

**THE COORDINATING MINISTRY FOR ECONOMIC AFFAIRS  
REPUBLIC OF INDONESIA**

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**NEWS ON TRADE AND INVESTMENT IN INDONESIA  
7 September 2004**

**ECONOMY**

**Inflation Eases, Imports Grow**

Inflation took a notch backwards in August, easing to 0.09% month-on-month and 6.67% for the year and reversing an upward trend that had caused concern.

The trade picture was more mixed, with exports dipping slightly month-on-month and the trade surplus tumbling to \$1.57 billion in July from \$2.15 billion the previous month, but still up 7.68% year-on-year.

Imports were strongly higher, 16.6% up on the previous month to \$24.84 billion, but Central Bureau of Statistics head Choiril Maksum and independent economists said the solid hike in imports was positive.

Apart from higher value of vehicle and spare parts imports, the import list was dominated by organic chemicals, machines and electrical equipment, and iron and steel products, all of which will be re-processed by manufacturing industry.

Raw materials account for 80.95% of total imports so far this year, while capital goods make up 10.96% and consumption goods 8.09%.

Nor was the trade surplus too depressing: for the first seven months of this year it totals \$12.27 billion, although down from \$17.09 billion in the same period last year.

The decline in exports in July was mainly caused by a 9.03% decline in exports of oil and gas to \$1,230 million.

Non-oil and gas imports were the highest since the economic crisis in 1997, BPS said. Non-oil and gas imports were up 14.03% to \$3.1 billion, while oil and gas imports were up 22.78% to \$1.01 billion.

Finance Minister Boediono pointed to the growing imports of raw materials and capital goods when he defended the government's growth target for next year of 5.4% in a hearing with the House of Representatives Budget Commission.

Raw materials imports were up by 29.4% in the first half compared to the same period last year, he said, while capital goods imports rose by 17.9%. "This is one of the indications of improvement in domestic real economic activities. This will continue in the upcoming period, and in turn will drive higher economic growth," he said.

Strong real sector activity was already evident, he said, with investment beginning to rise. While new foreign investment approvals are still slow, expansions are strong, and so is investment from the domestic sector.

Boediono put overall investment growth at 7.4% for the first quarter and 9.3% for the second quarter, according to *The Jakarta Post*. This was compared to only 1.3% in growth in the third quarter last year and a contraction of 0.5% in the fourth quarter.

Boediono said the completion of the election process would provide the signal for increased foreign investment, while domestic investment was expected to grow faster as business levered the excess liquidity out of the banking sector.

ABN Amro Bank had the same opinion, with Suhail Chander, head of consumer banking predicting "sharp growth" in investment in the real sector from the second half of 2005 as the election cycle was completed.

"The prospects are very encouraging. The market welcomes significant progress in reform programs such as restoration of political stability and constructive regulations," Chander said, according to Antara.

The Danareksa Research Institute said Indonesians were ready to go on a spending spree, with consumer confidence up in July to its highest level since June 2002, Bloomberg News reported.

One in four consumers plan to buy durables in the next six months compared with one in five in June's survey, the survey said.

"As political fears receded, buying intentions showed a strong improvement in July," write Stefanus Susanto and David Sumual of the study, conducted by ACNielsen. "Consumers feel firmly upbeat that the country's economy is reviving."

This all suggests that, whoever wins the presidential run-off and gets to form Indonesia's next government, the situation is likely to be considerably better than the daunting task faced by the current administration when it took power three years ago.

## POLITICS

### **Indonesian Human Rts Activist Dies**

JAKARTA (AP)--A top Indonesian human rights activist, Munir, died Tuesday aboard a plane heading to Amsterdam. He was 38. Munir, who goes by a single name, was executive director of Imparsial, an Indonesian human rights group established in June 2002 by 17 of the country's most prominent human rights advocates.

Lawyer Todung Mulya Lubis said Munir fell ill on board the Garuda flight bound for Amsterdam, vomiting repeatedly. He died just before the plane landed.

