INDONESIA MARINE AND FISHERIES BUSINESS AND INVESTMENT OPPORTUNITIES

Ketut Sugama

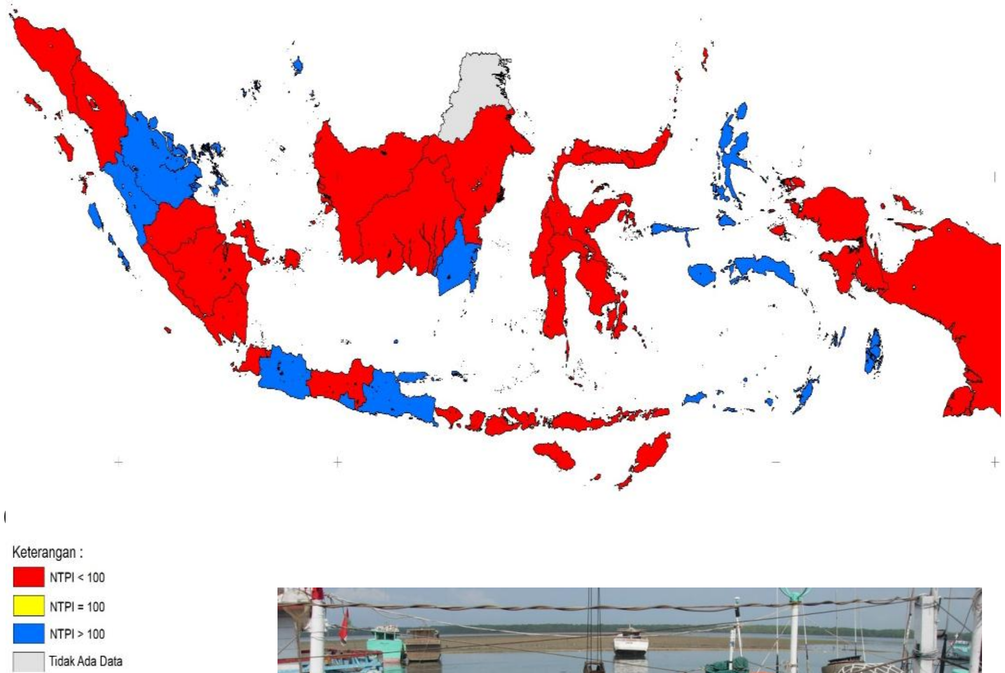
AGENCY FOR MARINE AND FISHERIES RESEARCH
Ministry of Marine Affairs and Fisheries
of Indonesia

OUTLINE OF TALK

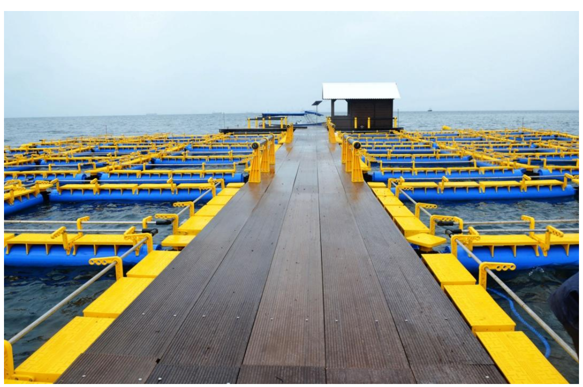
1. Introduction
2. Investment Priority Sector
3. Foreign Direct Investment (Preiden Regulation)
4. Import Duty Facility
5. Aquaculture Performent of Indonesia

INDONESIA

- Population: 150 mill
- Costal line : 95,181 km
- No. of iskland: 17,504



- World's Largest Fisheries Producer
- World's Largest Source of Seaweed
- World's 7th Largest Exporter of Processe
  and Canned Tuna
- Largest Shrimp Producer in
  South East Asia



Investment Opportunities in Indonesia

2015-2019 Investment Priority Sectors

Infrastructure		35 GW power generation	24 Sea ports		
Agriculture		Food estate	Corn Plantation	Cattle	
Industry	Labor-intensive industry	Textile	Food & Beverages	Furniture	Toys
	Import-substitution industry	Chemical & Pharmaceutical	Iron & Steel		
	Export-oriented industry	Electronics	CPO & derivative products	Wood products, pulp & paper	Automotive
		Machinery	Rubber products	Fish & derivative products	Shrimp
	Downstream industry of natural resources	Cacao	Sugar	Smelter	
Maritime		Ship building	Fishing industry	Cold storage	
Tourism,SEZ & Industrial Park		Strategic tourism areas	MICE	8+11 SEZs	15 New Ind. Parks

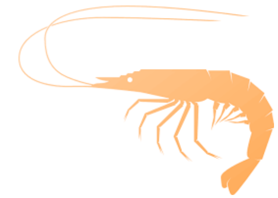
Source : The Investment Coordinating Board of the Republic of Indonesia

INVESTMENT REALIZATION
Maritime Sector Investment in Indonesia (Jan- Sept 2016)

Capture Fisheries

Value : Rp. 7,4 billion
- Project : 3
- Labour Absorbtion : 350 person
- Main Location : South East Sulawesi, North Sulawesi
- Origin Investor : Indonesia, Thailand, Filiphina

Aquaculture



Value : Rp. 512 billion
- Project : 13
- Labour absorbtion : 1.533 person
- Main Location : Bali, West Kalimantan, Banten, NTB, NTT, Bali, East Java, Lampung, DI Yogyakarta, Maluku
- Origin Investor : Indonesia, Malaysia, R.R Tiongkok, Hongkong, Jepang, British Virgin Islands, Singapura, Australia

Fish Processing Industry

Value : Rp. 2,29 Triliyun
- Project : 57
- Labour absorbtion :
- Main Location : South Sulawesi, East Java, Lampung, West Nusa Tenggara, Banten, Central Java, South Kalimantan, West Java, Central Java, South Sulawesi, Jakarta, Aceh, North Sulawesi, Morth Sumatera, South Sumatera, Lampung
- Origin Investor : Indonesia, R.R Tiongkok, Taiwan, British Virgin Island, South Korea, Singapura, Malaysia, Filipina, Jepang

Ship Yard Industry (2015)

Value : Rp. 325 billion
- Project : 76
- Labour absorbtion : 1.561 people
- Main Location : Riau Island, Bangka Belitung Island, East Java
- Origin Investor : Singapore, Indonesia, RRT

PRESIDENTIAL REGULATION 44 /2016: FOREIGN DIRECT INVESTMENT

Certain types of activities are fully or partially restricted when it comes to FDI. Key areas relevant to the fisheries sector are detailed below

Require Partnership with local :

