

Indonesian MINING

INDONESIA, CHALLENGING PERCEPTIONS

PLUS... A changing business climate

Mining policy issues

Tin: the metal of the future

Antam's nickel core wrapped in gold

Indonesian coal: Serving the Indonesian
mining industry



Indonesia's changing business climate

Indonesia has seen unprecedented turmoil over the past seven years, since the Asian financial crisis in 1997. The fall of President Suharto the following year, after 32 years in office, ushered in a new era of reform. However, corruption scandals, inter-ethnic violence and dramatic fall in foreign investment have hampered progress. More recently, the country witnessed terrorist attacks with the horrendous bombings in Bali and the Marriott Hotel in Jakarta.

Against this tumultuous background the country is transforming itself from an outdated dictatorial, centralised government system, into an increasingly stable and functioning moderate secular democracy. In 2001, the government moved to decentralise power and restructure resource revenue from Jakarta to the regions in a process known locally as Regional Autonomy. The country will host its first direct

presidential elections in May 2004.

According to a 2003 report by PriceWaterhouseCoopers, there are a number of key issues in the mining sector which need immediate attention and a coordinated government effort. There is a need to resolve issues such as contract sanctity, divestment of foreign interest/shareholding to Indonesian interests, international arbitration and security assurance.

With a quarter of the world's tin production, nearly a fifth of the coal and vast deposits of gold,

copper and nickel, Indonesia used to be a prime destination for mining companies. The country also has significant quantities of diamonds (alluvial), alumina bauxite, iron sands, and industrial minerals. Not to mention reserves of crude oil and natural gas in which Indonesia has one of the world's largest reserves.

Indonesia is a young mining country with significant potential for future resource development. Modern exploration methods have only been applied in the last 20 years.

Although Indonesia still faces

many challenges, developments over the past two years have been impressive. According to Indonesian authorities, the 4% growth in GDP in 2003 was almost entirely domestic driven. Indonesia recently terminated the IMF financial assistance programme, thanks largely to increased mining production. Mining's contribution to GDP was up by 34% in 2001, from the previous year, to about \$5.36 billion or 2.5% of the total GDP. Mining increased to nearly 3.5% of total GDP at the end of 2003.

The total export value of Indonesian minerals was \$3.0 billion in 2001. Copper ore and coal accounted for 93% of this.

According to a report by Canada's Fraser Institute, Indonesia's mineral potential index in terms of geological prospectively is equal to that of South Africa, Peru, and Mexico. Once political obstacles are removed, Indonesia will again rank among the world's best for mineral and coal potential.

INDONESIA'S MAJOR PLAYERS...

Major players in the mining sector include Newmont Nusa Tenggara's Batu Hijau gold/copper deposit on Sumbawa Island which produced 2.5% of the world's copper in its first five years of operation. PT Inco Indonesia is a subsidiary of the world's largest nickel producer Inco Ltd and state owned PT Tambang Timah. Timah is also the world's largest vertically integrated producer of tin. State controlled diversified gold nickel miner, PT Aneka Tambang (Antam), is the first Indonesian company to list its shares on the Australian Stock Exchange. PT Adaro is the largest thermal coal mining operation with an output of 22 M t/y.

The economic crisis Indonesia experienced served as an eye opener to many of those who opposed development of the mining sector. The export of natural resources provide payment in strong US dollars as compared to the weakening Indonesia Rupiah. The question faced by the government is how to promote foreign mining investment while minimising the negative perception of mining in the minds of the general public that is fuelled by anti-mining lobbyists and Indonesia's increasingly vocal NGOs.

Indonesia is finally in the process of updating its policies and legislation. Dr Wimpy S Tjetjep, the Director General of Geology and Mineral Resources in the Ministry of Energy and Mineral Resources points out,

Mining policy: A period of transition

"The reason that the mining policy was not implemented sooner was to ensure that regions, counties and cities would be fully prepared to approve contracts, collect revenue and still be in line with national policy. The regions are now prepared for the responsibility of policy and fiscal management."

Newmont's President Director, Richard Ness explains: "We have to look at the frame work. There are opportunities especially to expand existing business. And, that is already happening. New projects will take a little more time as most of the laws and regulatory frame work needs to be adjusted to fit the new paradigm."



The government was forced to prioritise its legislative efforts by the increasing demand for energy and

lack of infrastructure development, since the economic and political crisis of 1997-98.

