Meeting with President for Improvement

OICA Appointing Indonesia Host of 2017 Meeting

Biodiesel 20 Jakarta-Medan Roadshow Accomplished
GAIKINDO just recently held 22nd On top of everything else, let me wish you Merry Christmas and Happy New Year 2016. I hope the coming year will bring us better life. There is always opportunity for us to improve our performance. The gloomy car market due to bleak economy may change into higher production and sales.

In order to endure the automotive industry, GAIKINDO has been trying to find remedies for the ailing market. At home, we conducted a series of auto show. It began with GAIKINDO Indonesia International Auto Show (GIIAS) 2015 at Bumi Serpong Damai (BSD) City in August 2015. Despite the new brand and new venue, GIIAS 2015 proved to be successful, attracting a great number of visitors beyond the initial target.

The next step we made to encourage market is to hold “Makassar GIIAS Auto Show” in November and “Surabaya GIIAS Auto Show” in December. Our mission within those two auto shows out Jakarta is to bring auto show closer to public. Makassar (South Sulawesi) and Surabaya (East Java), among others, are areas where economic growth and car market is promising. In spite of the fact that we stage those two auto shows in areas out of Jakarta, we recognize public’s enthusiasm lingers.

Prior to those expanded auto shows, GAIKINDO also took an important initiative to reach the Government to discuss the prevailing condition that industry has been facing. A delegate of GAIKINDO met with President Joko Widodo and Minister of Industry Mr Saleh Husin at Presidential Palace on October 2015. It was obviously a fruitful discussion between the President with the Minister in one side and the industry on the other. In a brief statement, we should appreciate the Government’s positive gesture to facilitate industry to regain its performance, which is important at the light of the implementation of ASEAN Economic Community in December 2015. Tax cut and other incentives, for instance, will certainly help ease the burden that automotive industry has been bearing.

In international level, GAIKINDO is entrusted to host OICA General Assembly Meeting in 2017. It happened to us when OICA Round Table and General Assembly meetings in Bangkok (Thailand) on 21-23 October 2015 appointed Indonesia to host such meeting in the next two years. In becoming the host of such international events, Indonesia has opportunities to promote the development of its automobile industry and its culture to the world.

And in return, we need to assure our readiness, and to make immediate preparations at home,” he went on. Indonesia should from now on consolidate to draw a comprehensive plan concerning the venue, budget, agenda, and social programmes in conjunction with the world-class meeting. To sum up, I would like to express my hope that the simultaneous local elections will bring about fair outcome to guarantee stable political condition. ■

Regards,

Sudirman M. Rusdi
Indonesia’s automobile industry—amidst a looming downturn through 2015 due to harsh global and domestic economy—seeks support from Government. For that purpose, a delegate of GAIKINDO top ranks met with President Joko Widodo in Merdeka Presidential Palace in Jakarta on 13 October 2015. During the meeting the President was accompanied by Minister of Industry Mr Saleh Husin.

During the meeting, GAIKINDO suggests that the Government rolls out special incentives such as, among others, tax holiday, to ease the burden that the national automobile industry was bearing. “Tax holiday will help regain the strength of industry. This instrument will help domestic industry of components develop,” said Co-chairman I, Mr Jongkie D Sugiarto, after the meeting with the President.

So far, there are only some 600 manufacturers of car components in Indonesia. Meanwhile, about 2,000 component manufacturers in Thailand.

To the President, GAIKINDO also explained the necessity for Indonesia to improve laboratory test capabilities at the light of the implementation of ASEAN Economic Community in December 2015. The improvement of laboratory test capabilities includes renewal of testing instruments, system, and quality human resources.

“Thus, we no longer need to conduct vehicle tests abroad, which saves cost and time,” said Mr Jongkie D Sugiarto. He added that the President gave a positive response. The President said he is serious in supporting Indonesia’s automobile industry. He also would make a review to cut tax of luxuries (PPNBM), especially that of small sedan and SUV models to boost sales. “We are eager to assemble those models in Indonesia in order to improve export,” Mr Jongkie D Sugiarto said.

