



HEAVY MACHINERY IN INDONESIA

FACT SHEET



PREPARED BY:
PT. PCG PARTONO FONDAS ENGINEERING CONSULTANT
IN ASSOCIATION WITH CÂMARA DE COMÉRCIO E INDÚSTRIA
INDONESIA- PORTUGAL (CCIIP)



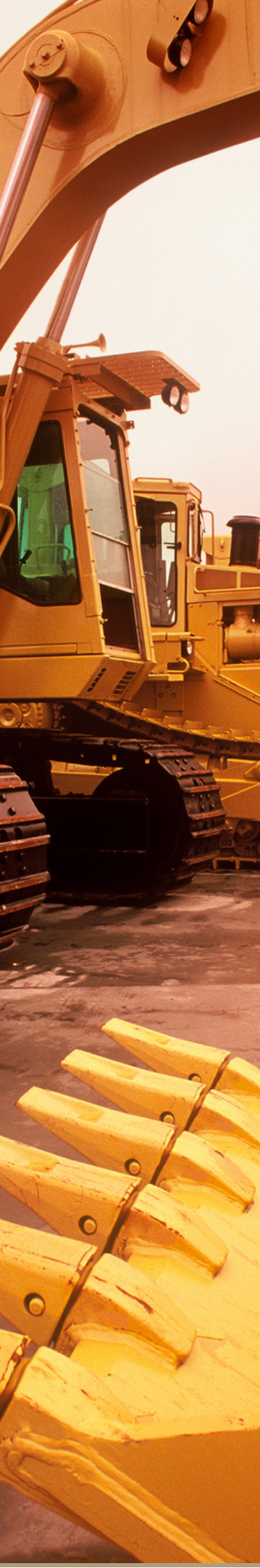
A vertical image on the left side of the page showing a yellow excavator bucket and its arm, partially visible. The background is a light beige color.

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1. INDUSTRY OVERVIEW IN INDONESIA

Indonesia is one of the largest economies in Southeast Asia and has a growing demand for heavy machinery due to its expanding infrastructure, construction, mining, and manufacturing sectors. The heavy machinery market in Indonesia has been experiencing steady growth in recent years. Construction, mining, and manufacturing industries are the major contributors to the Indonesian GDP. Additionally, the government increased infrastructure development projects such as the development of 25 new airports, renewable energy power generation projects, and mass transit projects. All these industries and development can tap the Indonesia construction equipment market growth [1].

In addition, Indonesia construction equipment market size was estimated at USD 3.08 billion and is forecasted to reach USD 4.5 billion by 2028, growing at a CAGR of 6.79% during 2021-2028 [2]. According to the Heavy Equipment Manufacturer Association Of Indonesia (Hinabi), Hydraulic Excavator dominated the machinery production with 7,458 units, followed by Bulldozers (908 units) and Dump Truck (339 units) through 2022 [3]. According to Hinabi, Indonesia has a production capacity of 10,000 units in 2022 so any additional demands would require importing units from abroad [4].

[1] GLOBENEWSWIRE. (2022, FEBRUARY 01).

[2] ARIZTON. (2022). INDONESIA CONSTRUCTION EQUIPMENT MARKET - STRATEGIC ASSESSMENT & FORECAST 2022-2028. ARIZTON.

[3] [HTTPS://INDUSTRI.KONTAN.CO.ID/NEWS/TERTINGGI-SEPANJANG-SEJARAH-PRODUKSI-ALAT-BERAT-TEMBUS-8000-UNIT-PADA-2022](https://industri.kontan.co.id/news/tertinggi-sepanjang-sejarah-produksi-alat-berat-tembus-8000-unit-pada-2022)

[4] [HTTPS://EKONOMI.BISNIS.COM/READ/20220720/257/1557138/IMPOR-ALAT-BERAT-TAHUN-INI-DIPROYEKSI-NAIK-15-PERSEN-INI-ALASANNYA](https://ekonomi.bisnis.com/read/20220720/257/1557138/IMPOR-ALAT-BERAT-TAHUN-INI-DIPROYEKSI-NAIK-15-PERSEN-INI-ALASANNYA)

KEY FACTORS CONTRIBUTING TO THE GROWTH OF THE HEAVY MACHINERY MARKET IN INDONESIA



INFRASTRUCTURE DEVELOPMENT

The Indonesian government has been investing heavily in infrastructure projects, such as roads, ports, airports, power plants, and railways. These projects require the use of heavy machinery for construction and development.

