

PANELIST REMARK BY MINISTER OF ENERGY AND MINERAL RESOURCES

PRESENTED AT THE FOURTH ASIAN ROUNDTABLE KUWAIT, 18 APRIL 2011

- 1. Congratulate the State of Kuwait and His Excellency Sheikh Ahmad Al-Abdullah Al-Ahmad Al-Sabah for the excellent organization and warm hospitality in the arrangement of this 4th Asian Ministerial Energy Roundtable.
- 2. Convey condolences to Japan due to the recent earthquake and tsunami disaster. Our prayers are with the victims and our hope for the quick recovery of the situation in Japan.
- 3. Asia has been enjoying steady economic growth for the last decades. However, as we are aware, there are challenges that need to be addressed, to allow Asian countries continue the growth, including on issues related to energy and environmental. Asia as a region hosts both biggest energy suppliers as well as biggest energy consumers. Therefore, the region indeed has a strategic advantage in building cooperation among the countries in achieving energy sustainability in the region. Asian region has also been identified as the region with high increase in energy demand. On the other hand, most countries in Asia are developing countries which would need to increase their energy efficiency, including by accelerating efforts in energy conservation. This is also an area

where cooperation among Asian countries could take place, since some Asian countries, such as Japan, is already at the more advantage stage in energy conservation.

- 4. Indonesia is endowed with diverse energy potential, both fossil and non-fossil sources. However, Indonesia's energy mix, similar to that in most developing countries, is still dominated by fossil energy. Currently, fossil energy contributes 94% to national energy mix, comprising of 47% oil, 21% natural gas and 26% coal. With our economy growing at 6.3-6.8 % per year, energy demand is forecasted to increase by 6% per year, until 2014. To cope with the increasing energy demand, challenges that Indonesia would need to address are among others:
 - Development of energy infrastructure for archipelagic country with 17,000 islands,
 - Maintaining the production level in maturing oil and gas fields,
 - Acceleration in the development of non-fossil energy sources,
 - Enhancing efficiency in energy use, including through conservation and diversification, and
 - Implementing policy to allow for fair energy price, including by revising subsidy scheme, from price subsidy to direct subsidy for those who need the subsidy
- 5. The Government of Indonesia has recently established the Directorate-General of New-Renewable Energy and Energy Conservation. The new directorate general takes the responsibility to respond challenges in improving energy security, particularly in the area of demand side management and accelerate development of new and renewable energy potential in Indonesia. To allow sustainable energy support for national development, Indonesia has targeted to achieve (by 2025): energy elasticity of

less than 1 and optimized primary energy mix by reducing the share of fossil energy (oil, gas and coal) from currently 94% to 83%. The remaining 17% energy mix would mainly comprise geothermal (5%) and bio fuels (5%). The target on elasticity and primary energy mix is also in line with our commitment to reduce greenhouse gas emissions by 26% from business-as-usual scenario by 2020 with its own measures, and further up to 41% with international support.

- 6. Despite the reduced share, fossil energy would remain dominant in primary energy mix in Indonesia. Therefore, we continue efforts to increase production of oil, gas and coal, and to develop the required infrastructures to deliver the energy. This would certainly require significant investment. In term of oil and gas production, upstream investment would include exploration and development of oil and gas potentials in remote areas and deep water region in eastern Indonesia. In this regard, Indonesia is also intensively developing the non-conventional gas such as CBM, shale gas and tight gas. This would offer additional gas supply which could be delivered to both the domestic market, as well as regional Asia market. In the construction of refinery, as well as development of gas infrastructure such as LNG terminal and gas pipeline.
- 7. Cooperation among Asian countries would improve energy sustainability in the region, to cope with future energy demand. I would suggest regional cooperation in investment, namely in the development of energy resource and infrastructure and application of technology at both the demand side and the supply side.