A new Geothermal Bill was passed by the national parliamentary House of Representatives (or DPR) at the end of 2003. It is aimed at invigorating this long neglected, cheap and clean energy source.

Indonesia has potentially the world's largest reserves of geothermal power which is located mainly on the main island of Sumatra.

The government is making a series of commitments in the sphere of regulatory efficiency by restructuring laws and regulations. Special attention will now be given to updating the mining law and the next generation in the Contract of Work that administers operations and financial matters such as royalties and taxation for each concession holder.

Above left: Mr Wimpy S. Tjetjep Director General of Geology & Mineral Resources
"The regions are now prepared for the responsibility of policy and fiscal management"

You would be forgiven for thinking that Indonesia has more than its fair share of troubles. A series of terrorist bomb blasts that woke Indonesia from its complacency, billion dollar corruption scandals in the banking system and government, a protracted dispute over the divestment to Indonesian interests of the country's most profitable coal mine, growing ethnic tensions and increasingly rebellious regional governments would test any nation's resolve.

On January 1, 2001 the government implemented two pieces of legislation designed to avoid such issues. The Regional Autonomy Bill was designed to devolve power from Jakarta where it had resided since independence in 1948, to the provincial and regional administrations. The bill empowered the regions to manage their own resources and communities. The second piece of legislation, the Fiscal Balance Law, was meant to spell out the revenue share between Jakarta and the regions based on resources control. Bambang Susanto, Executive Director of the Indonesian Coal Mining Association (ICMA) points out, "In the centralised era, most revenue from mining was used to develop the major cities like Jakarta and Java. With regional autonomy, the regional infrastructure is now improving."

When the legislation was first implemented nearly three years ago, there were 365 provinces, districts and municipalities that suddenly gained their own government structures. There are now over 420 such administrations thanks to the complicated political factionalism and parochialism brought on by this new-found democracy and regional seat of power.

In November 2003, a proposed revision of the Laws was put forward. The stage seems to be set for a protracted

Regional autonomy: Friend or foe?



Mr Benny N. Wahju, Chairman of the Indonesian Mining Association
"If we combine the experience and expertise of our work force with solid administration and low cost of operations, that makes Indonesia very economically feasible."

and bitter debate between those trying to hang on to their new powers and revenue generating abilities and those who see it as an obstacle to development and much needed foreign investment.

Ryaas Rasyid, the academic-turned-politician and former Minister for Home Affairs, is widely regarded as the brains behind the laws passed in the presidential administration of Abdurrahman Wahid. Rasyid often stated that Regional Autonomy was designed to bring government closer to the people, encourage healthy competition for investment, and minimise the risk of Indonesia disintegrating.

Those rosy expectations aren't shared by many. Instead of business-friendly local governments competing to offer investors tax breaks and good infrastructure, often newly appointed or elected politicians in the regions raised taxes arbitrarily. Moreover, officials lacked the capacity to implement regulations.

However, now most industry participants would agree that the central government is slowly

Bambang Susanto, Executive Director of the ICMA
"Due to the regional autonomy, the regions' infrastructure is now improving."

winning the battle against corruption in the regional governments. Nowadays, double taxation and local levies are being overturned and the government is now pursuing investigations related to charges of corruption against local officials.

While it is not perfect, the legislation is here to stay. The problem lies not in its aims, but in its poor implementation and lack of clear guidelines by the central government. Something the government is now tackling.

Dr Wimpy S Tjetjep adds, "The decentralization policy should be implemented not only for increasing local government revenue, but also to improve public services and security for the investors in the mining industry."

Benny Wahju, the Chairman of IMA, believes that Indonesia's experience during its 50 years of independence has provided a very useful lesson. Growth and development of a country's mining industry are determined not by its mineral potential alone, but by the policies of government in creating the right business climate to encourage



Mr Wimpy S. Tjetjep
"The decentralisation policy should be implemented not only for increasing local government revenue, but also to improve public services and security of the investors."

investment.

The Indonesian Mining Association (IMA), established in 1973, plays an important role in assisting the regional governments with their newly acquired responsibilities. With its 70 members and more than a 100 associate members, IMA is a congress of not only private, but state owned companies that represent the mining industry in Indonesia. IMA is heavily involved at the governmental level in providing input on new legislation, formulating policy, and addressing the issues of most concern to the mining community.