1. Rearing of Fish
2. Hatchery of Fish
3. Processing of Fishery Products
4. Manufacture of wooden ships
5. Manufacture of device and fittings of wooden ships for marine tourism and fishing

Subject to have recommendation from the Minister of Forestry and Environment

Coral/Ornamental Coral Culture

Businesses which are not regulated in **Presidential Regulation 44 /2016** are open for Foreign Capital Investment, for example Cold Storage

CLOSED to FDI

1. Capture Fisheries
2. Fishing of species listed in Convention on International Trade in Endangered Species of Wild Fauna and Flora)
3. Salvage of Sunken Ship Treasure
4. Sea Sand Quarrying

PROGRAM AND ACTION PLAN OF NATIONAL FISHERIES INDUSTRY

Sustainable Fishing

- Revitalize national shipyard and increase local fishing vessel industries' capacity
- Law enforcement and license transparency to prevent *IUU Fishing*
- Complementary facilities and infrastructure in Fishing Port
- Provide energy needs for domestic fishing vessels
- Skills training and fishermen certification

Sustainable Aquaculture

- Reduce feed cost in aquaculture production component
- Complementary facilities and infrastructure for increasing fishpond production
- Building business relation with small medium scale farmer
- Skills training and farmer certification

Fisheries Product Processing Industry

- Acces of electricity and cold chain for raw material supply of fisheries industry
- Ease access of transportation, export and import
- Ease access of skilled labor
- Facilitate of tax and import tariff and export
- Standardize business and fish processing industry
- Optimalize warehouse receipt system for fisheries product and seaweed
- Acceleration Roadmap of National Seaweed Industry
- Increasing access and domestic fish consumption
- Increase and expansion of foreign market
- Diversification and improvement of marine and fisheries product quality

PROGRAM AND ACTION PLAN OF NATIONAL FISHERIES INDUSTRY

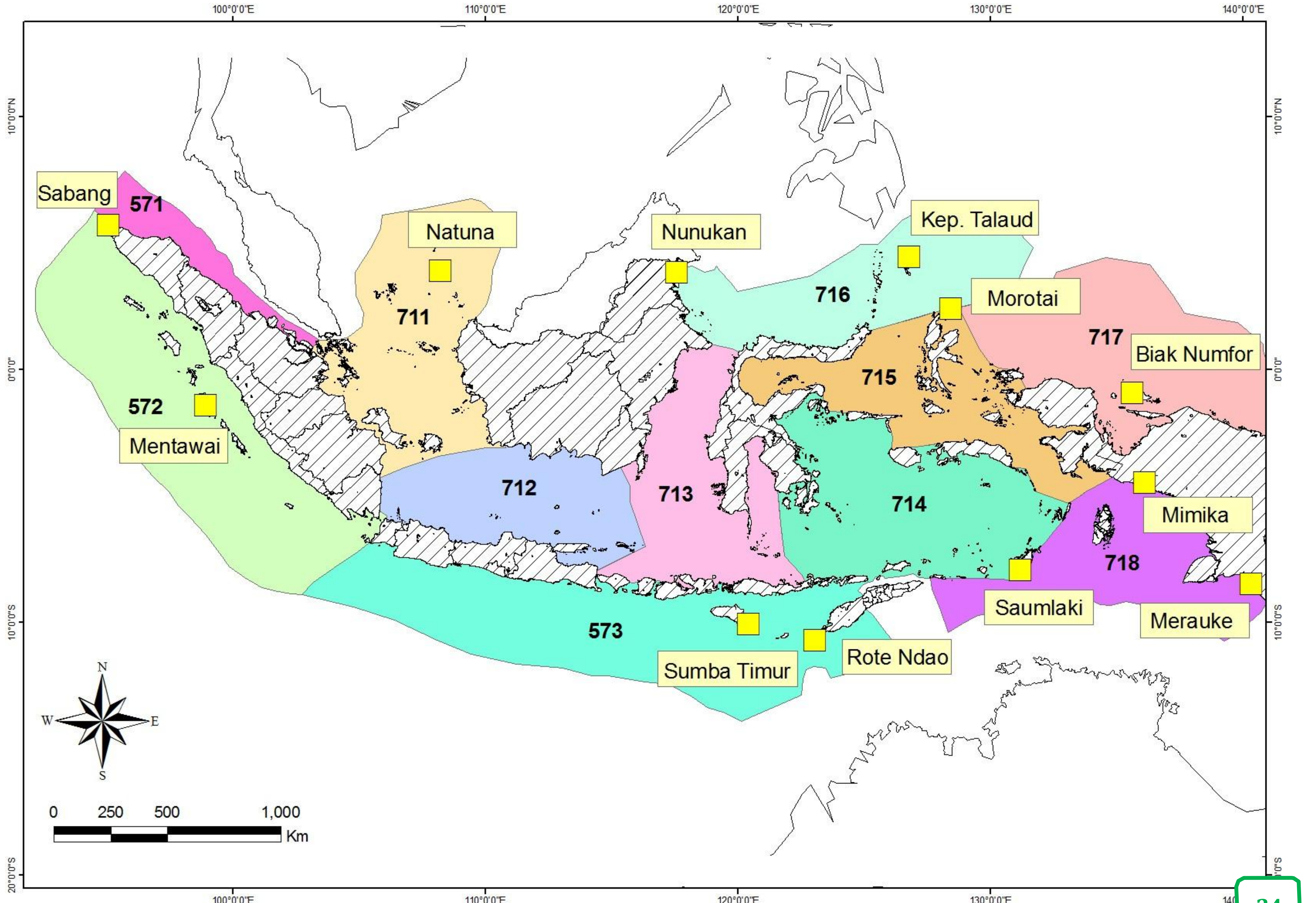
Zoning and Region Development

- Transparency of location license & management license in coastal area and small islands
- Acceleration of national marine spatial planning to support sustainablility of fisheries industry
- Location determination and prepare facilities and infrastructure in Integrated Fisheries Industry (SKPT) as National Strategic Project

Regulation, Institutional & Financial inclusion

- Harmonize Fisheries Law with Shipping Law associated with integration of port management, port authority, license, certification of crew, berthing port freighter, and addition of special port in eastern part of Indonesia as a hub
- Financial support and capital access Acceleration of the procurement of goods and service, additional capital investment for fisheries state-own enterprises and dan expansion finance access non-National Budget (APBN) for business (BLU, KUR, Bank Credit)
- Improvement of data & information through One Data
- Increase group's status into a Cooperative
- Minimize security risk of fisheries industry in the outermost island