The cause of death wasn't known and Munir's body was with airport authorities in Amsterdam pending an investigation, The Jakarta Post quoted Indonesian Embassy officials in the Netherlands as saying.

Lubis said Munir had been planning to take an 18-month course in humanitarian law at Utrecht University in Amsterdam. "He was a hard fighter who never gave up," Lubis told the private El Shinta radio.

Munir gained prominence as the leader of Kontras - the Commission for Disappearances and Victims of Violence - which was formed months before the downfall of dictator Suharto in May 1998.

Since then, he was a frequent critic of the country's powerful military and worked to expose

abuses committed by troops. He also called for an investigation into the disappearance of activists during Suharto's 32-year rule.

Born in Malang, East Java, Munir is survived by a wife and a son. He was a recipient of a UNESCO award as well as Indonesia's Yap Thian Hien prize for his struggle to promote human rights in Indonesia.

## Close Call

Though Yudhoyono remains ahead in popularity according to two opinion polls released Wednesday (1/9/04), President Megawati Sukarnoputri's popularity rating jumped nearly 7% from a month earlier in a study by the Indonesian Survey Institute.

The survey follows a major publicity drive by the once media-shy Megawati. A second study by independent pollsters, the Sugeng Sarjadi Syndicate, also put Yudhoyono ahead of Megawati but by a smaller margin.

"Megawati's camp can still reverse the situation, especially if the coalition can work effectively," the syndicate said in a statement.

In the Indonesian Survey Institute poll of 1,200 respondents, 61% preferred Yudhoyono to 30.3% for Megawati. A July survey by the same body showed 23% for Megawati and 68% for her rival. In the Sugeng Sarjadi Syndicate survey, 5,000 respondents said 41.3% favored Yudhoyono compared to 34.7% who preferred Megawati.

Despite finding Yudhoyono far ahead, the Survey Institute said: "The Nationhood Coalition (KK) is formidable because if they can herd all voters who backed the parties in KK, Megawati is certain to win."

## 10 Years for Hotel Attack

A court sentenced a Muslim militant to 10 years in jail on Thursday (2/9/04) after finding him guilty of involvement in last year's J.W. Marriott hotel bombing in Jakarta.

Masrizal bin Ali Umar, alias Tohir, was found guilty of buying the truck used in the August 5, 2003, attack and transporting 100 kg of explosives. He was acquitted on a separate charge of helping plan the attack, which has been blamed on the Jemaah Islamiyah terror network.

He is the 15th person convicted by courts in the attack that killed 12 people, including the suicide bomber.

"The defendant has been proven guilty of committing a terrorist act, which has caused the loss of lives and property," said Judge Sri Mulyani, "but he has not been proven to be involved in the planning because he was only following orders."

During the trial, Umar admitted that he had surveyed several possible targets and had transported the chemicals that were used to build the bomb.

The two alleged masterminds of the attack, Malaysians Noordin and Azahari bin Husin, are still at large and are believed to be hiding in Indonesia.

## REGIONS

### Navy Seizes 128 Vessels

The Indonesian Navy has seized at least 128 boats in a series of operations between May 27 and September 3 for violations, chief of the Western Indonesia Fleet, Vice Adm. Yohannes Didiek Heru P., said in Batam on Friday (3/9/04).

"The boats were seized for a variety of reasons, ranging from smuggling, illegal fishing and piracy to undersea treasure theft, sand mining and sea pollution," the admiral said.

He explained that of the 128 boats, confiscated in the Strait of Malacca, the Singapore Straits as well as waters off West Kalimantan and Riau, only 19 of the perpetrators/captains had been taken to court.

The number of confiscated vessels dropped substantially from 356 last year. "The drop in the number of negligent vessels showed that the Navy's operation managed to help discourage transgressors from doing any crimes," he deduced.

## **BUSINESS BRIEFS**

### **Banks Report Profit Increase**

Five state banks posted a 57.5% increase year-on-year to an aggregate of Rp6.61 trillion (\$734.44 million) in net profit in the first half of this year, Antara reported.