Mr Wahju believes that Indonesia is competing as never before to attract investment capital to sustain its mineral and metal industry. "If we combine the experience and expertise of our work force with solid administration and low cost of operations that makes Indonesia very economically feasible." In this changing environment, the IMA along with the central and regional governments are working together to insure that a positive investment climate is maintained.

Tin: Metal of the future

In today's modern world of innovation and re-inventiveness many things that were once obsolete can often find a new lease on life. And tin, one of the oldest metals used by man, is getting just that. Once used to make crude bronze weapons and tools when alloyed with copper, tin has more recently been used as food packaging materials and is a strategic metal in applications in many of today's industries. Tin has found a pivotal niche and is touted as a "versatile green metal" to replace toxic environmentally unfriendly metals such as lead, antimony and bromine compounds thanks to research conducted



Mr Anwar Sidik, President Director, Koba Tin
"The investment climate in Indonesia today, we believe, is one that we can manage."

by ITRI Ltd (Tin Technology Ltd).

Almost one third of the world's total tin production is used to create tin-plated steel

for use in the food and beverage industry. One of the primary reasons for its widespread acceptance within this industry is the ease with which it can be recycled.

Recycling and recovery technologies are only part of the answer to ensure a greener world. A more effective long term solution is to relentlessly pursue a policy requiring that toxic metals and their compounds are removed and replaced with non toxic alternatives.

PT Koba Tin (Koba Tin) is a joint venture project between two giants of the tin world, Malaysia Smelting Corporation Berhad (MSC), a Malaysian

public listed company (75%), and PT Timah Tbk (25%), a publicly listed state controlled Indonesian mining company. Koba Tin commenced operation in 1974 under a Contract of Work (COW) covering an area of 417 km in the south-eastern corner of Bangka. Spread over 80 km from east to west, close attention is given to environmental management at all stages of mining operations such as mine water discharge and reclamation.

Koba Tin's main product is Koba brand tin metal which contains a minimum of 99.9% Sn and is registered at the LME (London Metal Exchange), catering for the worldwide



demand for tin with low lead content.

Realising the importance of a harmonious relationship between the company and the local community Koba Tin makes yearly contributions in support of community development projects and activities. A socio-economic study indicated that almost 50% of the population benefited from Koba Tin activities.

Anuar Sidek, President Director of Koba Tin, is focused on the company's obligation to the community in which it operates. "Our concerns are not intended merely as restitution of the resulting impact our operation may have on the community. Our intentions are to enhance the community livelihood through our specially planned agenda to inculcate, educate, and offer viable vocational training to individuals and groups in building a brighter future on the island of Bangka."

Koba Tin has its own nursery for growing seedlings and a compost (organic fertiliser) plant in support of its re-forestation programme. A freshwater fish breeding project using a floating net method has been conducted successfully. Another fish farming project is being prepared which will also be operated by the local community.

As for the investment climate, Anuar Sidek adds, "We operate on international standards, meaning we follow the rules of the game or the law of the land. If we feel that this law is not fitting our investment needs, we seek assistance. The investment climate in Indonesia today, we believe, is one we can manage."

The management of Koba Tin has adopted a philosophy of success by delivering sustainable value for its stakeholders, providing a high level of service to its customers and suppliers.

Antam's nickel core wrapped in gold

Total Indonesian nickel and gold production was up 14% and 24% to 160.8 million lbs and 4.7 million ozs respectively, in 2001, compared to the previous year. With gold hitting \$400 an ounce at the end of 2003 and nickel at multi-year highs over \$5/lb, Indonesia's PT Aneka Tambang Tbk (Antam) is well placed to continue its recent strong financial performance in the coming years.

In November 1997, PT Aneka Tambang transformed itself from a state owned mining company to a public company, with the name of PT Aneka Tambang (Persero) Tbk. Listed on the Australian Stock Exchange on 9 August 1999, Antam makes a distinction between being a state run and a state held company. While 65% of its shares are owned by the Indonesian government, the company is one of only three Indonesian companies to be fully listed on a foreign stock exchange. This means that the company is dedicated to adding shareholder value and to good corporate governance.