CONSTRUCTION SECTOR



The construction industry in Indonesia is thriving, driven by both residential and commercial construction projects. Heavy machinery is essential for various construction activities, including excavation, earthmoving, and building.



MINING INDUSTRY

Indonesia is rich in natural resources, including coal, minerals, and metals. The mining sector requires heavy machinery for extraction, transportation, and processing of these resources.

MANUFACTURING SECTOR



The manufacturing industry in Indonesia is growing rapidly, driven by domestic and foreign investments. Heavy machinery is utilized in manufacturing processes, such as material handling, assembly, and automation.



AGRICULTURE SECTOR

Agriculture is a significant sector in Indonesia, and heavy machinery plays a crucial role in modernizing farming practices. Equipment like tractors, harvesters, and irrigation systems are in demand to increase productivity and efficiency.



2. ENTRY INTO THE INDONESIAN MARKET: HOW TO

Entering the Indonesian heavy machinery market requires careful planning and consideration of several factors. Conduct thorough market research to understand the current state of the heavy machinery market in Indonesia is the important aspects. You also need to identify the key players, competitors, market trends, and potential opportunities.

Furthermore, gain insights into the specific sectors that have a high demand for heavy machinery would be beneficial.

Here are some steps to help you get started:

A. LEGAL ASPECTS



The regulation from the Ministry of Trade stated that bulldozers, excavators, grading machines, angledozers, and scraper levellers as some of the heavy equipment can be imported directly with a maximum machine age of 30 years [5]. In 2016, the Ministry of Industry stated that they would never issue import licenses for non-new goods that are already produced domestically [6].

Familiarize yourself with Indonesian regulations, licensing requirements, import/export procedures, and any industry-specific regulations related to heavy machinery. Ensure that your products meet local safety standards and certifications.

B. TRADE AND LOGISTICAL ASPECTS



Importing of heavy machineries into Indonesia requires document and product check by the Indonesian custom. Importing used heavy machineries might involve Ministry of Trade, Ministry of Industry, and Ministry of Public Works & Housing.

[5] <https://www.cnnindonesia.com/ekonomi/20160201160927-92-108090/pengusaha-protas-kebijakan-impor-alat-berat-bekas>

[3] <https://www.equipmentindonesia.com/revisi-kebijakan-impor-alat-berat-bekas/>

C. ESTABLISH LOCAL PARTNERSHIPS



Building relationships with local partners, such as distributors, dealers, or agents, can help you navigate the Indonesian market more effectively. Local partners provide market knowledge, networks, and support in sales and distribution. Participate in trade shows, exhibitions, and industry events related to heavy machinery in Indonesia. This allows you to network with potential customers, suppliers, and industry professionals, while also showcasing your products and services.

D. ESTABLISH A LOCAL PRESENCE



Consider establishing a physical presence in Indonesia, such as a local office or showroom. This helps to build trust and credibility with customers, facilitates after-sales support, and demonstrates your commitment to the market.

E. AFTER-SALES SERVICE AND SUPPORT



Provide excellent after-sales service, technical support, and spare parts availability to build long-term relationships with customers. Local service centers and a responsive customer support team are essential for customer satisfaction and retention.

F. MARKETING AND PROMOTION



Develop a targeted marketing strategy to raise awareness about your heavy machinery products in Indonesia. Utilize both traditional and digital marketing channels to reach your target audience. Localize your marketing materials and website to cater to the Indonesian market.

G. BUILD CUSTOMER RELATIONSHIPS



Focus on building strong relationships with your customers. Understand their needs, provide customized solutions, and maintain regular communication. Positive customer feedback and referrals can be valuable for expanding your market presence.



