

Executive Summary

The Indonesian Government wants to develop other sectors in line with its program to be less and less dependent on oil and mining for continued economic development .

The forestry sector is one such sector which the Indonesian Government wants to develop as an exports high-value generator. But the government wants to export high-value forest products, and it has taken efforts in the form of regulatory decrees to encourage further processing of forest-resource materials into semi-finished and finished products. Such government initiatives have taken the form of Decrees Banning Log Exports as well as selective banning of sawn timber on hardwoods like agathis, meranti, teak and ramin.

In Indonesia, some 2.5 million hectares are planted with rubber trees. Rubber tree rejuvenated is set at 25 years, which means that 4% of total rubber trees are due for cutting and re-planted every year. This means that a lot of rubber trees will be available for disposal every year.

P.T. IKAI sees this as an opportunity. Rubberwood can be processed further into semi-finished and finished

products for export. Rubberwood has the same positive qualities as other hardwood and is cheaper to procure.

The initial export target is Japan. The second export target is The USA.

Initially, decorative mouldings and laminated products will be produced. Later on, other products like innovative furniture will be considered for production.

P.T. IKAI is aware of the bad reputation Indonesian suppliers have. It intends to overcome this. Specifically, it will try to do everything to adhere to the following :

1. International quality standards
2. Continuity in supply
3. Strictly meeting delivery dates.

To ensure that production standards are kept high, P.T. IKAI will be hire an expapriate as technical Advisor. This latter will recruit and train the domestic production personnel. He will have both the authority and responsibility to keep the production standard high.

On the marketing side, P.T. IKAI intends to export to Japan through Japanese traders who already have representative offices in Indonesia. For the USA, an

agent based in the USA will be appointed who will actively seek out potential importers of semi-finished and finished hardwood products.

The financial indicators show that P.T. IKAI's venture into production of rubberwood products for export is financially viable.