Antam took another step in its dynamic growth when a shareholders meeting held in Jakarta in June 2003 approved the company's proposal to securitise most of the company's assets to secure financing for the third ferro-nickel smelter. Operations are due to commence in 2004 and will hike nickel matte production to 9,000 t/y. The expansion is expected to more than double the contained nickel in ferronickel production capacity to 26,000 t/y, hence maintaining the competitive advantage of



Mr Aditya Sumanagara, President Director, PT Antam
"Our main comparative advantages are our nickel reserves; we are No 2 in the world"

Antam as one of the lowest cost nickel producers in the world. Mr Aditya Sumanagara, Antam's President Director points out, "Our experience of more than 30 years in the business and the fact that we have the lowest operational cost for gold puts us ahead of the game to that of the Australian and South African players."

Antam's more than three decades of experience as a mineral producer and its diversified vertically integrated business units ranging from exploration, mining, smelting and refining (of precious metals) through to marketing, position it as a solid player in the global mining industry and a leader of the resurgent Indonesian mining sector. Antam's general strategy is to lower costs while profitably expanding operations in a sustainable manner. The company achieves this through a clever strategy of establishing strategic alliances, mergers, acquisitions and joint ventures with world-class mining companies to access new technologies that can be

applied to enhance competitiveness and accelerate business development.

Mr Aditya Sumanagara attributes solid performance to Antam's successful cost reduction programme across all its operations and a rise in the price of its major commodities, nickel and gold. "Our main business is Nickel which forms 65% of our sales. The other strategic mineral is gold which accounts for 28% of sales and profit," Mr Aditya Sumanagara also adds "Our main competitive advantage is our nickel reserves. We are No 2 in the world with a reserve of 450-500 Mt representing 50 years production at current levels." Antam's Geomi unit continues to focus its exploration activities on lateritic nickel and gold in Indonesia. Antam's policy is to spend 5% of the previous year's export revenue on exploration.

Antam's commitment to good governance and environmental concerns has led it to receive the Corporate Governance award in Asean two years in a row. Additionally, Antam procured ISO 14001 environmental certificates for the Pongkor and Pomalaa operations in 1998.

Antam's development programme is well-focused and driven by its vision to be a world-class mining company by the year 2010. A major part of mine development is taken up through the forging of strategic alliances, which draw from the strengths of each partner and allow Antam access to most of the next generation of gold, silver, nickel, base metal, and alumina bauxite mines.



No bleed on this ad, so have added a black background. Is this OK?



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Raw ore loading, Kijang



Rotary kiln at SBU Nickel, Poromea



LBMA accredited gold bars from Logam Mulia



Spray mining at Ciklap, Fox Sands mine

Indonesian coal: Powering the region

The increasing industrial activities of Indonesia are placing a high demand on the nation's ability to generate and supply power. To facilitate the sector's development, the government has recently opened the oil and gas sector to foreign investment. In today's

As a fuel for power generation, oil and gas will eventually deplete as it will become prohibitive in terms of financial and environmental costs. Indonesia's state owned electricity provider and distributor, PLN has estimated that if additional power generation capacity is not developed immediately then the populated and industrialised heartland of Indonesia, the Bali-East Java region, will suffer severe shortages by the year 2005.

Indonesia has gained recognition as a substantial coal producer with attractive coal quality specifications. Estimated Indonesian coal reserves stand at 38 billion t, located largely in Sumatra and Kalimantan.

PLN estimates demand for power from households and developing industry will grow at a rate of 10% per annum over the next 5 years. The mandate is for coal to be the next fuel for power, allowing for a higher level of LNG exports. With a population of approximately 225 million, this is one large market to light up. "We can't run away from the future need for coal. Japan, China, and Korea are moving forward, consequently, so will Indonesia" says Bambang Susanto, ICMA's Executive Director.

About 74% of Indonesia's coal is produced by privately owned coal companies, with the only state owned company PT Tambang Batubara Bukit Asam producing 10 M t/y from four open cast operations in West and South Sumatra.

At present, there are 352 coal mining companies in Indonesia that could be potential partners for new investors. 135 are coal contractors and 217 are KP (or Mining Authority) holders. It is no wonder that Indonesia is the world's biggest thermal coal exporter.

Indonesian coal exports are



*Mr Somyot Rushirawat, President Director, Banpu
"The investor has to understand the nature of the people and their culture, without that, business will be impossible"*

predicted to increase from 58.6 Mt in 2000 to 104.5 Mt in 2005, with an average growth rate of 12.3% a year. Bambang Susanto (ICMA) commented that "Although China is a major coal producer (100 M t/y), China also consumes 900 Mt. If the Chinese industry increases by 10% that will mean that all their coal production will be consumed locally. The same with Australia and the US, they have resources but are also high consumers."