INTEGRATED MARINE AND FISHERIES ZONE



WHY INDONESIA

- **MARKET OPPORTUNITIES**

- Indonesia is the world largest source and fisheries producer, including tuna, seaweed and shrimp.
- Shipyard/Ship-building realised investment to date is worth USD 214 million (170 projects)
- Indonesia's fisheries sector is potentially worth USD 32 billion

- **EXISTING & FUTURE CAPABILITIES**

- 60,000 Fish Processing Units are available throughout Indonesia
- Lowest operating costs in ASEAN-5 (Thailand, Philippines, Malaysia, Vietnam and Indonesia) for a food and beverage manufacturing plant.
- Host to leading centres of excellence, including a prestigious government-funded

- **GOVERNMENT PROVISIONS & SUPPORT**

- Continuously enforcing and programme
- Revitalising existing land for shrimp and crabs.
- Open FDI investments include: aquaculture, seaweed shipbuilding/shipyards and cold

IMPORT DUTY FACILITY

Ministry of Finance Regulation

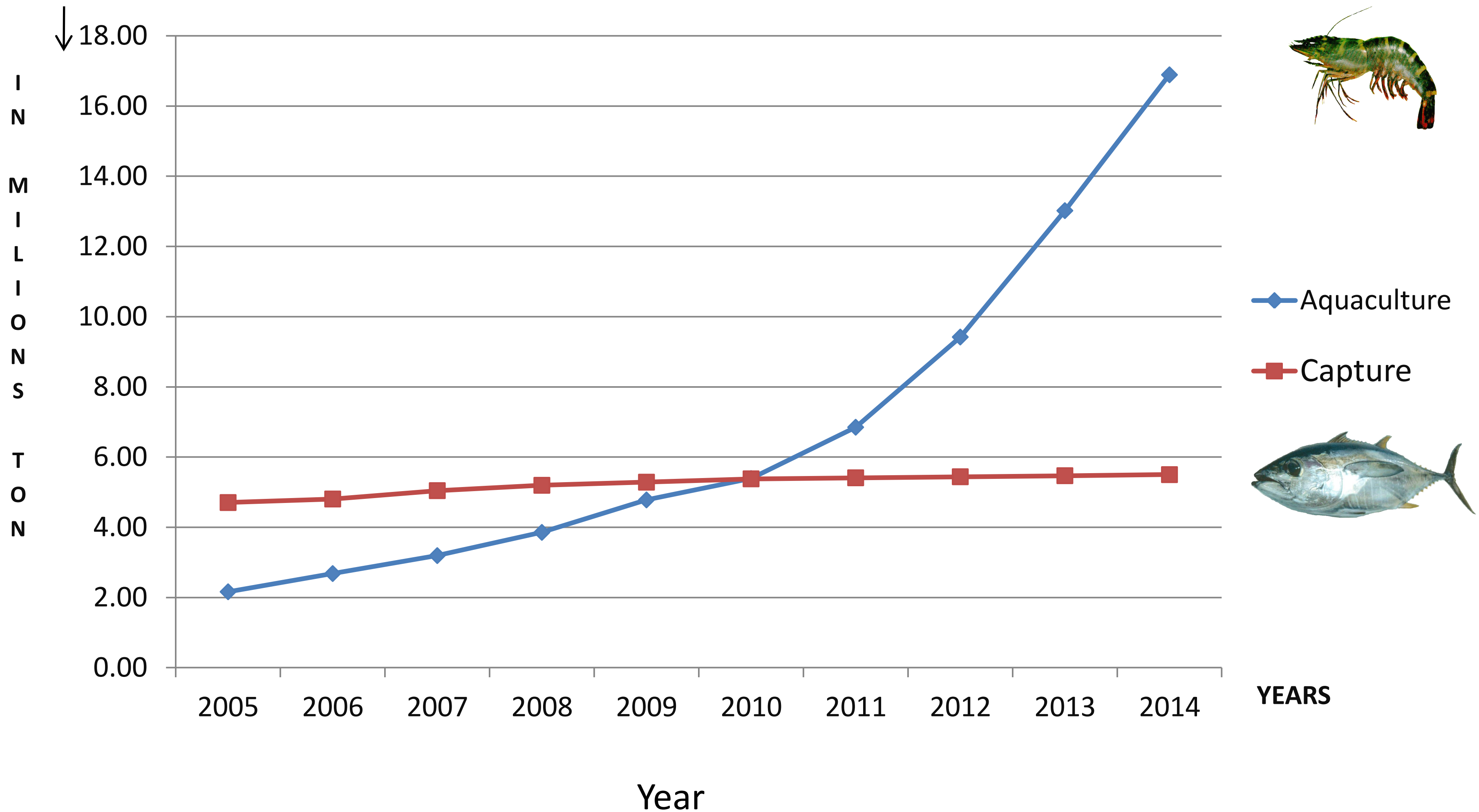
No.176/PMK.011/2009

Exemption from import duty on the import of
machines, goods & materials for production for a
period of 2 years.

Import duty exemption is granted for 2 years based on the installed machine
capacity for production purpose and
available for 1 year extension.

If the company uses at least 30% local
machineries, import duty exemption is
available for additional product for 4
years.

