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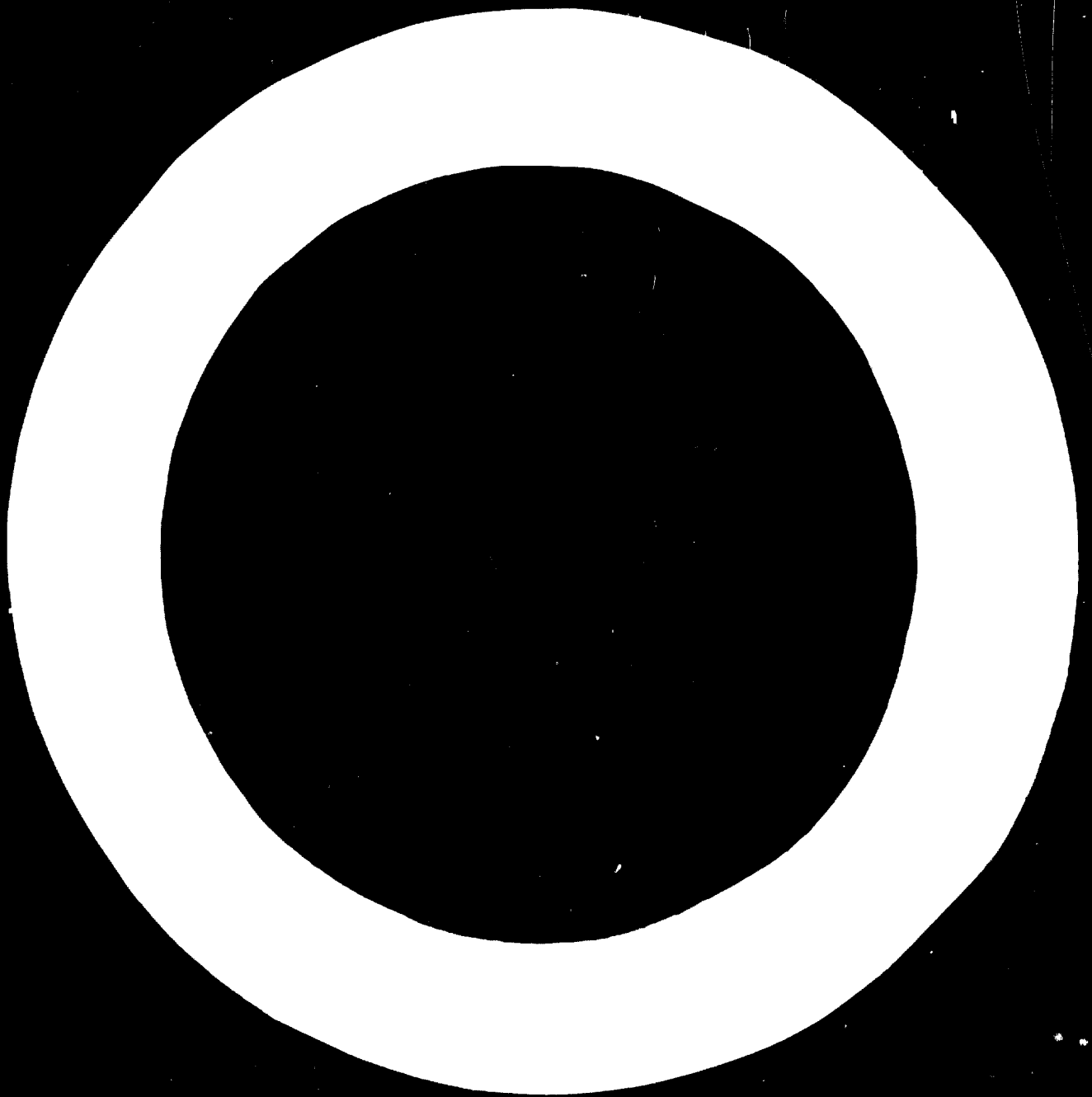
THE DEVELOPMENT OF THE PLASTICS INDUSTRY
IN INDONESIA¹

by

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I. INTRODUCTION.

The objective of this paper is to give a brief information concerning the development of the plastics industry in Indonesia.

Since the petrochemical industry is one of the key industries, which support the plastics industry, a brief reference is made on the projected establishment of a petrochemical complex in Indonesia.

II. THE DEVELOPMENT OF THE PLASTICS INDUSTRY.

The manufacture of plastic ware in Indonesia was started in the mid 1950s.

Up to now, Indonesia relies entirely upon import for the supply of plastic raw materials.

According to the results of the surveys, which were carried out in 1970 - 1972, the number and location of the plastic companies are summarised in the following table :

TABLE - 1

No.	LOCATION	NUMBER OF COMPANIES
1.	Jakarta	106
2.	West Java	73
3.	Central Java	42
4.	East Java	112
5.	North Sumatera	72
!	!	!

It was found during the survey that some of the plants were not operating because of some operational difficulties and some plants were still in the stage of construction.

The most important plastic materials used in the production of plastic goods are :

- Polyethylene especially low density polyethylene.
- Polyvinyl chloride.
- Polystyrene
- Polypropylene

In the absence of domestic production all the plastic materials are until now imported.

The growing demand for plastic materials is reflected by the increase in the volume of imported as presented in the following table :

TABLE - II

Year	Volume of imported plastic materials (ton)	Estimated production of plastic goods (ton)
1963	9,954	7,963
1964	4,376	7,298.7
1965	7,391	6,542.1
1966	4,701	4,395
1967	14,313.9	11,890.5
1968	28,136.6	23,698.3
1969	60,787.8	51,000
1970	47,567.7	43,154.1
1971	60,696.6	52,873.1

In order to cope with the future increment in demand certain types of plastic raw materials must be produced domestically.