PT Adaro, PT Bumi Resources, Banpu, and PT Berau comprise the bulk of Indonesia's private coal producers. PT Arutmin and PT Kaltim Prima Coal are owned by Bumi Resources, together producing 34 M t/y of coal for export.

Adaro is Indonesia's largest coal producer with an estimated annual output of 22 Mt in 2003. Adaro exploits and markets the coal reserves under an agreement or Coal Contract of Work awarded by the central government.

PT Adaro Coal General Manager, Ah Hoo Chia explains "Adaro's envirocoal's increasing demand as a clean source of energy, gives Indonesia a competitive edge over other producers."

There are four deposits which contain total coal resources of approximately 2.0 billion t of open cut coal characterised by extremely thick seams of up to 70 m. This is possibly the lowest sulphur and ash content of any coal in the world. With only 0.1% sulphur, 1.0% ash and low nitrogen, Adaro's coal is marketed with the registered trademark of Envirocoal.

Another dynamic Thai-based energy group, Banpu is increasingly

positioning itself at the "heart" of this growth equation. The company was established as a coal-mining venture in Thailand in the early 1980s with two main business lines, power generation and coal mining. Since then, it has expanded to become one of the foremost domestic energy players as well as a leading thermal export-grade coal producer. With ten years of experience in Indonesia, Thailand's Banpu is now the fourth biggest producer with five operating mines in Kalimantan and Sumatra, a reserve base of 250 Mt and a production capacity of around 12 M t/y. "Our flexibility in providing different types of coal blended from our mines gives us an edge as we can satisfy the unique needs of clients and at better cost," says Mr Somyot Rushirawat, President Director of Banpu.