To the President, GAIKINDO explained that there are 1.3 million of work forces who are employed in all automobile sectors. This sector also contributes to some IDR 70 trillion of annual taxes for the Government. Meanwhile, contribution of some IDR 31 trillion per year is made from vehicle administration ownership.
Indonesia, through the Association of Indonesia Automotive Industries (GAIKINDO), finds opportunity to host OICA General Assembly in October 2017. The offer came during OICA Round Table and General Assembly in Bangkok (Thailand) on 21-23 October 2015. In becoming the host of such international events, Indonesia has opportunities to promote the development of its automobile industry and its culture to the world.

“This is going to be a great chance for us Indonesian people to show our progress and the richness of our country, the peaceful state of our government, and our colourful cultural tradition,” said Mr Noegardjito, GAIKINDO Secretary General who represented the association to take part in the event in Bangkok.

“We respond OICA’s offer with high respect. And in return, we need to assure our readiness, and to make immediate preparations at home,” he went on. Indonesia should from now on consolidate to draw a comprehensive plan concerning the venue, budget, agenda, and social programmes in conjunction with the world-class meeting.

Despite the fact that OICA General Assembly in Indonesia will only take place by the end of 2017, GAIKINDO and its domestic counterparts in automobile industry are required to make a presentation during OICA General Assembly in Moscow (Russia) on 19-21 October 2016. The moment will be an opportunity to impress OICA and its all member association about Indonesia’s well preparedness to welcome the General Assembly.

Mr Noegarjito also hints the importance of GAIKINDO to take part intensively in OICA activities. GAIKINDO needs to send its delegate to OICA meetings. Active involvement in OICA calendars is necessary for GAIKINDO since the world organization provides good opportunities through which GAIKINDO can share and acquire fruitful communication and information on the development of automobile industry—which is useful for GAIKINDO members.

Among others, the General Assembly agreed on OICA Council’s recommendation to arrange calendar of auto shows that need to be held in a neat manner to avoid overlap among the exhibitions with one another. This especially concerns with the schedule of world auto shows in 2018 that OICA accredits.

In Indonesia, the only car exhibition that OICA endorses is the “GAIKINDO Indonesia International Auto Show” (GIIAS). Next year, this car exhibition will take place at Indonesia Convention Exhibition (ICE) Building in Bumi Serpong Damai (BSD) City, in August.
OICA is the only international organisation and representative of global auto industry. It comprises national auto associations with members covering all major auto manufacturing countries. Its primary activities include publishing data of global auto sales and production, number of vehicle in use, and Google maps, studying on common issues, participating in implementation of technical regulations under UN WP29, enhancing global standard harmonising progress, promoting technical innovation, and organising auto exhibition certification.

Bangkok OICA Round Table

The OICA Round Table was held ahead of the General Assembly. This year, two subjects were discussed on the Round Table. The first part focused on the auto market of ASEAN, in which JAMA, 9 KAMA, VDA and Alliance were invited to share each successful experience in this region. The second part aimed at reviewing recent trends and forecasts of those major auto markets.

GAIKINDO attended this session to present updated situation of Indonesia auto market. This includes the sales and production of the first three quarters, the development of new energy vehicles, government policies related to auto industry, and annual forecast.

Bangkok OICA General Assembly

On the General Assembly, the representatives reviewed the contents and results of the Round Table. They also discussed the possible topics for the next meetings. The Assembly approved a series of proposals concerning financial report, OICA study, and motor show calendar.

GAIKINDO is as the permanent OICA member, and is supposedly active to participate in the major activities organised by OICA. This is important for Indonesia and its automotive industry to build good relations with other members.

![Minister of Industry of Thailand Ms Atchaka Sibunruang is opening OICA General Assembly in Bangkok.](image)
Car Export Needs Improving

A focus group discussion (FGD) indicated that production capacity of automobile industry in Indonesia increases to reach 2,000,000 units per year by 2015. The FGD entitled “Local Component Industry’s Support to the National Automotive Industry” was conducted at the Ministry of Industry in Jakarta, November 2015.

Secretary General of the Association of Indonesia Automotive Industry (GAIKINDO) Mr Noegardjito, one of key speakers at the discussion, said that most car production in Indonesia is for domestic market, and some smaller portion is for export. With the increased annual production capacity by two million units, volume of car export becomes more important to improve. This is because the increased production capacity today is only 68 percent effective.