PRODUCTION PERFORMANCE OF CAPTURE & CULTURE FISHERIES



MAIN SPECIES FOR COASTAL POND CULTTURE

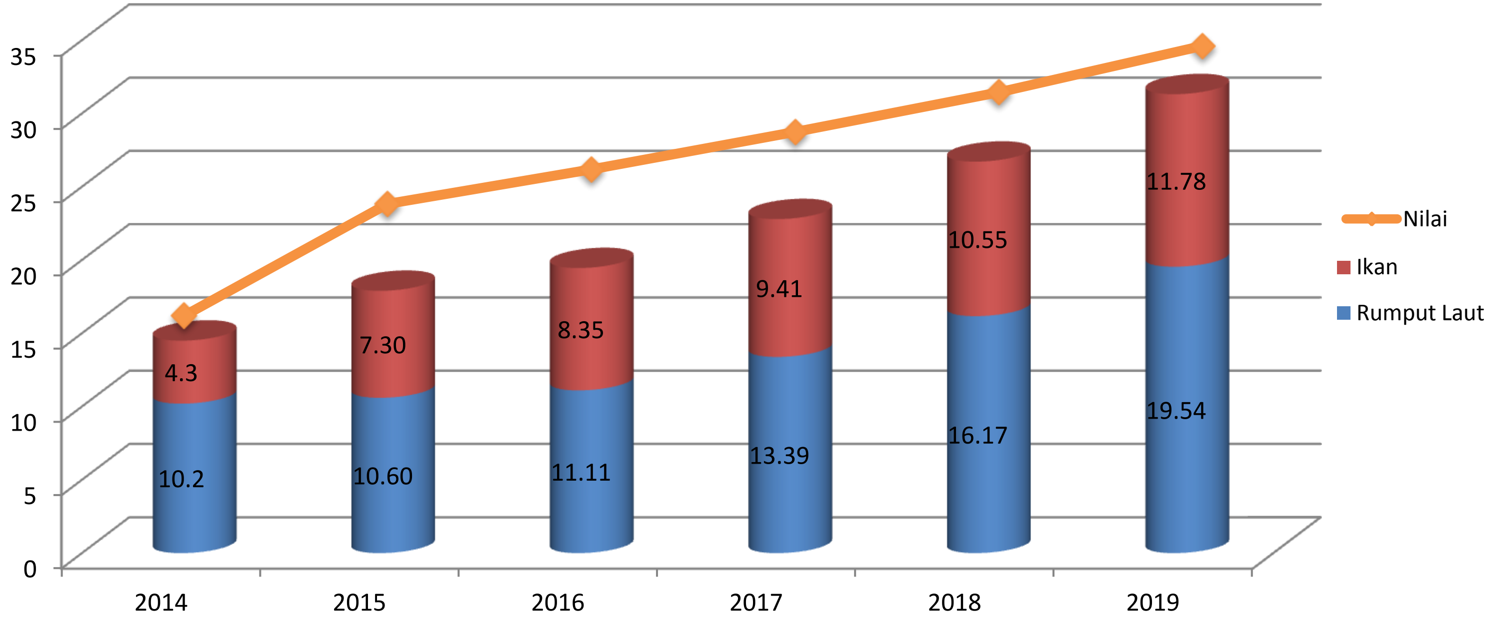
MAIN SPESIES FOR MARICULTURE
MARINE CAGE CULTURE

MAIN FRESHWATER SPECIES FOR CAGE CULTURE

AQUACULTURE PRODUCTION

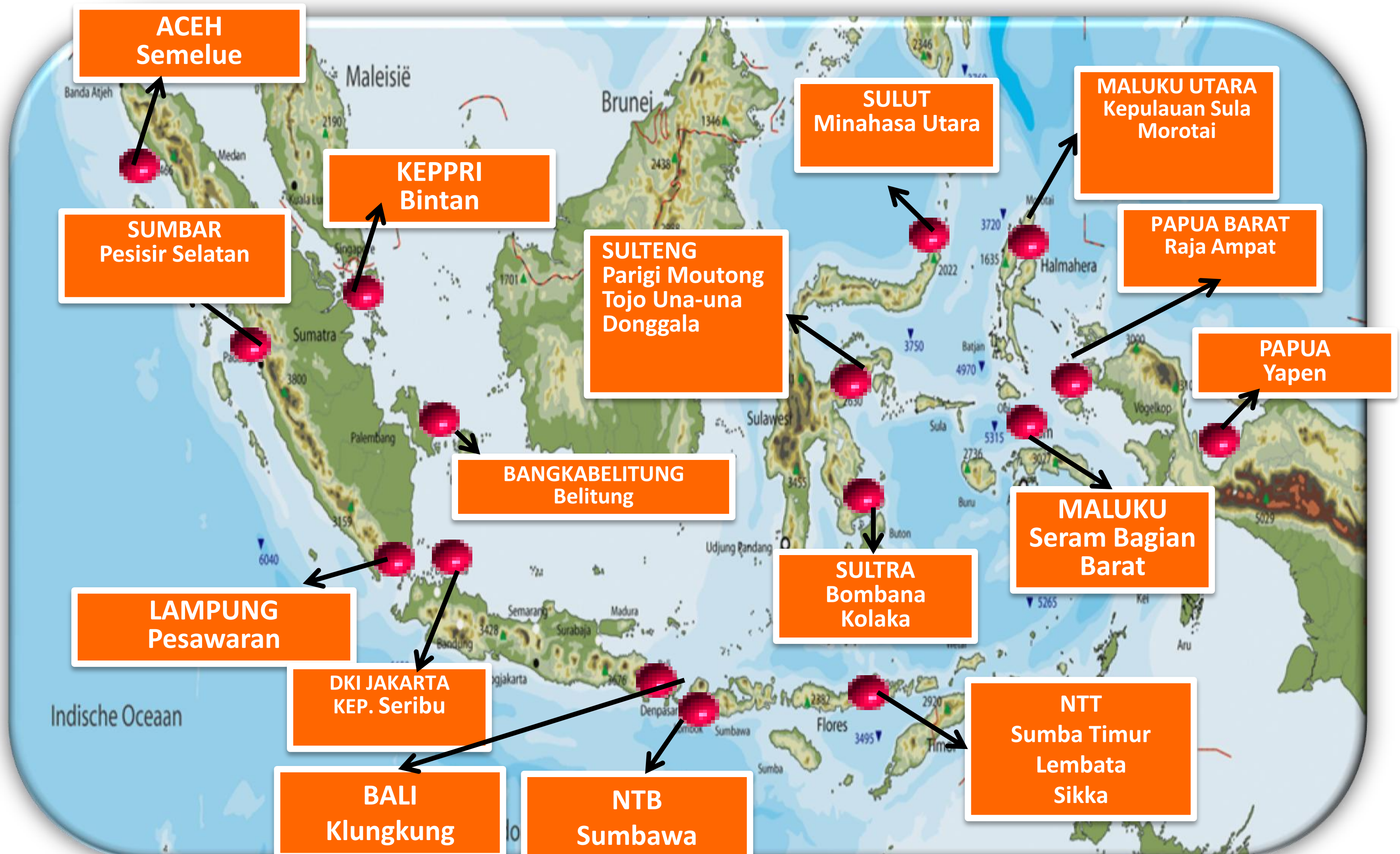
No.	Species	2015[T]	2016 [T]
	Total Production	**15, 834,094**	**16,675,031**
1	Tiger shrimp *(Penaeus monodon)*	127,627	150,860
2	Pacific White shrimp *(Litoenaeus vanamei)*	421,089	488,019
3	White shrimp *(Penaeus indicus)*	67,155	35,676
4	Milkfish (*Chanos chanos*)	672,296	740,720
5	Grouper (*Epinephelus* sp.)	16,796	15,645
6	Barramundi *(Lates calcarifer)*	6,558	5,545
7	Pompano *(Trachinotus blochii)*	2,663	2,288
8	Tilapia (*Tilapia* sp)	1,084,281	1,187,812
9	Pangasius (*Pangasianodon hypophthalmus*)	339,089	437,111
10	Wolking Cat Fish (*Clarias batrachus*)	719,619	873,176
11	Carp (*Cyprinus carpio*)	461,546	498,297
12	Gouramy (*Osphronemus gouramy*)	113,407	149,553
13	Tawes (*Puntius javanicus*)	24,929	38,052
14	Nilem (*Osteocilus hasselti*)	29,570	26,494
15	Toman (*Channa micropeltes*)	28,107	27,928
16	Gabus (*Channa striata*)	6,490	6,671
	Others		
17	Shellfish (*Perna viridis, Anadara* sp*)*	37,503	5,938
18	Seaweeds (*Euchema* cottonii, Gracillaria)	11,269,342	11,696,292
	Miscellaneous: crabs, eels, lobsters, wrasse, snapper, oysters and native freshwater fish species	206,148	248,405

