located in Java area and little part in North Sumatera, with average production capacity utilization only 49%, so national consumption demand still not met. Thus, the potency for this market is still wide open especially for the same production with higher grade specification and for location out of Java.

## STEEL MILLING INDUSTRY

- While for steel milling production, currently still concentrated in HRC and CRC product which have been produced by 20 domestic producer although their production capacity utilization are not more than 50% and still not meet the demand of national consumption.
  - Commodity in down-stream steel industry such as profile steel, seam pipe, body structure & chassis and household appliances are predicted will continue growing moderately around 15%/ year, meaning that the demand of raw material HRC and CRC will continue to increase.
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## INVESTMENT OPPORTUNITY IN STEEL INDUSTRY (2)

### RAW MATERIAL AND SUPPORTING INDUSTRY

- Indonesia has very huge natural endowment of steel raw material, but still not utilized for national steel iron industry development :
    - Iron ore deposit in Kalimantan Selatan, Kalimantan Timur, along coastline of Jawa and Bali island, north coast of Aceh, west coast of Bengkulu and several area : 2 – 5 billion ton
    - Iron sand deposit pasir besi in along coastline of Java island : 170 million ton
    - Laterit deposit (solid slab which have iron inside more than 50%) in Java island : 1 billion ton
    - Coal: proved 5,8 billion, reserves 7 billion ton which spread in 18 Provinces, Potency of natural resources reach 57 billion ton.
    - Natural Gas: proved 90.30 TSCF, potency 86.29 TSCF which spread in 10 Provinces. (*TSCF=Trillion Standard Cubic Feet*)
  - Supporting industry as the largest coal producer in Indonesia are PT. Kalimantan Prima Coal, PT. Arutmin, PT. Batubara Bukit Asam.
  - Supporting industry related to gas supply namely PT. Gas Negara, PT. Pertamina, BP Migas, PT. Exxon Mobil, PT. Arco and Direktorat Migas.
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# POTENCY OF ORE IRON



**EXPLANATION :**

- Ores**  
**Plaser**  
 △ < 5 million ton ore  
 ● ≤ 5 – 50 million ton ore  
 ▲ > 50 million ton ore
- Laterit and Sediment**  
 ● < 5 million ton ore  
 ⊙ > 50 million ton ore
- Kontak**  
 \* < 5 million ton ore  
 ▲ > 5 – 50 million ton ore

- Mangan**  
**Sediment**  
 □ < 100 million ton ore  
 ■ ≤ 100 – 500 thousand ton ore
- Molibdenum**  
 ■ > 65 million ton ore

- Nickel Cobalt**  
 ⊙ < 50 million ton ore  
 ⊙ 50 – 250 million ton ore  
 ⊙ >250 million ton ore

- Kromit**  
**Primary**  
 ◆ < 100 thousand ton ore  
 ◆ 100 – 500 thousand ton ore
- Plaser**  
 ◆ < 100 thousand ton ore  
 ◆ > 500 thousand ton ore

Iron ore : Reserve 150 million ton, Potency 2-5 million ton.