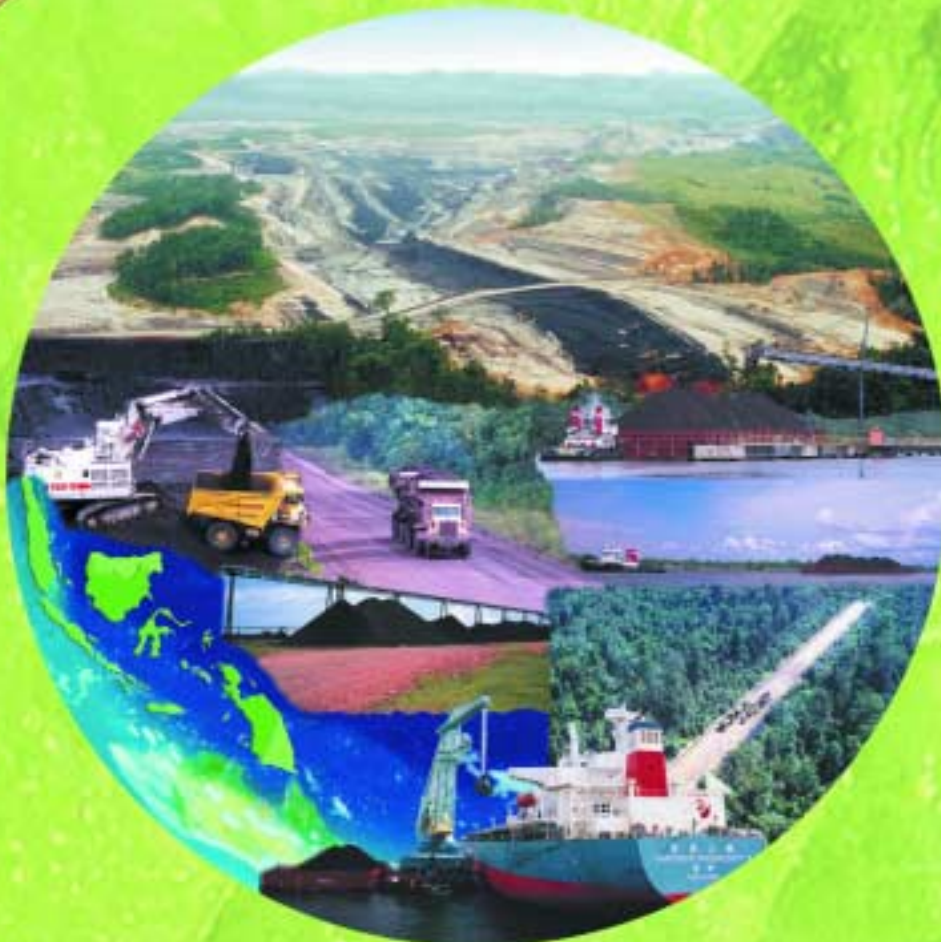
With a reported 86% sales volume

increase in the first quarter of 2003, the company has demonstrated core skills and expertise in the cost-efficient development and operation of open-pit coal mines. Banpu is currently exploring the way in which the relationship between its coal and power business should develop, including the scope for synergies and integration.

Mr Rushirawat adds, "The coal market is growing. Our coal is environmentally friendly. We operate at low cost. We have highly trained people. We are close to Asian countries, our main market. Our expansion will be easy."

Most of Banpu's business units were awarded ISO 9002 standards and all business units are in the process of obtaining ISO 14000 and TIS 18000 as part of the company's pursuit of maintaining international standards.

The World of envirocoal



PT Adaro Indonesia has been mining coal from Indonesia's South Kalimantan Province since 1991 from a major resource that is so clean that it has been trademarked internationally as "envirocoal" because of its ultra low levels of sulphur, ash, nitrogen and other environmentally sensitive properties.

Envirocoal's ability to solve environmental problems has seen its global demand rise dramatically and today Adaro is Indonesia's largest coal mining operation with sales in 2003 of more than 22.5 million tonnes to power utilities and industrial consumers around the world.



adaro

PT ADARO INDONESIA

www.adaro-envirocoal.com

marketing@ptadaro.com

The world's leading manufacturer of heavy equipment, diesel engines and generators has played a significant role in the development of Indonesia's mining sector since its arrival in 1970.

PT Trakindo Utama (Trakindo), the authorised dealer for US-based manufacturer Caterpillar, has grown rapidly since its incorporation in 1970 with 50 branches spread throughout the country. Backed up by service facilities and spare parts supply, Trakindo lives up to its new motto of "The Customer Service Company" and provides individual service for operations in the mining, construction, forestry/agricultural, energy and industrial sectors.

"We are a 100% service company," says Muki Hamami, President Director of Trakindo. Trakindo also offers the option of renting and selling used Caterpillar equipment to customers in Indonesia. Used equipment is available from Trakindo branches

The big cat

throughout Indonesia and Singapore. This option allows greater access and flexibility for its customers.

"All Caterpillar equipment is ready for operation having been carefully checked by Trakindo mechanics in our workshops," Mr Hamami notes.

Trakindo conducts in-house training in its own centre to ensure the development of personnel from the Parts and Service Department within the Support Service Division to sub units within the Marketing Service Division (Construction, Mining, Forestry and Agriculture and Energy) Financial and Personnel staff. Mechanics follow a two-year apprenticeship followed by formal training interspersed with on the job



*Mr Muki Hamami, President Director, Trakindo
"We are a 100% service company. 80% of Trakindo's work is concentrated on mining; we also have an 80% market share for heavy machinery in Indonesia."*

training to ensure mastery of their skills. Subsequent training is carried out in Caterpillar's state of the art training centre in Singapore. Every senior mechanic must undergo

regular training to ensure that they have not only mastered their area of expertise, but to keep up to date with the latest technical information and repair techniques.

Trakindo also conducts special training for field staff in preventive maintenance and machine operation methods to ensure that Caterpillar users get the best from their equipment. As for the percentage of Trakindo's business dedicated to the mining sector Mr Hamami explains, "80% of Trakindo's work is concentrated on mining. We also have an 80% market share for heavy machinery in Indonesia."

When asked about projections for the future of mining in Indonesia, Mr Hamami commented "the mining industry is a business, and the government is the owning company. It has to include a vision, feasibility study, an action plan, customer service, training programmes and all the many factors essential for the success of any profitable business."

**TRAKINDO
Half page advert
NOT on CD-ROM**

Indonesia is the largest archipelago on earth with over 17,000 islands, 6,000 of which are inhabited. Indonesia is in an excellent geographic position between the Indian and the Pacific Oceans. Given this stroke of natural luck, Indonesia's maritime transport industry is well placed to service all points of the globe and is in close proximity to a number of the world's largest mineral and coal markets.