AQUACULTURE PRODUCTION PLAN 2015-2019

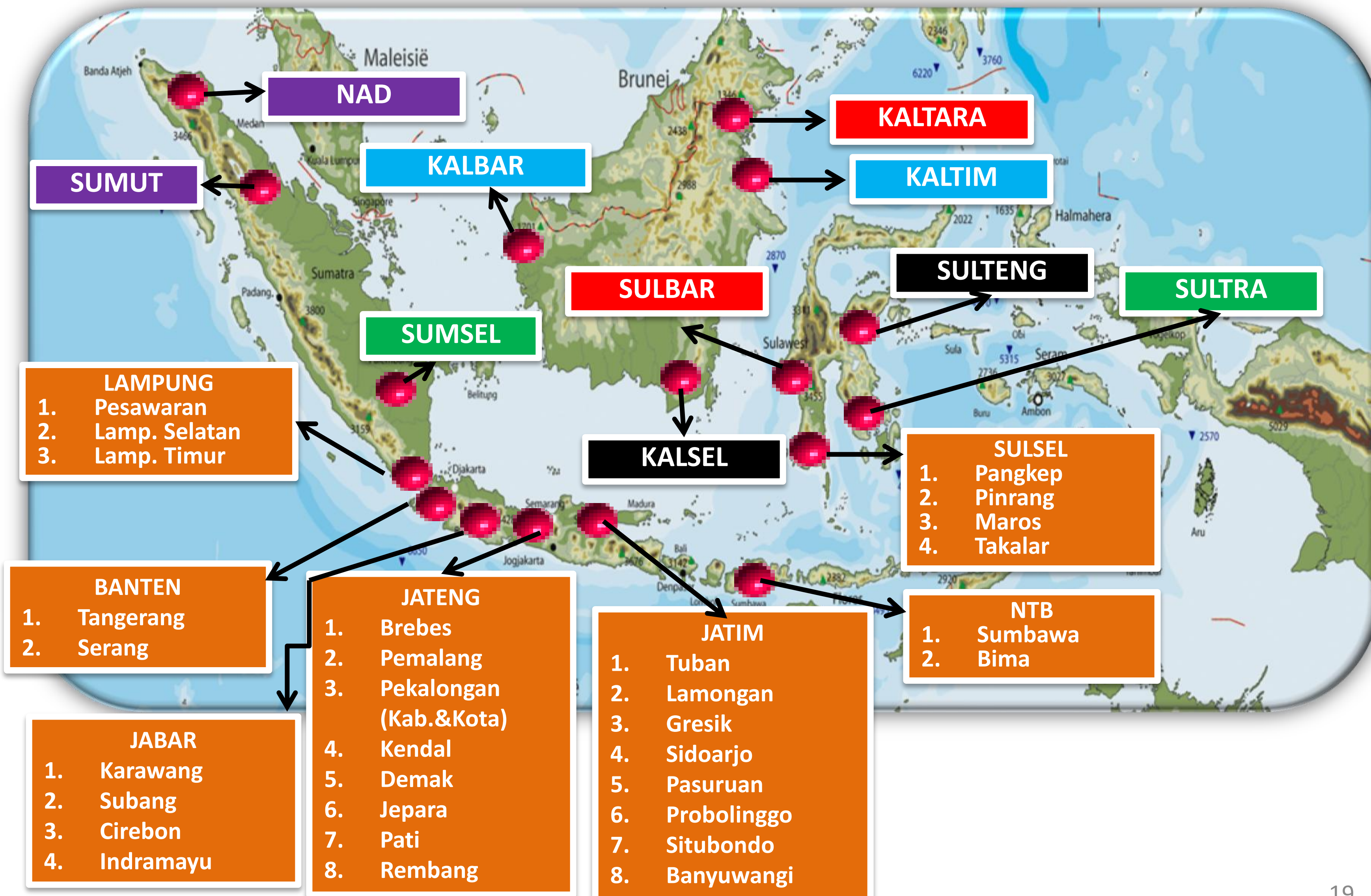


No.	Comodity	2015	2016	2017	2018	2019
1	Saweeds (mill T)	10,6	11,1	13,4	16,2	19,5
2	Fish (Mill T)	7,3	8,4	9,4	10,6	11,8
	Total (Mill Ton)	**17,9**	**19,5**	**22,8**	**26,8**	**31,3**
	Iornamental fish (Bill Ind.)	1,7	1,9	2,1	2,3	2,5
	Value (mill US$)	169,9	192,5	217,2	243,5	274,0