The only one of the five banks recording a decline in net profit was Bank Ekspor Indonesia (BEI) with net profit of Rp62.9 billion, down from Rp132.1 billion.

Other state banks are Bank Mandiri, Bank Negara Indonesia (BNI), Bank Rakyat Indonesia (BRI) and Bang Tabungan Negara (BTN)

The five banks recorded assets valued at Rp493.4 trillion in June, down from Rp505.03 trillion a year before.

Meanwhile nine of the 11 foreign banks operating in the country aggregated a pre tax profit of Rp2.41 trillion (\$266.66 million) in the first half of the year, up slightly from Rp2.22 trillion a year before. Two have yet to report their first-half profits.

Four of the nine banks posted an increase in profit, one recorded a loss and four recorded a decline in profit.

Deutsche Bank posted the highest profit of Rp798.58 billion, followed by Citibank at Rp620.49 billion and ABN Amro at Rp403.2 billion.

Bank of China, a new entrant to the foreign banking sector, was the only loss-maker, recovering from a loss of Rp6.82 billion last year to Rp2.3 billion in June.

### **Cigarette Excise Income Rises**

Excise stamps bought by Indonesian cigarette companies, seen as an indicator of future sales, rose 21.49% in August from the same month a year ago, according to Finance ministry data, Reuters reported.

Cigarette producers bought a total of Rp3.05 trillion (\$329 million) worth of excise stamps last month, compared to Rp2.51 trillion a year earlier.

The purchase could represent the production of 21.3 billion sticks of cigarettes, up 14.8% from 18.6 billion in the same period last year.

## Foreign Visitors Rise

The number of foreign visitors to the country rose 4.14% month-on-month to 424,800 in July, the Central Bureau of Statistics (BPS) said, according to Antara.

In the first seven months of this year the number of foreign visitors totaled 2.56 million, an increase of 31.23% from the same period last year, BPS chief Choiril Maksum said.

Bali also recorded an increase in tourist arrivals - from 137,300 in June to 154,200 in July.

## SBI

Interest rates on the benchmark one-month Sertifikat Bank Indonesia (SBI) edged back slightly to 7.37% at an auction Wednesday (1/9/04), down from 7.38% at the last auction. Bank Indonesia absorbed Rp43.74 trillion, or 94.58% of total bids. The rate on the three-month paper was stable at 7.31%, absorbing Rp9.54 trillion, or 87.93 of bids.

## Forex

Bank Indonesia said its foreign exchange reserves fell to \$34.82 billion as at Aug 31 from \$34.97 billion a week earlier due to repayment of foreign debt, AFX-Asia reported.

Base money at end-August rose to Rp172.68 trillion from Rp168.16 trillion the week earlier mainly on an increase in money in circulation due to seasonal factors.

## STATE CONCERNS

### Japan to Boost Efforts on Illegal Timber

Japan is to urge consumers of timber to require a certification of forest products in order to ensure their legality, according to a senior Japanese official, who says illegal logging in Indonesia cannot be fully contained unless there is a commitment from the importing countries to reject such products.

"This is a long-term problem of the world and for the sake of the global community," said Japan's senior vice minister of agriculture, forestry and fisheries, Ichiro Ichikawa.

He was interviewed by *The Jakarta Post* on the sidelines of last week's workshop of the Asian Forest Partnership (AFP) in Yogyakarta.

"As the largest consumer of forestry products, Japan has launched an intensive campaign on the need to prevent the use of illegally felled timber and its derivative products by Japanese companies and individuals," he said. "We expect with these kinds of efforts, Japanese consumers will become more conscious and reject illegal products."

Ichikawa said the illegal timber trade was fuelled by demand and action was needed to stop the demand for illegally felled timber.

He said Japan now declares forestry products illegal if there is an official announcement from the producing countries that the products are illegal. "We just follow the request of other countries to declare such products illegal."

A clear definition was required, he said, on what was illegal, and he had hopes this would emerge soon.

## **ASEAN to Boost Investment Cooperation**

ASEAN is to boost regional cooperation in investment amid tight international competition, especially in the sector of infrastructure, Antara reported.

