

RGE Focuses to Pulp & Oil

Kerinci, 25 July 2013 – Royal Golden Eagle (RGE), a business group owned by tycoon Sukanto Tanoto was previously named Raja Garuda Mas International (RGMI), will focus its investment in pulp and palm oil sectors.

Anderson Tanoto, the youngest son of Tanoto, said investment in the paper industry must be careful because digitization and the paperless concept continue to become stronger year after year.

"Investing in the paper should be more careful. However, we will continue to invest in the pulp and palm oil sectors in the next 3-5 years" he said while talking to reporters on Tuesday afternoon.

Anderson added that demand for paper from some major consuming countries such as China and Europe is weakening. Nevertheless Indonesia is still a huge market for PT Riau Andalan Pulp and Paper's paper products which is under the RGE flag.

The high demand for paper in Indonesia, he added, can be seen from the paper consumption per capita per year is only about 12-15 kilograms. This figure is far below the per capita consumption of paper in the United States reaching 250 kilograms per capita per year.

In addition to facing weakening demand, RGE group are also faced with the increasing number of paper manufacturers. "In China alone there are over 30 paper manufacturers. Competition there is very competitive and with very thin margins" he explained.

Referring to the matter, he added, RGE will boost pulp production. Because the product is not only using raw materials from paper, but a variety of other its derivative products.

In International Market

For additional information, RGE currently has some pulp companies operating in various countries. In Indonesia, pulp production is run by APRIL with a production capacity of 2.8 million tons per year. Meanwhile, pulp production of pulp in China is run by Asia Symbol. The production capacity of the company that was founded in 2005 reached 1.5 million tons per year.

"For this year, RGE's investment will focus more in Indonesia because the Chinese economy is slowing. In addition, we will also invest heavily in Canada for LNG sector (liquefied natural gas), "he explained.

Anderson explains the choice to focus its investment in Indonesia is based on

several considerations. According to him, Indonesia's demography has advantage of labor availability in the productive age.

Indonesia's position as the country with the fourth largest population in the world, he added, creating a vast market for the products of RGE.

Two of these aspects are reinforced by the availability of abundant natural resources and comparative advantage of Indonesia as a tropical country suitable for planting acacia pulp as the raw material.

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