3. MARKET ANALYSIS: OPPORTUNITIES AND THREATS



A. BIG PLAYERS / MARKET SHARE IN INDONESIA

The key players in Indonesia construction equipment industry are Caterpillar, PT. Kobelco Indonesia, PT. Komatsu Indonesia, Kubota, XCMG, Zoomlion, SANY, Hyundai Construction Machinery, Volvo Construction Equipment, Hitachi Construction machinery, Sumitomo, JCB, and LiuGong. Komatsu & Caterpillar accounted for a significant share of the overall construction equipment market in the Indonesian Construction equipment market [7].

[7] ARIZTON. (2022). INDONESIA CONSTRUCTION EQUIPMENT MARKET - STRATEGIC ASSESSMENT & FORECAST 2022-2028.

BELOW ARE SEVERAL OVERVIEW OF THE KEY PLAYERS IN THE HEAVY MACHINERY INDUSTRY IN INDONESIA:



CATERPILLAR - [HTTPS://WWW.CAT.COM/ID_ID.HTML](https://www.cat.com/id_id.html)

Caterpillar products have been established in Indonesia since 1971. Today, Caterpillar operations include manufacturing and remanufacturing of products and components for mining trucks and shovels. It has manufacturing center in Batam, Components & Remanufacturing centers in Bogor. In addition to these facilities, Solar Turbines and Caterpillar Financial also have a presence in region to better serve their local customers. The Caterpillar equipment product line in Indonesia comprises more than 300 machines.

PT DAYA KOBELCO CONSTRUCTION MACHINERY INDONESIA - [HTTPS://WWW.DAYAKOBELCO.COM/](https://www.dayakobelco.com/)

Founded on November 7th, 2000 by Kobelco International Singapore Ltd., PT Daya Kobelco Construction Machinery Indonesia is a subsidiary of the Japanese steel company, Kobe Group. As the exclusive distributor of Kobelco Excavators, PT Daya Kobelco Construction Machinery Indonesia provides a variety of equipment for the mining, plantation, forestry, infrastructure, construction, and oil and gas industries in Indonesia. With 14 branch offices and 11 service offices throughout the archipelago, and a growing network, they offer national reach and competitive prices supported by a reliable and high-quality after-sales service team.

PT KOMATSU INDONESIA - [HTTP://WWW.KOMI.CO.ID/](http://www.komi.co.id/)

Komatsu Indonesia, as one of Komatsu Global's production bases, has various advantages, including complete & integrated production facilities, namely production facilities for finished units to individual components. Komatsu Indonesia, under the global Komatsu brand, is a leading heavy equipment manufacturer in Indonesia. At its inception, Komatsu Indonesia was a joint venture between PT United Tractors (now the official distributor of Komatsu products in Indonesia) and Komatsu Ltd in Japan. The emergence of Komatsu Indonesia was also influenced by the rapid development of infrastructure in Indonesia and the leadership of United Tractors in the construction equipment market at that time. With the advantage of being strategically located in Indonesia, they have evolved to become a pioneer and leading player in the heavy equipment industry in Southeast Asia in a relatively short period of time. The company occupies an area of 20.26 hectares in the Cakung Cilincing industrial area with the operation of a comprehensive and integrated manufacturing facility. This area consists of foundry plant, hydraulic plant, fabrication plant and assembly plant. In another area, there is the Cibitung factory with an area of 5.94 hectares which consists of a large size fabrication factory and a hydraulic cylinder reman factory.

PT HYUNDAI CONSTRUCTION EQUIPMENT ASIA (HCEA) - [HTTPS://WWW.HD-HYUNDAICE.COM/EN](https://www.hd-hyundaice.com/en)

Hyundai Construction Equipment (HCE) is a specialized construction equipment manufacturer from Korea that covers construction equipment and material handling such as excavators, wheel loaders, backhoe loaders, motor graders, and skid loaders. The company is established since 1985 and now HD Hyundai Construction Equipment's business is cooperated with local subsidiaries in Brazil, China, Europe, India, Indonesia and North America. HCE launches products featuring ergonomic designs and integrating advanced technologies and promotes smart construction using Hyundai Connect, a total solution for effective equipment operation based on ICT. In addition, HD Hyundai Construction Equipment is giving fresh impetus to the development of future eco-friendly energy solutions, such as electric excavators and hydrogen fuel cell forklifts, together with autonomous-driving forklifts. PT Hyundai Construction Equipment Asia (HCEA) as its subsidiaries in Indonesia was established in 2008 and launched its Parts Distribution Center (PDC) facility in January 2023 [8].

