

Indonesian forum of industrial gas users created

In an exclusive interview with official AFGM journal *Glass Worldwide*, Henry T Susanto and Dr Johan Dharmawan described how the Indonesian hollow and flat glass associations have been instrumental in an ongoing initiative to reduce the price of domestic gas.

The Indonesia Glass Manufacturers Association (IGMA) and the Indonesia Flat & Safety Glass Association (AKLP) have joined forces with 13 associations from other industries to form the Forum of Industrial Gas Users, with the aim of encouraging the Indonesian government to lower gas prices and enable fairer competition with other ASEAN countries.

"This has been a real issue for over two years" IGMA Chairman, Henry Susanto, explained to *Glass Worldwide*. "In Jakarta, for example, we have recently been paying \$9.2 USD mmBtu, an increase of approximately 80% from 2014. And in Sumatra in northern Indonesia, the prices have been over \$13 USD. The high prices were calculated on the basis of the rise in the price of oil but when the oil price significantly dropped, the cost of gas did not follow."

As a result of the campaign from the Forum of Industrial Gas Users, the Indonesian government has now promised a significant reduction to approximately \$6 USD mmBtu, a figure comparable to neighbouring countries such as Malaysia. Although such a reduction was included

in one of 14 stimulus packages released by the Indonesian government in recent years, it has not yet been fulfilled.

Member companies of IGMA, part of the ASEAN Federation of Glass Manufacturers (AFGM), fully supported the efforts of the Forum of Gas Users. "Our 11 members active in the bottle and tableware sectors supplied us with invaluable information such as capacity details and selling prices that helped convince the government that the situation was negatively affecting the industry" said Mr Susanto, Chief of Production at PT The First National Glassware. "Reduced gas prices will allow our industries to be more competitive and thrive, eventually providing a multiplier effect that will benefit all parties."

Considering the impact of the situation on the Indonesian flat glass sector, Dr Johan Dharmawan, Executive Director at PT Muliaglass, commented: "The government had to reduce the price of gas because our GDP heavily relies on domestic consumption. In order to stimulate the GDP, the government must improve the purchasing power of the population. One action to do this is to make production as efficient as possible so it can be afforded by the people, leading to an industry growth cycle. Another action is to stimulate GDP through exports" he continued. "But our costs must be competitive and with the major cost component of glass production being energy, gas is a huge contributor. So when the government lowers the price, competitiveness in export markets immediately improves and export levels increase." ■



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Henry T Susanto at the 40th ASEAN Glass Conference with GMAM Chairman Chai Kung Fee and Viwat Supatham, AFGM and GMFTI Chairman.



Henry T Susanto, Chairman of IGMA and Chief of Production at PT The First National Glassware.