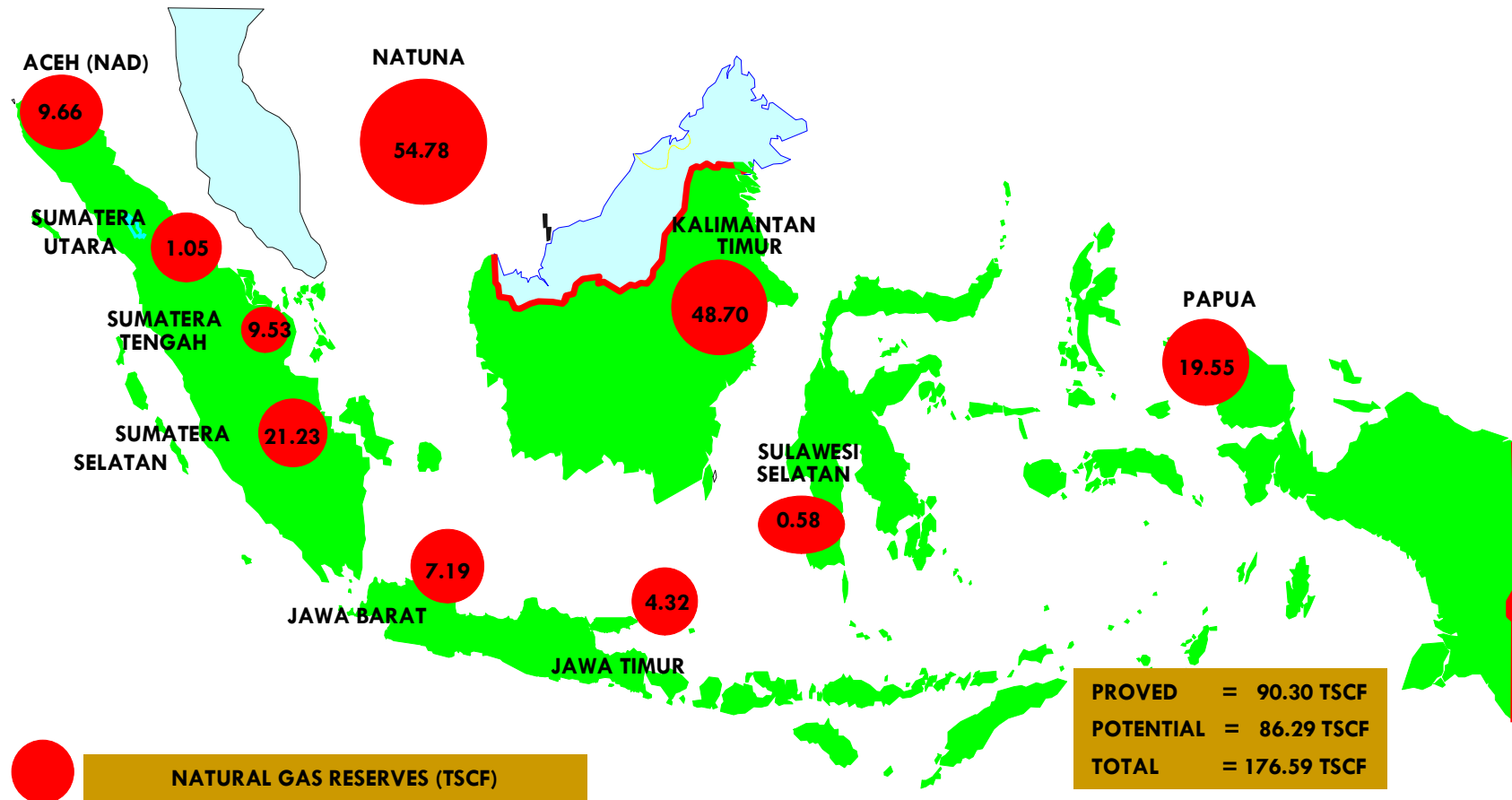
Source : Ministry of Industry

## DISTRIBUTION OF NATIONAL COAL

No.	Province	Number	Reserve (million ton)
1	BANTEN	13,31	0,00
2	JAWA TENGAH	0,82	0,00
3	JAWA TIMUR	0,08	0,00
4	NAGGROE ACEH DARUSSALAM	90,40	0,00
5	SUMATERA UTARA	26,97	0,00
6	RIAU	696,22	15,15
7	SUMATERA BARAT	724,34	36,07
8	BENGGKULU	132,77	21,12
9	JAMBI	1542,38	18,00
10	SUMATERA SELATAN	22240,40	2653,98
11	LAMPUNG	106,95	0,00
12	KALIMANTAN BARAT	527,52	0,00
13	KALIMANTAN TENGAH	1431,94	48,59
14	KALIMANTAN SELATAN	8867,30	1803,33
15	KALIMANTAN TIMUR	22079,95	2410,33
16	SULAWESI SELATAN	132,01	0,06
17	SULAWESI TENGAH	1,98	0,00
18	PAPUA	61,86	0,00
	T O T A L	58677,20	7006,57

*Source : Ministry of Energy and Mineral Resources (2005)*

# RESERVES OF NATURAL GAS



Source : Ministry of Industry