Secretary General Ong Keng Yong predicted that inflows of foreign direct investment (FDI) to the region will decline next year, but the flows among member countries are expected to increase.

The strongest economies in the region - Singapore, Malaysia and Thailand - are expected to play a leading role in boosting investment cooperation, Ong said on the sidelines of ASEAN Economic Ministers (AEM) meeting in Jakarta.

Ong was optimistic that regional cooperation will be stronger in the investment sector, pointing to a 188% increase in investment to \$7.3 billion among the member countries in the first half of 2004.

Opening the AEM, President Megawati Sukarnoputri said Southeast Asian countries must be more open if they are to create an economic community able to compete with regional powerhouses India and China.

Megawati said regional economic integration was "a real necessity" to establish an ASEAN Economic Community.

She said ASEAN needs to prepare programs and activities for human resource development, capacity building, standardization of education and a closer consultation mechanism in the fields of macroeconomics and financial policy.

The region must also improve infrastructure and telecommunications essential for smooth and secure electronic transactions and for integration of industrial activities, the president said.

She urged the region to show greater political will to create an economic system based on international norms with consistent and transparent trade rules.

"Above all else, if ASEAN wishes to be able to compete and play an important role in the global economy, its members would have no choice but to be truly faithful to their agreed commitments," she said.

## **CPO Output Surges**

National production of crude palm oil (CPO) almost doubled from 5.6 million tons in 1998 to 10.6 million tons in 2003, Agriculture Minister Bungaran Saragih said, according to Antara.

Oil palm plantations expanded from 2.7 million hectares to 4.8 million hectares in the same period, he added.

In 2004, CPO production is estimated to reach 11.5 million tons and then to rise to 12 million tons in 2005, overtaking Malaysia as the world's largest producer. The country earned \$2,454 million in exports of palm oil in 2003.

## **Norway to Aid Fishing Sector**

Norwegian business interests have agreed to enhance trade and investment activities in Indonesia, with special emphasis on the fisheries sector, Mahendra Siregar, expert staff at the office of the Coordinating Minister for Economic Affairs said Thursday (2/9/04), Antara reported.

The expression of interest was made at a forum on Indonesia in Oslo attended by Coordinating Minister Dorodjatun Kunjoro Jakti and Maritime and Fisheries Minister Rokhmin Dahuri.

Mahendra said the forum focused on the potentials of the two countries' trade and investment partnership in the fishery sector.

SOEs

## Five Short-listed for Permata

Five consortiums have been short-listed for the sale of a 51% stake in Bank Permata, the last major bank stake to be sold by the government.

They include consortiums led by Singapore's United Overseas Bank, Malaysia's Maybank, which is teamed with national pension fund Jamsostek, a consortium of Standard Chartered Bank and Astra International and a consortium of Bumiputera Commerce Bank and PT Bank Panin.

The five will file final bids on October 7, and the government will announce the winner the following month.

*Bisnis Indonesia* daily, citing government sources, said the highest bidder was the consortium led by Britain's Standard Chartered Bank. The consortium outbid the other contenders with an offer equivalent to more than twice Permata's book value, the sources said.

Meanwhile Bank Permata posted a net profit of Rp281 billion (\$31.4 million) in the first half of this year, or 90% of its yearly target of Rp300 billion.

Corporate secretary Ekoputro Adijayanto said the bank's net interest income rose 45% year-on-year to Rp752.6 billion in the six month period. He said 60% of its income was attributable to credit interest and 40% to fee-based income.

Net non-performing loans declined to 2.4% from 3.5% and its loan to deposit ratio rose to 48.7% from 36.2%. The capital adequacy ratio rose to 12.3%, up from 10.5%.

Potential investors in Bank Permata have been warned they face potential legal action as a result of the hangover of a scandal at one of the banks merged to form Permata, Bank Bali.