Shipping is an established industry with seven ports and harbours throughout the country. The airports are abundant, easily accessed and equipped with cargo facilities. In general, transportation costs comprise 20-30% of a commodity's price. As Indonesia consists of so many islands, mine sites are generally not far from the coast minimising transportation costs and providing direct access to international markets.

Indonesian producers enjoy a competitive edge over neighbouring countries such as China. China is also a major commodity producer but most of its mines are located in the landlocked western part of the country.

PT Arpeni Pratama Ocean Line (Arpeni) is in the forefront of the shipping industry in Asia and has played a crucial role in the growth of sea transportation in Indonesia. The company is 100% fully owned by Mr Oentoro Surya. Established in 1997, Arpeni has grown from a small family-run business into one of the largest shippers in Indonesia.

Instead of panicking during the 1997 economical crisis, Mr Surya saw the opportunity to invest and expand the size of the operations. Consequently, Arpeni today operates over 90 bulk carriers with a combined capacity of 500,000 t to meet increasing demand.

Previously specialising in timber log carriers, timber products and general cargo services, Arpeni Ocean Line diversified its services to coal transportation.

Currently the company has agreements with most of Indonesia's major coal suppliers,

Indonesian transport's geographic advantage

including PT Tambang Batubara Bukit Asam, PT Kideco Jaya Agung, PT Adaro Indonesia, and PT Berau Coal, to ship coal to the coal-fired Suralaya Power Plant. The current agreements total 13 Mt of coal over 3 years.

"The only problem we are facing is that our clients are not meeting the agreement on quantities" Mr Surya humorously comments. Arpeni is an owner/operator and charters a fleet consisting of a sophisticated belt self-under loader vessel, Handymax and Panamax size vessels, equipped with grabs of over half a million dead weight tonnes (DWT) in total capacity.

The company also operates a 35,831 DWT oil tanker under a long-term charter agreement with state oil and gas company, Pertamina and a number of LPG, crude oil and clean tankers with a total combined capacity of 100,000 DWT.

To sharpen its competitive edge, Arpeni recently upgraded its information technology and administration system.

"We believe that being supported by cutting-edge technology combined with strong management, Arpeni can stay one step ahead of the global



Mr Oentoro Surya, President Director, Arpeni
"Our operation is fully Indonesian"
"We believe that by being supported by cutting-edge technology combined with strong management, Arpeni can stay one step ahead in the global competition."

competition. Therefore, it is to maintain and enhance the quality standard on our own performance," he said.

As testimony to its commitment to international standards, Arpeni was the first Indonesian company to achieve simultaneously the ISM Code and ISO 9002 certification from the American Bureau of Shipping in 1996.

Arpeni's biggest competitive advantage however lies in its human resources. "Our operation is fully Indonesian. We have a very

well trained Indonesian crew who know the Indonesian waters like the back of their hand, which reflects tremendously on the operational costs" Surya noted.

Arpeni also has numerous training programmes, from survival and rescue craft and medical care to advanced fire fighting procedures. All of these programmes are designed to enhance the capability of its seamen and officers to deliver professional operational standards with a high degree of safety.

The steady increase in coal production and trade has provided a good prospect for the growth in maritime services in the region. However, the regional economies have to optimise their shipping capacity and infrastructure, such as ports and their facilities to gain the benefits and a share in the lucrative coal trade.

Reflecting the new paradigms in Indonesia's government and the overall resource sector, the company believes that continuous training and education are crucial to shape its people for future challenges.

This is perhaps best summed up by Surya's final words. "Our people understand that challenges will educate and mould them to be better employees and people. They recognize that the competitive situation is an opportunity to test their capabilities and learn to overcome their weaknesses."

Those with a longer term view and not swayed by perceptions have already begun to stake their claim. The mining investment climate of Indonesia is definitely improving, and investors are welcome.

Note: Research and text for this supplement: Mr Tamer Mina



Arutmin's port facilities. Photo courtesy of Arutmin



PT ARPENI PRATAMA OCEAN LINE

PROFESSIONAL MANAGEMENT

- Competitiveness, Flexibility and Efficiency
- Commitment and Experience
- High Reputation and Trustworthiness
- Diversified and Dependable Services
- Customer Focused
- Worldwide Business Network
- One Stop Service - Intermodal
- Long Term Relationship



PT ARPENI PRATAMA OCEAN LINE