[8] [HTTPS://WWW.EQUIPMENTINDONESIA.COM/HYUNDAI-RESMIKAN-PARTS-DISTRIBUTION-CENTER-PERTAMA-DI-INDONESIA/](https://www.equipmentindonesia.com/hyundai-resmikan-parts-distribution-center-pertama-di-indonesia/)



B. TRENDS AND OPPORTUNITIES

The Indonesia earthmoving equipment market is projected to witness robust growth through 2028 due to the transportation sector growth with increased government investments toward highway, metro, and airports construction projects. Increased government and private investment in mining and construction projects will boost the demand in Indonesia crawler excavator market. Backhoe loaders have a prominent share in the earthmoving segment in Indonesia. Small-scale construction and redevelopment projects in the region expect an increase in the demand for backhoe loaders during the forecast period. Keep abreast of market trends, changes in regulations, and emerging opportunities in the Indonesian heavy machinery market. Continuously evaluate and adapt your strategies to remain competitive and seize new business prospects.



C. THREATS AND CHALLENGES

The heavy machinery industry in Indonesia faces various threats and challenges. Here are some common ones to consider:

- **Intense Competition:** The heavy machinery market in Indonesia is highly competitive, with both domestic and international players vying for market share. Established companies with strong brand recognition and local presence may pose a challenge to new entrants.
- **Economic and Political Stability:** The Indonesian economy's stability and political climate can impact the heavy machinery industry. Economic downturns, policy changes, or political instability can affect investment decisions, infrastructure projects, and overall business confidence.
- **Infrastructure Development:** While Indonesia has been investing in infrastructure development, there are still challenges in terms of the pace of project implementation, funding availability, and regulatory hurdles. Delays or cancellations of infrastructure projects can impact the demand for heavy machinery.
- **Price Sensitivity:** Price sensitivity is a significant factor in the Indonesian market. Customers, particularly in the construction and manufacturing sectors, may prioritize affordability over advanced features or brand reputation. Competing on price while maintaining quality can be a challenge for heavy machinery companies.

- **Logistics and Distribution:** Indonesia's vast geographical spread and diverse island landscape present logistical challenges for heavy machinery companies. Ensuring efficient and timely distribution of equipment, spare parts, and after-sales support across the country can be complex and require robust logistics and service networks.
- **Skills and Training:** Adequate skills and training of local operators and technicians are crucial for the effective utilization and maintenance of heavy machinery. There may be a shortage of skilled labor, and providing comprehensive training programs to customers and partners can be a challenge.
- **After-Sales Support:** Providing effective after-sales service and technical support across different regions of Indonesia can be a challenge. Maintaining a responsive service network, availability of spare parts, and skilled technicians are crucial for customer satisfaction and long-term relationships.
- **Environmental Regulations:** As awareness of environmental sustainability grows, heavy machinery companies must comply with evolving environmental regulations. This includes adopting greener technologies, reducing emissions, and adhering to waste disposal and pollution control standards.

4. OTHER RELEVANT INFORMATION



A. OFFICIAL INSTITUTIONS

MINISTRY OF TRADE -

[HTTPS://WWW.KEMENDAG.GO.ID/](https://www.kemendag.go.id/)

The Ministry of Trade (Indonesian: Kementerian Perdagangan) is a ministry of the Government of Indonesia that directs the formulation of policies related to the development of trade in Indonesia.