He gave example that efforts should be made to encourage car market, for instance, by producing energy saving, low emission and environmentally friendly vehicles. Once the requirements are met, export is likely to grow and industry will benefit from the increasing values. Even some developed countries require automobile industry to produce cars with such technology.

“What is more, to improve car production can also be conducted by encouraging the solid growth of component industry. This is the reason why we should encourage quality local components,” he said.

Attracting investment

Another key speaker in the discussion, Advisor to Board of Director External Affairs PT Toyota Motor Manufacturing Indonesia (TMMIN) Mr Eko Rudianto, explained the improved car production capacity in Indonesia was due to fresh investment by several manufacturers of Japanese carmakers. They are Daihatsu, Honda, Nissan, Suzuki, and Toyota.

He added, those manufacturers immediately expand their production capacity in response to Government’s policy to launch a programme to encourage manufacturers to produce low emission, energy saving, and environmentally friendly cars in Indonesia. The policy marked the emergence of Daihatsu (Ayla), Honda (Brio Satya), Nissan (Datsun Go Panca), and Toyota (Agya).

The Government, in this case the Ministry of Industry, expressed its optimism that there will be more principals to make new investment to expand their manufacturing plants in Indonesia. So far, Japanese cars are dominating Indonesia’s car production and car market.

Wuling and Sokon

Data at the Ministry of Industry indicates that other new investment in automotive industry in 2015 came from two Chinese principals—Wuling and Sokon. They made a start by investing assembly plants.

Wuling came up in Indonesia under PT PT SAIC General Motors Wuling (SGMW). It invested some USD 700 million to build an assembly plant over 60 hectares of land in Bekasi. In the near future, the carmakers will produce mini commercial vehicles and MPV under “Wuling” brand. The first line-ups are expected to roll out in 2017.

Meanwhile, Sokon arrives under the name of PT Sokonindo Automobile. It invested some USD 150 million. With “Sokon” brand, the carmaker is about to produce some 50,000 units of MPV with engine capacity of 1,300 and 1,500 CC by the end of 2015. Sokon still imported most of its components, but promising in the next five years to produce vehicles with 80 percent local contents. Sokon will use Indonesia its production base of vehicle to be exported to ASEAN countries.

Automobile industry needs attention

Despite being the backbone of car sales, domestic market experiences some 19 percent downturn through 2015. The Government and other stakeholders should pay attention to this decreasing trend. Automobile industry is facing a complex situation rising from several aspects, such as economy, energy and political stability.

GAIKINDO suggested that those stakeholders must make a series of in-depth discussion to find common ground from which the can strengthen the automotive industry. Such steps are also needed to take on ASEAN Economic Community, a free market zone among all ASEAN member countries that begins in effect in December 2015.
Annual Production Capacity of Automobile Industry in Indonesia:

- 2012: 0.63 million units
- 2013: 1.5 million units
- 2014: 1.93 million units
- 2015: 2 million units
- 2020: 2.6 million units

Domestic Car Sales (2014):
- Indonesia: 1.2 million units
- Thailand: 0.9 million units

Domestic Car Production (2014):
- Indonesia: 1.3 million units
- Thailand: 2 million units

Improvement of Production Capacity due to New Investment in 2013:

- TMMIN: 150,000 units (2013) → 250,000 units (2015)
- Daihatsu: 200,000 units (2013) → 500,000 units (2015)
- Suzuki: 100,000 units (2013) → 350,000 units (2015)
- Nissan: 100,000 units (2013) → 300,000 units (2015)
- Mitsubishi-Fuso: 100,000 units (2013) → 250,000 units (2015)
- Honda: 80,000 units (2013) → 200,000 units (2015)

Source: Ministry of Industry

Auto Production & Domestic Market:
- Category Small Sedan (cc < 1500)
- Category 4X2 (MPV & SUV)

Sales and Production Data (2010-2015):

Source: GAIKINDO
GIIAS Makassar and Surabaya to Improve Car Market

MAKASSAR

Makassar, capital of South Sulawesi Province, hosted an auto exhibition dubbed “GIIAS Auto Show 2015” at Celebes Convention Centre Building. The auto show lasted from 25 through 29 November 2015. There were 13 brands of cars and 30 supporting industries taking part in the auto show.