MARICULTURE SITES



COASTAL AQUACULTURE SITES




SHRIMP

SHRIMP CULTURE

Density : 5-10 ind/m²
Non Aeration
Productivity 1-2 ton/ha

Tradisional

Density : 70-120 ind/m²
Produkctivity 10-20 ton/ha

Intensive

Semi Intensive

Density : 30-50 ekor/m²
Productivity 4-6.5 ton/ha

Super Intensive

Stocking : > 150 ekor/m²
Produktivity >25 ton/ha

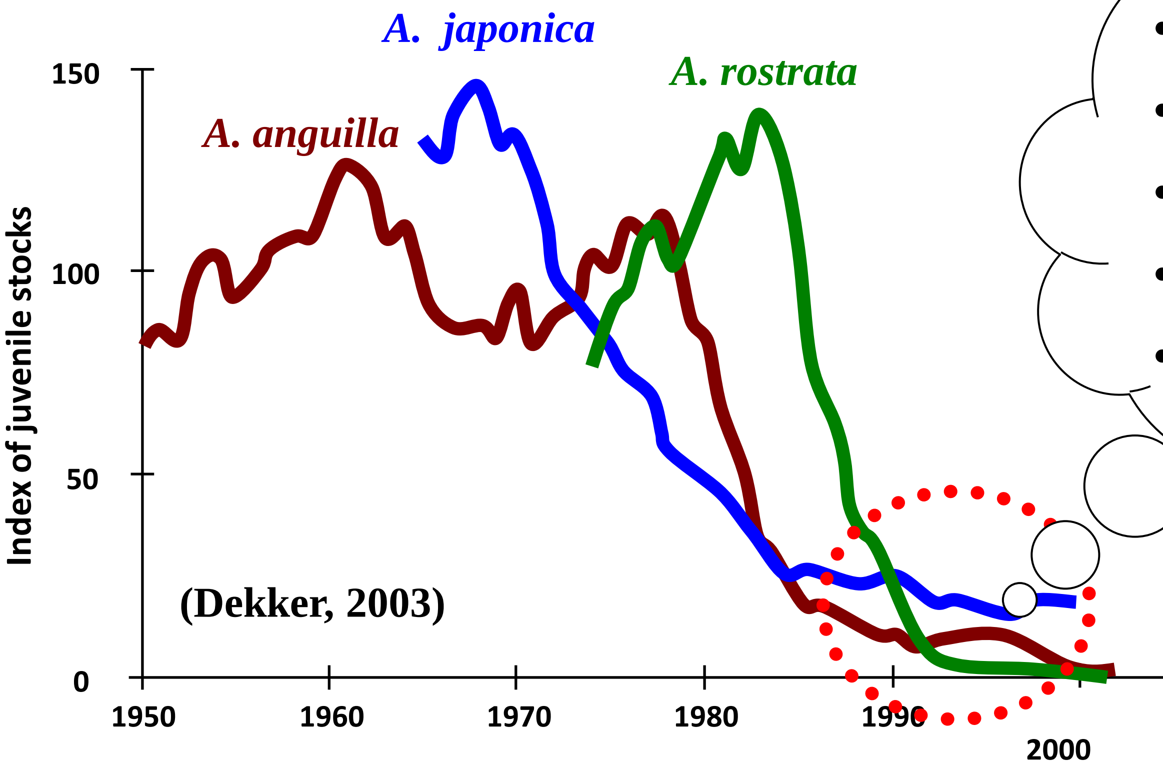
SUSTAINABLE AQUACULTURE

Best Aquaculture Practices

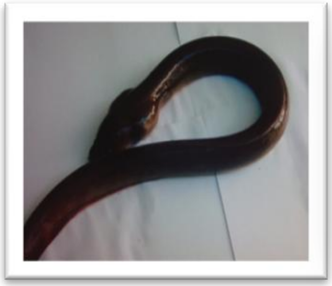
- Sustainable Technology
  - Low water exchange system
  - Closed pond system
  - Zero water exchange (Heterotrophic - bacteria floc) system
- Environmental Friendly
- -- Reservoirs
  - Sedimentations
  - No chemicals or anti-biotics
  - Mangrove conservation
- Strict Bio-security
- Traceability
- Integrated system (Social & Technical)

EEL CULTURE

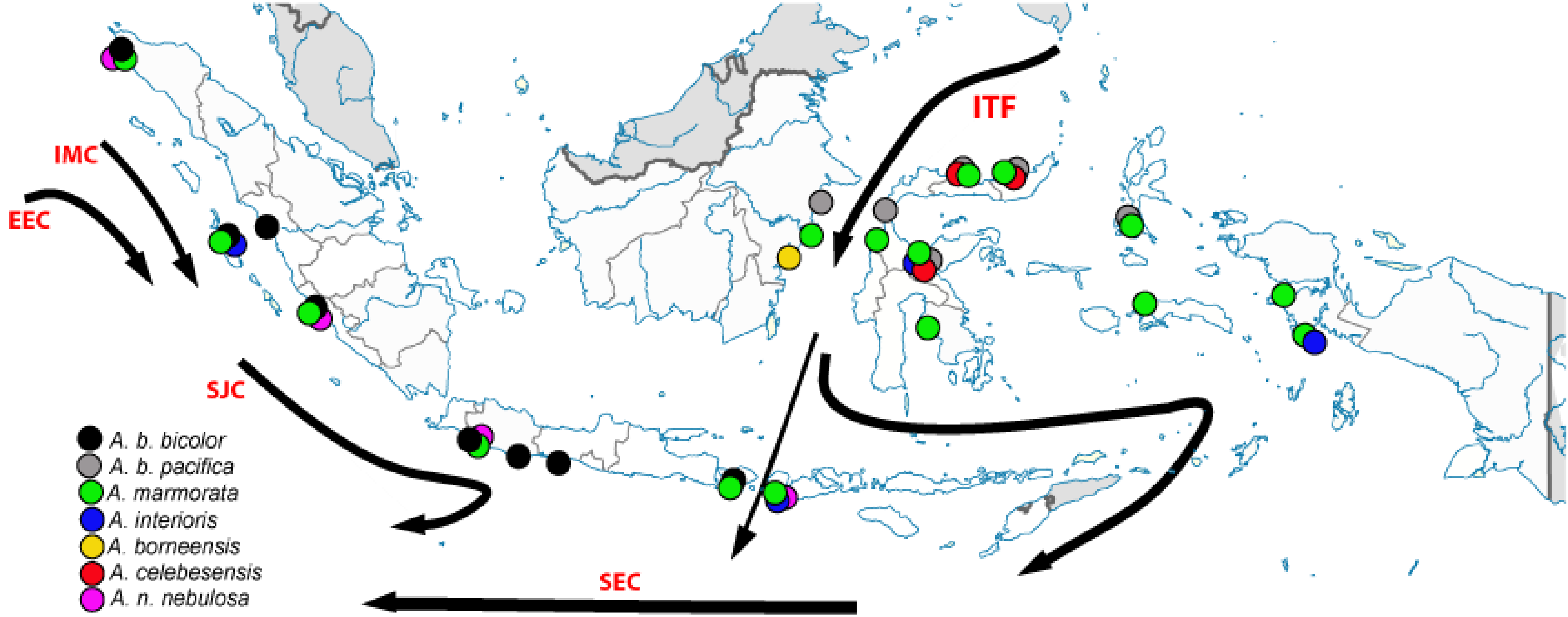
WORLD DECLINE OF EEL POPULATIONS



- Global climate change
- Over fishing
- Pollution
- Habitat loss
- River mouth dams