As part of its sales effort, the government has assured potential buyers that it has resolved all outstanding legal issues left from the 1999 Bank Bali scandal. The then-prospective buyer, Standard Chartered, abandoned its bid after discovering a \$300m hole in Bank Bali's balance sheet.

Lawyers for Djoko Chandra, a key figure in the Bank Bali scandal, warned last week they would sue any investors in Bank Permata following a ruling by a Jakarta court last week that the bank still owed some Rp546bn (\$60 million) to their client. Mr Chandra claims he is owed that money as commission for his efforts to recover the \$300m in missing funds.

Meanwhile Bank Indonesia (BI) Governor Burhanuddin Abdullah said the central bank is looking for ways to boost the role of foreign banks, especially in the provision of investment and working capital loans, *The Jakarta Post* reported.

BI said Monday (30/8/04) that at the moment foreign banks still played a limited role in supporting the national economy.

"The work of foreign banks is still limited to treasury, credit cards, and consumer and trade finance. Their role in providing more investment and working capital loans should be our main objective," he said. Foreign ownership currently accounts for about 30% of equity in the country's banks.

## **Mandiri Posts Stronger Profit**

Bank Mandiri, the country's largest lender by assets, said Monday (30/8/04) it had recorded a 37.2% increase in net profit in the first half of the year compared to the same period last year, The Jakarta Post reported.

After-tax profit reached Rp3.1 trillion (\$330 million) as of June, up from Rp2.2 trillion in the same period in 2003, the bank said. The figure was achieved with a 36.7% rise in net interest income, which stood at Rp5 trillion in the first half of the year, up from Rp3.6 trillion for the same period last year.

The bank's capital adequacy ratio (CAR) was 27.5%, far above the 8% minimum requirement set by the central bank. Non-performing loans (NPLs) rose from 7.3% in first semester 2003 to 8.2% as of June this year.

Mandiri had total assets of Rp234.7 trillion, including Rp102.3 trillion in government bonds.

## **DI Books Improved Profit**

State-owned aircraft maker PT Dirgantara Indonesia (DI) posted an operating profit of Rp40 billion (\$4.4 million) in the first half of this year, up from Rp731 million in the same period last year, Antara reported.

The company is targeting full-year operating profit of Rp52 billion. Finance Director Hidayat Hasan said the assets of the company have also increased in value to Rp3.2 trillion, up from Rp3 trillion last year.

## **Pertamina suspends executive over corruption**

Indonesia's state oil and gas company, Pertamina, said on Tuesday it has suspended one of its unit directors in a suspected corruption case involving more than Rp 200 billion (US\$21.5 million).

"We have suspended the director ... and asked the police to investigate the case," Pertamina president director Widya Purnama told reporters. He didn't name the director.

The official is suspected of misusing negotiable certificate deposits issued by a Pertamina unit, PT Pertamina Saving & Investment, in 2002, Widya said. The suspended man is director of the unit, he said.

"Pertamina suffered more than Rp 200 billion rupiah in losses because of this director," Widya said. "We are now awaiting the police investigation," he said. "If he is found guilty, we will fire him."

Widya, former president director of PT Indonesia Satellite Corp. (Indosat), was appointed Pertamina's chief last month. He has said one of his top priorities is cleaning up the company, which has a history of corruption.

### **PRIVATE SECTOR**

## **Toyota Launches New Model**

PT Toyota Astra Motor (TAM) last week launched its new generation Toyota Kijang, the Innova. TAM President Johny Dharmawan said the company plans to export 10,000 units of the new model, Antara reported. TAM will also export 130,000 units of gasoline engines.

Exports of cars from its factory in Karawang, West Java, will be made to 21 countries starting next year, in line with the Japanese parent company's plan to make Indonesia the production base for ASEAN for multi-purpose vehicles.

The new assembling factory at Karawang was built at a cost of \$360 million, he said after launching the new product.

The new generation of the Kijang has been developed under Toyota's International Innovative Multipurpose Vehicle (IMV), a global effort worth some \$360 million. Even before its launch, some 14,000 units had been ordered.