Car makers that took part in the auto shows included Daihatsu, Datsun, Honda, Hyundai, Isuzu, Lexus, Mazda, Mercedes-Benz, Mitsubishi FUSO, Mitsubishi Motors, Nissan, Renault, Tata Motors, Toyota, and Suzuki.

Toyota showcased its newly-launched model, All New Kijang Innova in the auto shows. Meanwhile, Nissan launched an entertainment programme “Nissan Blind Challenge” by using one of its flagship products, Nissan X-Trail. Mitsubishi introduces its new MPV Delica Royal.

During the exhibitions, the organiser launched several entertainment and sosial programmes. These included “4x4 Challenge”, “Nissan Blind Parking Challenge”, “GIIAS EduCare” (tools for school), “Student’s Day”, and blood donor.

SURABAYA

About two weeks later, Surabaya, capital of East Java Province, also hosted the similar auto show, “Surabaya GIIAS Auto Show 2015”. The exhibition took place at Grand City Building from 9 through 13 December 2015. There were 15 brands of cars and 30 supporting industries taking part in the auto show.

Apart from Makassar and Surabaya, an auto show was previously launched in Jakarta. Dubbed with “Jakarta Auto Show”, the car exhibition mobilised 20 car brands. It took place on 7,500 square meters of space in Jakarta Convention Center (JCC) from 28 October through 1 November 2015.

“JAS”, “GIIAS Makassar Auto Show”, and “GIIAS Surabaya Auto Show 2015” are originated from an international exhibition that the Association of Indonesia Automobile Industry (GAIKINDO) routinely—GAIKINDO Indonesia International Auto Show (GIIAS). This year, “GIIAS 2015” inhabited its new venue at Indonesia Convention Exhibition (ICE) in Bumi Serpong Damai (BSD) City from 20 through 30 August 2015.

The series of exhibitions signifies GAIKINDO’s commitment to always presenting new models with latest technology in all exhibitions. The exhibitions are meant to boost domestic car market through 2015. The Makassar auto show, for instance, managed to book 995 units of sales valuing IDR 268,734,500,000. Domestic car sales in 2015 needs to be increased by expanding the market. Makassar and Surabaya are seen as two most promising areas outside Jakarta where car market is very likely to be improved further. East Java Province is also recognised to have contributed to 13.1 percent of total domestic car market so far.

CAR EXHIBITION SERIES IN 2015

GIIAS BSD City
- ICE Building
- 20 – 30 August
- 34 car brands
- 25 passenger cars
- 9 commercial cars
- 220,000 square meters of total area
- 60,000 square meters indoor
- 31,577 square meters outdoor
- 91,577 square meters of area to be utilised
- 450,000 visitors.

GIIAS Makassar
- Celebes Convention Center
- 25 – 29 November
- 6,000 square meters
- 13 car brands
- 30 supporting industries
- 20,000 visitors.

GIIAS Surabaya
- Grand City
- 9 – 13 December
- 6,000 square meters
- 15 car brands
- 35 supporting industries
- 30,000 visitors.

Jakarta Auto Show
- JCC Building
- 28 October – 1 November
- 20 car brands
- 7,500 square meters
- 51,000 visitors.
Six models comprising diesel engine cars of Ford, Hino, Mitsubishi, and Toyota took part in Government’s campaign of the use of Biodiesel-20 for transport. They made a road show from Jakarta to Medan (North Sumatra) from 19 through 30 October 2015. The campaign was conducted by Ministry of Energy and Mineral Resources, taking the route through some areas— Lampung (South Sumatra), Jambi, Padang (West Sumatra), Pekanbaru (Riau), and Medan.

The Ministry needs to assure stakeholders— especially car manufacturers and fleet businesses— that the Biodiesel-20 is effectively applied in transport sector. The Biodiesel-20 refers to a collaborating project between Government and its stakeholders to produce a mixture of diesel fuel and 20 percent palm oil for transport.