DISTRIBUTION OF EELS IN INDONESIA



Sumber: Rini Fahmi, 2014

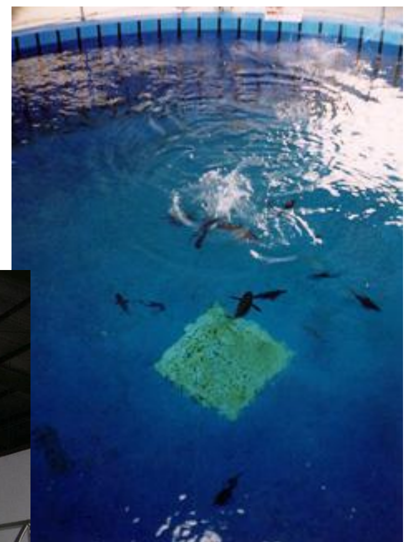
EEL FARM

Glass eel

Elver eel

YELLOW FIN TUNA BREEDING

YELOWFIN TUNA, *Thunnus albacore*

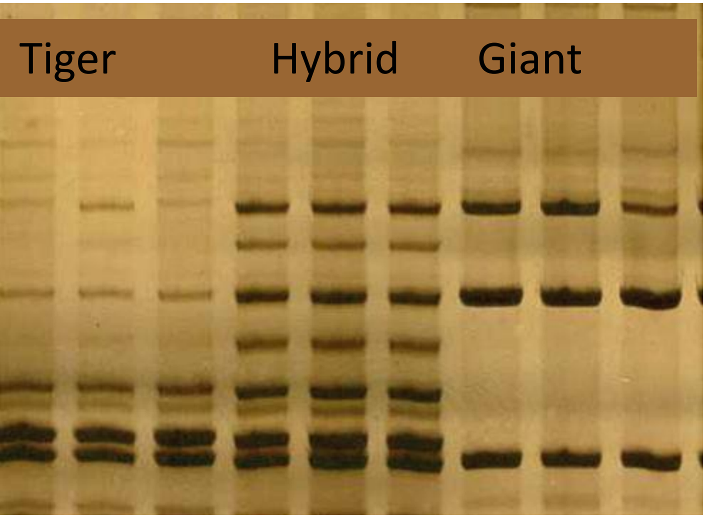


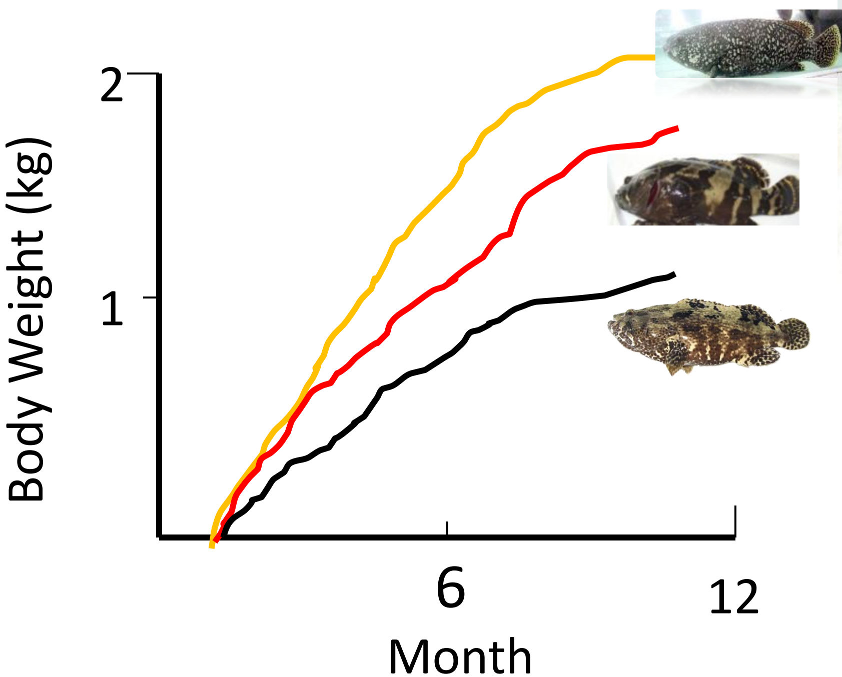
ut difficult

low

GROUPER BREEDING

HYBRID GIANT X TIGER GROUPERS





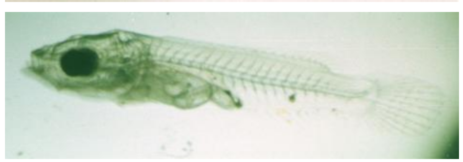
NAPOLEON FISH BREEDING



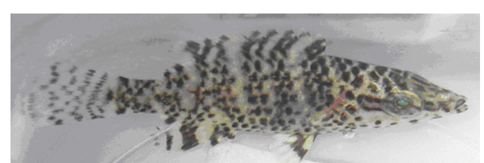










LOBSTER CULTURE

CAGE : SHAPES AND SIZES FOR MARICULTURE

WHY SEAWEEDS ?

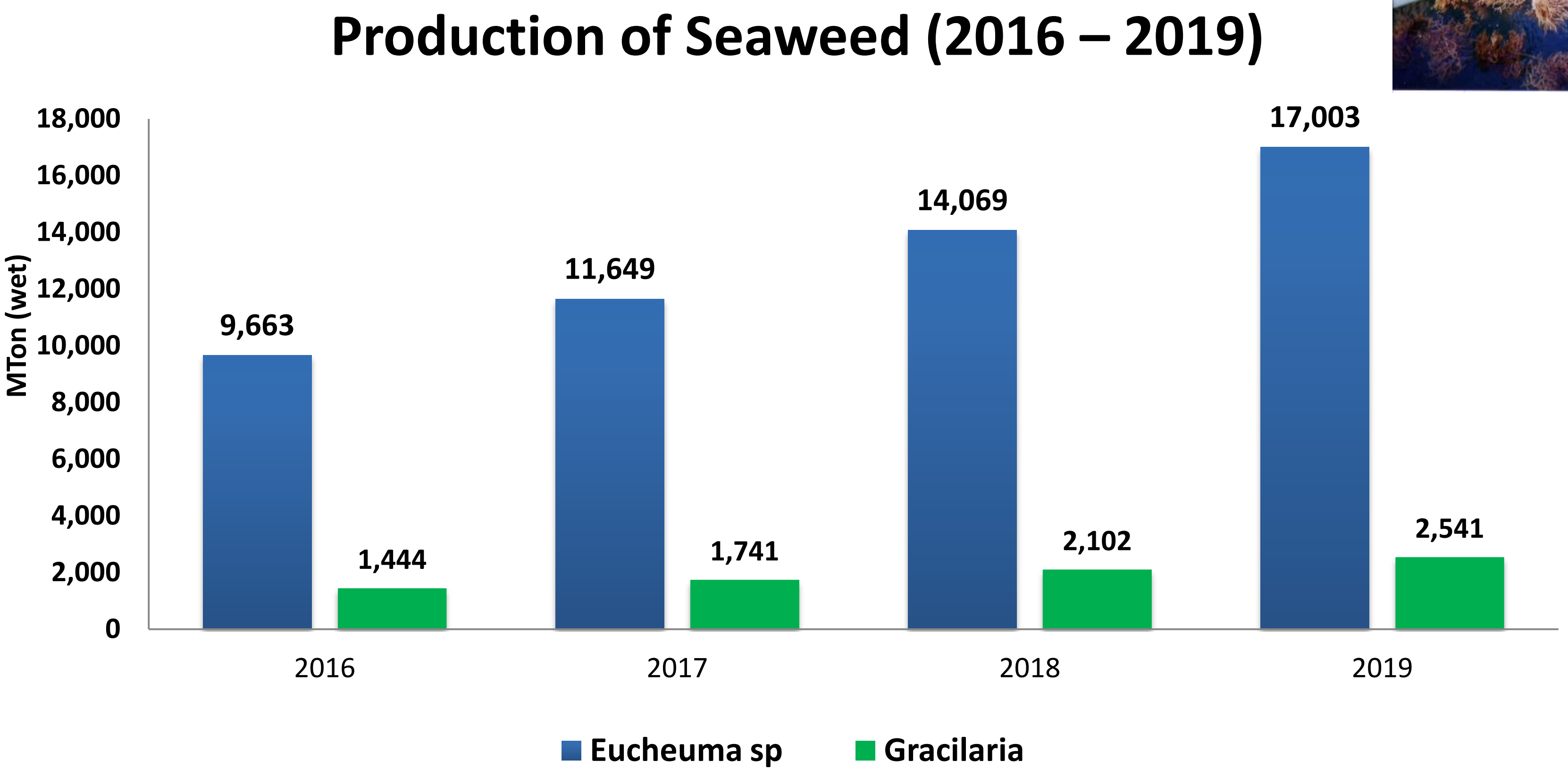
- High Market Export & Domestic
- Various usages/products
- Low capital & simple technology
- Can be applied by anybody
- Short culture periods (45 days)
- Pro Job & Pro poor
- Generate income
- Improve environment (O_2) & Trapping carbon
- Increase local biodiversity & food security for coastal cummunities

