



## China Development Bank Backs Indonesian Pulp and Paper Sector in Landmark Deal With APP

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- Investment by China's state bank reflects confidence in Indonesia's pulp and paper industry
- New APP mill to use the most advanced environmental technology and adhere to APP's 'No Deforestation' policy
- Investment provides much needed boost to local economy in South Sumatra, providing 10,000 jobs

**JAKARTA, 3 October 2013** – APP, through PT. OKI Pulp & Paper Mills (OKI), today completes a US\$1.8 billion loan transaction with China Development Bank (CDB) for the development of what will be Indonesia's largest pulp mill.

The transaction, which was witnessed by Indonesian and Chinese Presidents, Susilo Bambang Yudhoyono and Xi Jin Ping , is one of the largest ever single transactions between the two countries. The total investment in the new mill, located in South Sumatra, is \$2.6 billion, most of which is funded through the CDB loan, with the remaining \$800 million funded by capital raised by the shareholders.

The Government of Indonesia has declared Pulp and Paper as one of the priority industries in its National Industry Policy. It hopes that Indonesia will grow to be the fifth largest producing country by 2025, in line with the Indonesian Economy Acceleration and Development Expansion Masterplan.

Trade Minister, Gita Wirjawan, said: "Pulp and Paper is part of the foundation of the Indonesian economy and we believe that the sector can grow in a way that will benefit the people of Indonesia, while also protecting our forests. We are glad that the China Development Bank shares this view and is providing capital to give the industry an economic boost."

The OKI mill will be constructed in an under-developed part of South Sumatra province and will have a projected annual capacity of 2 million tonnes of pulp and 500,000 tonnes



of tissue. As is the case with all APP mills, PT. OKI Pulp & Paper Mills will only use plantation wood for its raw materials, and is committed to zero deforestation in its supply chain. APP will also apply the principles of Free, Prior and Informed Consent (FPIC) as part of the mill's development process. This commitment was launched by APP's Chairman, Teguh Ganda Wijaya, in February 2013 as part of [APP's Forest Conservation Policy](#).

Mr. Wijaya said: "The Indonesian Government wants our sector to grow and we are committed to supporting them in this aim to cement the country's position as a global player in pulp and paper. We are investing in the best technology available to create the world's most advanced pulp and paper mill, manufacturing our products as efficiently as possible with the lowest possible environmental impact.

"We also hope our mill will give a boost to the people of South Sumatra, for many of whom there are currently very limited employment prospects." The OKI mill is projected to create 10,000 new jobs. The mill will use the most advanced environmental technology and standards available in the world today. Clean and self sufficient energy generated from the pulp production process and other production waste such as wood bark will power the mill.

Local South Sumatra authorities have estimated that the investment will increase South Sumatra's export by more than 36%, or an overall GDP growth of 9%. The investment is also welcomed by local authorities because strategically the development will include supporting infrastructure that improves access to the remote area. Additionally, local communities will have opportunities to be employed locally instead of having to migrate to other areas to look for jobs.

**For more information and comments, please contact:**

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## **ABOUT APP**

Asia Pulp & Paper Group (APP) is a trade name for a group of pulp and paper manufacturing companies in Indonesia and China. The APP Group of companies is one of the world's largest vertically integrated pulp and paper companies, with an annual combined pulp, paper, and converting products capacity of over 18 million tons. APP-Indonesia and APP-China currently market their products in more than 120 countries across six continents. The majority of APP's production facilities are Chain-of-Custody certified by SVLK, LEI and PEFC.

APP launched its Sustainability Roadmap Vision 2020 in June 2012 and its Forest Conservation policy in February 2013, to further improve its environmental performance, biodiversity conservation, and protection of community rights. More information can be found at [www.asiapulppaper.com](http://www.asiapulppaper.com)

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