The project finds support from Directorate General of New Renewable Energy and Energy Conservation (Ministry of Energy and Mineral Resources), Agency for Assessment and Application of Technology (BPPT), Research and Development Center for Oil and Gas Technology (LEMIGAS), PERTAMINA, Association of Indonesia Biodiesel Producer (APROBI), Bandung Institute of Technology (ITB), CPO Fund, Hino, and GAIKINDO.

The campaign signifies a message to public that the use of Biofuel-20 is actually effectively implemented. The stakeholders have conducted a series of tests before the biofuel is practically used in daily basis. The CPO is supplied by palm oil plantations across Indonesia to be mixed with diesel fuel by to produce biofuel PERTAMINA with financial support from the CPO Fund.

In the near future the CPO-based biodiesel will be improved gradually. “After the Biodiesel-20, we will produce Biodiesel-30,” said Mr Bayu Krisnamurti, President Director of CPO Fund.

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**IECF (Indonesia Estate Crop Fund) - Sawit Fund**

<table>
<thead>
<tr>
<th>Some project of “4 month old” IECF Facilitation Supporting Biodiesel Programe</th>
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<tbody>
<tr>
<td><strong>2015</strong></td>
</tr>
<tr>
<td>Nov</td>
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<tr>
<td>1.8 million KL</td>
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<tr>
<td>(Contract Sign)</td>
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**Other Project of “4 month old” IECF Facilitation**

- **2658** hectare
  - In the pipe line of replanting process

- **112** villages
  - Fire prevention program, including cooperation with South Sumatra & Central Kalimantan

- **54** research project

- **5** training & education project

Source: CPO Fund
Road safety has long become one of the biggest issues that the ASEAN countries have been addressing. The increasing traffic volume in this region needs efforts to slow down the risks of road accidents that cost human lives. Such condition encourages ASEAN countries to get together to develop ASEAN Regional Road Safety Strategy.

The cause was officiated by ASEAN transport ministers in 21st ASEAN Transport Ministers in Kuala Lumpur (Malaysia) in 5-6 November 2015. The strategy comprises a roadmap for ASEAN member countries to deter traffic accident down to 50 percent in 2020.

As an illustration, a World Health Organisation's report on road safety in 2013 revealed that 1.24 million people died per year in road crashes. Of the number, 53,537 lives vanished in road accidents in ASEAN member countries. This phenomenon poses a huge threat to jeopardise global people's well living and human development.

The strategy indicates a further collective step among ASEAN member countries in promoting road safety.

### ASEAN Road Traffic Injuries

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (2013)</th>
<th>Number of road traffic death</th>
<th>Road traffic death rate per 100,000 population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>67,010,502</td>
<td>13,650</td>
<td>36.2</td>
</tr>
<tr>
<td>Vietnam</td>
<td>91,679,733</td>
<td>9,845</td>
<td>24.5</td>
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<tr>
<td>Malaysia</td>
<td>29,716,965</td>
<td>6,915</td>
<td>24.0</td>
</tr>
<tr>
<td>Indonesia</td>
<td>249,865,631</td>
<td>26,416</td>
<td>15.3</td>
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<tr>
<td>Philippines</td>
<td>98,393,574</td>
<td>1,469</td>
<td>10.5</td>
</tr>
<tr>
<td>Singapore</td>
<td>5,411,737</td>
<td>159</td>
<td>3.6</td>
</tr>
</tbody>
</table>

Source: WHO
Stakeholder News in Brief

**Biodiesel B-20 Roadshow Accomplished**

Indonesia Government completed the campaign of Biodiesel 20% (B-20) use. Mobilising a fleet of cars to use the biofuel being promoted, the team embarked from Jakarta on 19 October to Medan on 30 October. Covering 3,383 kilometers, they visited Lampung, Palembang, Jambi, Padang, Pekanbaru. The entire fleet consumed 1,206 liters of biodiesel, a mixture comprising diesel fuel (80%) and palm oil (20%). The roadshow involved a partnership that consists of Directorate of New and Renewable Energy and Energy Conservation of Ministry of Energy and Mineral Resources, BPPT, Lemigas, Aprobi, GAIKINDO, ITB, and BPDPKS. The roadshow is aimed to assure public that the Government’s mandatory regulation has begun in effect. Starting from B15 this year, it will improve into B20 by January 2016.