SEAWEED CULTURE

SPECIES, CHEMICAL CONTENTS AND PRODUCTS OF SEAWEEDS

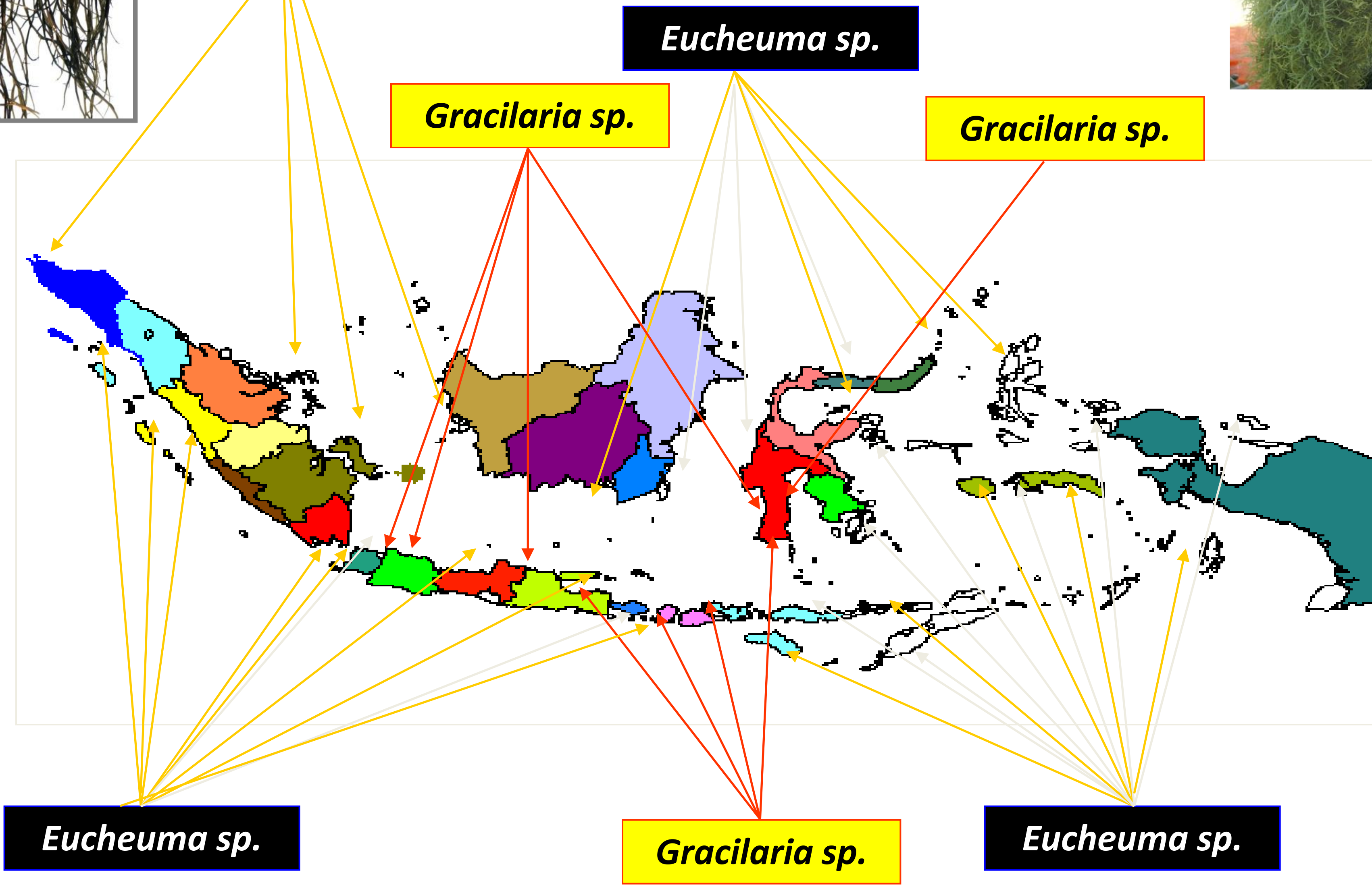
Gracillaria sp Agarophyte *Gelidium sp* Agarophyte	Agar	Medicine, cosmetic, food Pet Food, Agarose gel for tissure culture
Euchema sp Carrageenophyte	Carrageenan	Dairy, cosmetic, food Pet Food, Medicine Saoce, Dressing
Sargasum sp Alginophyte *Turbinaria sp* Alginophyte	Alginate	Dairy, Bread, Textile, Coametic, Medicine Souce ,

INDONESIAN SEAWEED PROJECTION



Data Source: ARLI 2016

POTENTIAL AREAS FOR SEAWEEDS CULTURE



Thanks

for your attention