Within the frame work of the Domestic Investment Law three P.V.C. compound plants have been established in Jakarta, using imported P.V.C. resins and other inputs.

in the construction stage in Jakarta. One plant has a design capacity of 15.000 tons/year. an the other one 24.000 tons/year.

In the meantime the State Oil Company Pertamina is currently in the final stage of construction of a polypropylene plant at Plaju South Sumatera. The plant is based on refinery gas as feedstock and has a design capacity 20.000 tons/year.

III. PROSPECT FOR FUTURE DEVELOPMENT.

Indonesia is blessed with substantial resources of natural gas and crude oil.

The petrochemical industry is one of the key industries, which supplies large amount of materials to plastic industries, at low costs, and thus it should take one of major positions in the long-term industrialization plan.

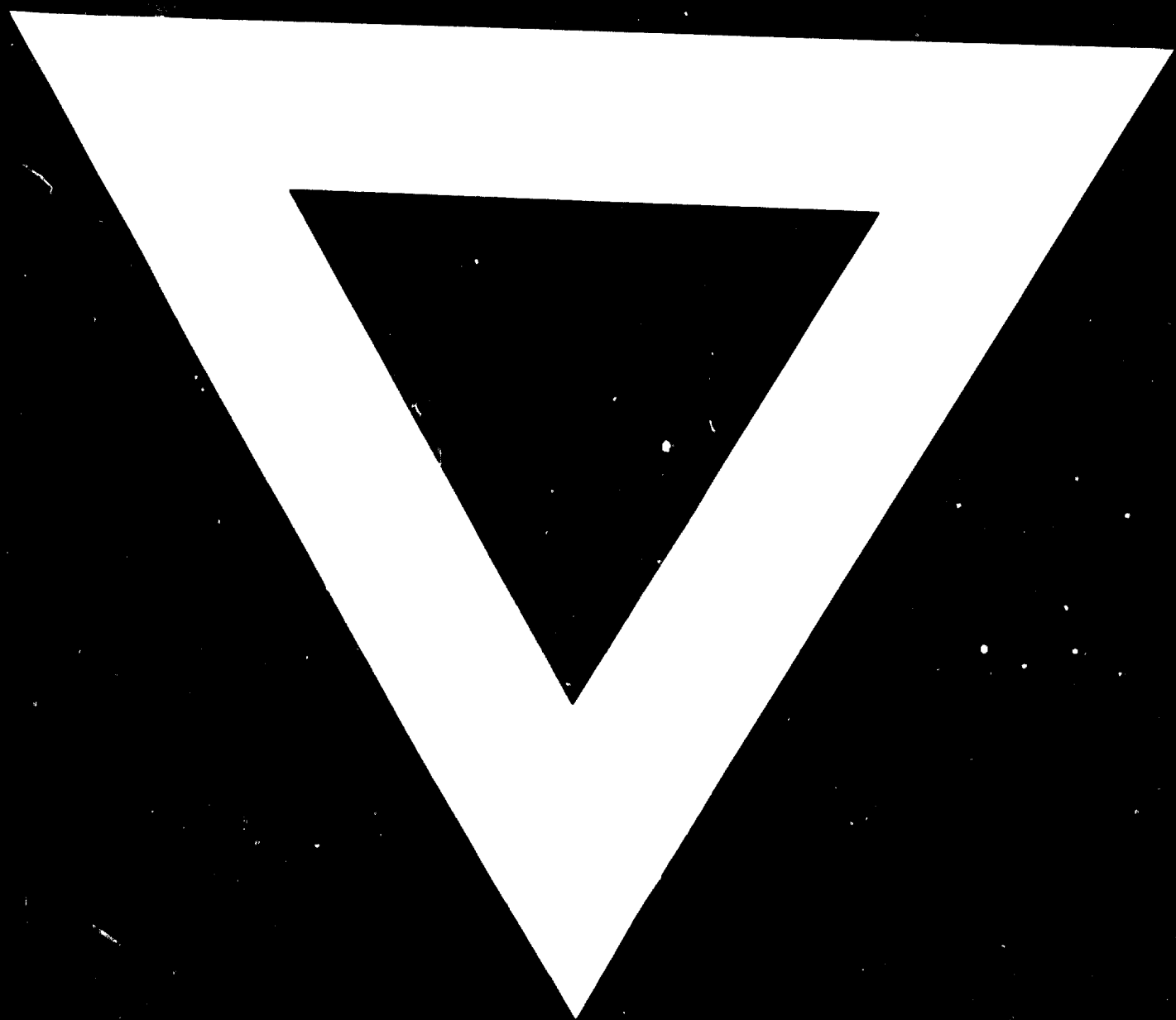
Under these conditions, in 1972 the assistance of UNIDO a first phase of feasibility study related to the establishment of petrochemical complex in Indonesia was carried out.

The 1st phase study has identified two petrochemical complex alternative based on two alternatives feedstock namely naphta and natural gas and

In view of the favourable results obtained in the 1st phase study, the Government of Indonesia has requested UNIDO's assistance for a 2nd phase study related tp the pre-investment

of the petrochemical complex alternatives indentified in 1st study. In full realization of the important role which the petrochemical industry could play in the future industrialization and economic development of Indonesia, the Government is taking the attitude to proceed and systematically with development plan of the petrochemical industry.





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