**RI Govt to Boost Steel Industry**

Domestic demand for crude steel keeps increasing. In 2009 steel demand was about 7.4 tons, hiking into 12.7 tons in 2014. Infrastructure, construction, shipyard, and automobile industry require more steel supply. Minister of Industry Mr Saleh Husin said there must be more investment in steel production in order to provide adequate supply of steel to domestic demands and to reduce dependency on imported steel. Infrastructure alone, worth some IDR 5,000 trillion up to 2019, requires some 17.5 million tons of steel each year said the Minister in "Conference & Technology Forum for Indonesia Steel Industry Development" in Jakarta on 24 November 2015.

**Gas Fuel is the Future, for Hino**

PT Hino Motors Manufacturing Indonesia (HMMI) launched the reproduction of its (compressed natural gas, CNG) bus in its plant in Kawasan Kota Bukit Indah, Purwakarta (West Java) 27 November 2015. Hino claims to be the first and the only bus manufacturer in Indonesia, hoping that the its CNG bus will provide solution for the Government in delivering good transport services to public and in achieving clean environment from clean energy. Hino once produced such bus in 2007 for TranJakarta fleet.

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**GAIKINDO Delegation to JASIC Meeting**

Domestic demand for crude steel keeps increasing. A delegation of GAIKINDO attended a series of meeting between governments and industry of ASEAN countries with (Malaysia) on 24-26 November 2015.

The meeting comprised “1st JASIC Forum for South East Asia”; “6th JASIC Government and Industry Meeting” attended by several governments of ASEAN countries and “ASEAN Automotive Federation Technical Committee 3 (AAF-TC3) Meeting”; and “20th Regulation and Certification Expert (RACE) Meeting” attended by associations of automotive industry of ASEAN countries.

Ministry of Transport of ASEAN countries that attended the meeting included those from Cambodia, Malaysia, Myanmar, Thailand, The Philippines, Japan and Vietnam. The meeting was also attended by association of automotive industry of several countries, namely China, Japan, India, Indonesia, South Korea, Malaysia, Singapore, Taiwan, Thailand, and The Philippines.
Road safety attracts the Government’s concern. The increasing traffic volume should go in line with efforts to curb any possible road accidents.

A campaign was made by the Minister of Transport to launch “National Road Safety Week 2015”. It lasted in several locations in Jakarta from 30 November through 5 December 2015. This year’s campaign bore theme of Save Kids’ Lives”, emphasising the message on the importance of keeping young generations safe and preventing them from road accidents.

Indonesian Government pledges to eradicate road accidents that cost people’s lives. The campaign comprised activities designated to provide information and education to juveniles on how to behave on the roads.

Children are supposed to learn to appreciate traffic safety in order that they can help themselves prevent from becoming victims or committing traffic misconducts. They should be nurtured with awareness and knowledge on proper traffic ethics by abiding traffic regulations.

Activities during National Road Safety Week 2015:

1. 30 November: Press background on the campaign, disseminating information on road safety publicly through mas media
2. 1 December: Campaign to Muhammadiyah 9 Bulungan Junior High School and PSKD IV Bulungan Junior High School
3. 2 December: Theatrical and percussion performance at Jalan Merdeka Barat
4. 3 December: Dance and singing competition at Atrium Blok M Mall involving seven groups
5. 4 December: Song writing competition with theme of “safety” at Mall PGC Cilandian
6. 5 December: Drawing competition with theme of “safety” at Taman Mini Square
7. 13 December: Closing ceremony at Taman Mini Indonesia Indah (TMII) attended by the Minister of Transport Mr Ignasius Jonan.

OICA, Road Safety Is a Shared Responsibility

Issues on road safety not only draw concern in national level but also international interest. According to OICA, automakers are strongly committed to being part of the solution, and other stakeholders have an extremely important share in road safety. Road safety is built on three pillars: the vehicle, the road user and the infrastructure. Overall, about 95 percent of road accidents can be attributed to driver behavior. Traffic rules must be established and obeyed by the general public, following education and enforcement campaigns. Road construction and maintenance must follow the best international practice. Only through a combination of efforts by all parties involved can road safety be further improved and mobility remains sustainable.