The launch of the new Kijang is expected to provide a new boost to car sales, after a slump in the last two months as stocks ran out on the old model of the popular Kijang.

The Industry and Trade Ministry says car sales are likely to reach a record high of 450,000 units this year. The prediction is higher than a sales estimate of 400,000 units set earlier by the Indonesian Association of Motor Vehicle Industries (Gaikindo). Last year's sales totaled around 340,000 units.

## **Cellular Division Boosts Indosat Result**

PT Indonesian Satellite Corp. (Indosat) said Monday (30/8/04) said its first-half net profit rose 79% due to an increase in cellular phone revenue and gains from a stake sale, Dow Jones Newswires reported.

Net profit jumped to Rp717.6 billion from Rp402.1 billion a year earlier. Operating income rose 31% to Rp5.074 trillion from Rp3.882 trillion in the same period a year earlier. Revenue from cellular services during the period rose 51% to Rp3.37 trillion from Rp2.23 trillion a year earlier.

Indosat's cellular subscribers have increased by 23% to total 7.37 million at the end of June, from 5.96 million at the end of December.

The company also attributed the higher net profit to gains from selling its 30.55% stake in unit PT Mitra Global Telekomunikasi Indonesia, or MGTI, for around \$60 million.

Revenue from international call services fell 4% to Rp986.4 billion from Rp945.0 billion a year earlier due to strong competition from voice-over Internet protocol, or VOIP, operators.

## **Cement Consumption, Exports Up**

Cement consumption rose by 1.8% to 2.67 million tons in July compared to the same period last year, Antara reported.

Data at the Association of Cement producer (ASI) showed that cement exports rose by 29.7% to 849,289 tons year-on-year in July.

Cement consumption in the first seven months of this year totaled 16.48 million tons and exports stood at 4.44 million tons, bringing total sales to around 20.93 million tons, up from 19,731 tons in the same period last year.

### **INVESTMENT**

## **China to Build Fertilizer, Plywood Plants**

State-owned plantation company PT Perkebunan Nusantara (PTPN) III and PT Surya Bumi Agro Langgeng have signed an agreement with China's Guangcai Jing Xu Ltd Co. of Beijing to build fertilizer and particle board factories in Indonesia, Antara reported.

The two Indonesian companies also plan to build rubber factory and laboratory with Chinese partners.

The compound fertilizer factory is estimated to cost \$100 million and is expected to be built next year, PTPN III President Akmaluddin Hasibuan said after the signing of the agreement in Beijing on Wednesday (1/9/04).

Hasibuan said the particle board factory, to be built with the Chinese company, will make use of oil palm trees as raw material. The factory, to be built with an initial investment of \$5 million, would have a production capacity of 10,000 tons of plywood with quality better than other types of plywood, he said.

## MINING

### **Newmont Official Named as Suspect**

National Police Wednesday (1/9/04) named the head of waste disposal at PT Newmont Minahasa Raya as a suspect in the pollution case in which the company is accused of releasing mercury into the waters of Buyat Bay in North Sulawesi.

National Police detective Chief Comr. Gen. Suyitno Landung Sudjono said the manager, believed to be David Sompie, was responsible for ensuring the company's waste disposal system was in accordance with Law No. 23/1997 on the environment, *The Jakarta Post* reported. Suyitno said the police would question the company official on Monday (6/9/04).

Suyitno said it was possible that other officials would be questioned if it was found that the suspect's superiors had failed to act on his reports.

Immigration Office spokesman Ade E. Dachlan told the *Post* that National Police headquarters had asked for a travel ban on Sompie.

The announcement that the manager had been named a suspect came a day after State Minister for the Environment Nabel Makarim stated that a review by 16 scientists had concluded that Newmont had violated regulations and contaminated Buyat Bay.

The law provides up to 10 years imprisonment for deliberately contaminating the environment, or 15 years if the pollution causes the death or physical suffering of a human being.

Makarim however added confusion to the case when he said Friday (3/9/04) that the team's conclusions did not reflect his office's stance, *The Jakarta Post* reported.