MINISTRY OF INDUSTRY -

[HTTPS://WWW.KEMENPERIN.GO.ID/](https://www.kemenperin.go.id/)

Ministry of Industry (Indonesian: Kementerian Perindustrian) is an Indonesian ministry with the functions such are: coordination and synchronization of formulation, determination, and execution of ministerial policy in Indonesian industry; execution of technical guidance and supervision of policy implementation in industry; research and development in industry; implementation of substantial and administrative support in ministerial organization; and management of state assets under the responsibility of the ministry.

MINISTRY OF PUBLIC WORKS & HOUSING -

[HTTPS://WWW.PU.GO.ID/](https://www.pu.go.id/)

The Ministry of Public Works and Housing (Indonesian: Kementerian Pekerjaan Umum dan Perumahan Rakyat), abbreviated Kemen PUPR, is a ministry of the Government of Republic of Indonesia that is responsible for public works and public housing. Their duty includes: management of water resources, implementation of roads, implementation of drinking water supply systems, management of domestic wastewater, management of environmental drainage and solid waste management, arrangement of buildings, development of residential areas, development of strategic infrastructure facilities, implementation of housing, implementation of infrastructure financing for public works and housing , as well as the construction services.



THE DIRECTORATE GENERAL OF CUSTOMS AND EXCISE - [HTTPS://WWW.BEACUKAI.GO.ID/](https://www.beacukai.go.id/)

The Directorate General of Customs and Excise (Indonesian: Direktorat Jenderal Bea dan Cukai abbreviated Bea Cukai or DJBC) is an Indonesian government agency under Ministry of Finance that serves the community in the field of customs and excise. The Directorate General of Customs and Excise has the duty to organize the formulation and implementation of policies in the field of supervision, law enforcement, service and optimization of state revenue in the field of customs and excise in accordance with the provisions of legislation. The directorate also carry out some basic tasks of the Ministry of Finance in the field of customs and excise, in accordance with policies established by the Minister and securing government policies relating to the traffic of goods entering or leaving the Customs Area and the collection of import duties and excise and other state levies based on legislation apply.

B. BUSINESS ASSOCIATIONS

HEAVY EQUIPMENT MANUFACTURER ASSOCIATION OF INDONESIA (HINABI) - [HTTPS://WWW.HINABI.ORG/](https://www.hinabi.org/)

Hinabi is the association of Large Equipment Industries throughout Indonesia, whose members are companies involved in the heavy equipment industry. The list of their members can be seen at their website.

ASSOCIATION OF INDONESIAN CONSTRUCTION EQUIPMENT ENTREPRENEURS AND OWNERS (APPAKSI) - [HTTPS://APPAKSI.ORG/HOME/](https://appaksi.org/home/)

Asosiasi Pengusaha dan Pemilik Alat Konstruksi Indonesia (APPAKSI) is an Association of Indonesian Construction Equipment Entrepreneurs and Owners whose members consist of entrepreneurs in the Construction Services Sector which includes Architectural, Civil and Mechanical Works, Mining, Plantation and Forestry Sector, as well as Heavy Equipment Rental Companies and Suppliers (lubricants and spare parts) engaged in in the Heavy Equipment sector. APPAKSI was declared on December 10, 1986 in Cisarua - Bogor.

ASSOCIATION OF INDONESIAN HEAVY EQUIPMENT SOLE AGENTS (PAABI) - [HTTPS://PAABI.ID/](https://paabi.id/)

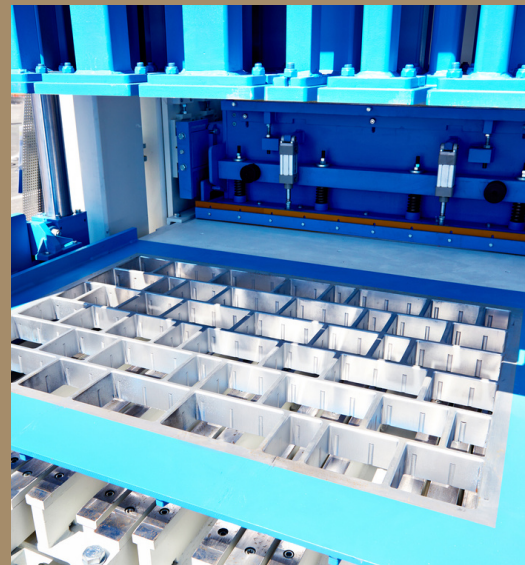
Perhimpunan Agen Tunggal Alat Berat Indonesia (PAABI) is the Association of Indonesian Heavy Equipment Sole Agents, based in Jakarta and has been established since October 2, 1970 in Jakarta. PAABI has a goal to actively participate in the country's development by becoming a government partner in determining regulations and encouraging the growth of the heavy equipment business.