He said the government stood by last year's findings conducted by his office and the Technology Assessment and Application Agency (BPPT) that the bay was not contaminated above the normal limit of 1.0 micrograms per liter.

"Up to now, the State Ministry of the Environment (KLH)'s position remains and we are sticking to the results of a study by the KLH and the BPPT between September and October 2003, unless it is proven that the study was conducted incorrectly," he said in a press statement.

PT Newmont lawyer Palmer Situmorang said his client was ready to comply with the police's summons at anytime. "We are ready for questioning, either as a witness or suspect, and are set to prove in court that we are not guilty," he said.

A number of non-governmental organizations called for the government to prevent PT NMR's president director and other executives from leaving the country until the case was resolved.

Suyitno said a police investigation had found that PT Newmont had contaminated Buyat Bay and Buyat River with heavy metal substances.

"PT Newmont has deposited its tailings between 73 meters and 83 meters beneath the surface of the bay, while experts say the thermocline in Buyat Bay is located between 100 meters and 200 meters below sea level. The tailings can dissolve in water if they aren't disposed of under the thermocline layer," he said.

Police laboratory tests showed that the level of mercury and arsenic 40 meters below the surface of Buyat Bay water was 5.5 microgram/liter (ug/L) and 50.70 ug/L respectively, far above the standard of 1 u/L for mercury and 12 u/L for arsenic set by Decree No. 51/2004, which was issued by the Office of the State Minister of the Environment on seawater and river pollution standards.

Waste in the Buyat River also carried mercury and arsenic loads in excess of the standards set by the decree.

PT NMR said tests of 390 samples by PT ALS Indonesia showed a mercury level of 0.055 u/L, while tests by the Office of the State Minister of the Environment showed a level of 0.059 u/L and Australia's Commonwealth Scientific and Industrial Research Organization (CSIRO) found 0.005 u/L.

PT NMR president director Richard Ness said the case will not affect Newmont's operations in other areas in Indonesia, but admitted it had created a psychological effect in communities around its other operations. The company also operates a major mine on Sumba island in West Nusa Tenggara and another mine in North Sumatra.

"The case of pollution in Buyat Bay will be made clear following the issuance of results from scientific assays. So far I do not see any negative impact to the interest of the international mining community to invest in Indonesia," reiterated Ness.

Newmont's public relations manager Kasan Mulyono told a press conference there had been complaints of diseases and pollution in the area in 1995, before Newmont began operations in the area.

## **Antam 1H Profit Triples**

Net profit at state-owned mining company PT Aneka Tambang tripled in the first half of the year compared to the same period last year due to higher commodity prices and nickel ore sales volumes, the company said Monday (30/8/04).

Net profit rose by 306% to Rp374 billion (\$40 million) in the half year ending June 30, from Rp92.218 billion in the same six-month period last year, *The Jakarta Post* reported. "The major reason for the increased revenue is the higher average selling prices of all Antam's products," the company said.

The average price for nickel contained in ferronickel rose 57% over the first half to \$6.16 a pound on strong global demand, particularly from China.

Sales volumes of ferronickel decreased 33% to 3,080 tons compared to the same period last year. The company plans to carry out an overhaul of the FeNi II smelter facility in the second half of 2004, further decreasing sales volume, but higher prices for gold offset declining sales volumes.

Cost of sales increased 6% to Rp692 billion. The company attributed the increase to materials, ore exploitation services, labor costs and depreciation.

## **Timah Doubles 1H Net Profit**

State-owned tin miner PT Timah reported a net profit of Rp82.9 billion (\$9.2 million) in the first half of this year, or an increase of 96.5% from the same period last year, Antara reported.

Management attributed the increase to a rise in the global price of tin. In the second quarter of this year tin prices hovered between \$8,500 to \$10,100 per ton, bringing the average price to \$7,741 per ton in the first six months of this year, or an increase of 65.5% from the average price in the same period last year, the company said.

Coal contributed a mere 1%, or Rp39.4 billion, to total sales of PT Timah in the first half, as the company begins to diversify away from tin.