INDONESIAN ASPHALT AND CONCRETE ASSOCIATION (AABI) - [HTTPS://WWW.AABI.OR.ID/HOME.PHP](https://www.aabi.or.id/home.php)

Asosiasi Aspal dan Beton Indonesia (AABI) was established on December 4, 1999, attended by 16 representatives of the Association from 16 Provinces, it was finally agreed to form the Indonesian Asphalt Concrete Association as a forum for the association of road, bridge and runway construction service providers. The purpose of this association is to gather, foster, develop capabilities and activities and encourage business cooperation between companies engaged in road, bridge and foundation works that are tied to the same Asphalt Concrete technology and have AMP, in their position as national economic actors so that they become healthy and strong.

C. MAIN EXHIBITIONS, FAIRS, TRADE SHOWS OR EXPOS



- Mining Indonesia
- Construction Indonesia
- Con-Mine Exhibition Indonesia
- Infrastructure connect

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AT CCIIP, WE ARE COMMITTED TO FOSTERING A VIBRANT BUSINESS COMMUNITY AND EMPOWERING COMPANIES TO THRIVE. WE UNDERSTAND THAT YOUR SUCCESS IS THE DRIVING FORCE BEHIND OUR SHARED ECONOMIC GROWTH.

AS YOUR TRUSTED PARTNER, WE OFFER A WIDE RANGE OF RESOURCES, NETWORKING OPPORTUNITIES, AND ADVOCACY EFFORTS TAILORED TO MEET YOUR UNIQUE NEEDS. OUR DEDICATED TEAM IS AVAILABLE TO PROVIDE GUIDANCE, CONNECT YOU WITH STRATEGIC PARTNERSHIPS, AND KEEP YOU INFORMED ABOUT THE LATEST INDUSTRY TRENDS AND REGULATORY DEVELOPMENTS IN INDONESIA.

TOGETHER, WE CAN NAVIGATE CHALLENGES, UNLOCK NEW OPPORTUNITIES, AND BUILD A PROSPEROUS FUTURE. WE INVITE YOU TO LEVERAGE THE POWER OF COLLABORATION WITHIN OUR DYNAMIC BUSINESS ECOSYSTEM. JOIN US, AND LET'S SHAPE THE FUTURE OF COMMERCE, DRIVE INNOVATION, AND CREATE LASTING IMPACT.

THANK YOU FOR BEING PART OF OUR VIBRANT BUSINESS COMMUNITY.



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Group



CONTACT US:

PT. PCG PARTONO FONDAS ENGINEERING CONSULTANT
KOMPLEK KIRANA BOUTIQUE, BLOK D3 NO.8
JL. BOULEVARD RAYA, KELAPA GADING TIMUR, JAKARTA UTARA 14240
TELEPHONE : (62-21) 2452-5820 (HUNTING)
FACSIMILE : (62-21) 4585-3951
WEBSITE: WWW.PCG-PARTONOFONDAS.COM
WEBSITE: WWW.PROFABRIL.COM

CÂMARA DE COMÉRCIO E INDÚSTRIA INDONESIA- PORTUGAL (CCIIP)
EMAIL: CCI.INDONESIA.PORTUGAL@GMAIL.COM
LINKEDIN: [HTTPS://WWW.LINKEDIN.COM/COMPANY/CCIIP-CHAMBER-OF-COMMERCE-AND-INDUSTRY-INDONESIA-PORTUGAL/](https://www.linkedin.com/company/CCIIP-CHAMBER-OF-COMMERCE-AND-INDUSTRY-INDONESIA-PORTUGAL/)