Jakarta, 5 November 2014

Yth **Ibu, Bapak, Rekan-rekan**
di
tempat

Undangan Public Dialog
"Fuel Economy Standard, and Subsidy Phase-out"

Salam lestari,

Kebutuhan energi nasional terus meningkat dari waktu ke waktu. Tidak terkecuali kebutuhan energi untuk sektor transportasi yang masih didominasi BBM, permintaannya cenderung meningkat. Faktor-faktor seperti peningkatan kebutuhan perjalanan dan logistik mendorong peningkatan penggunaan peralatan transportasi sehingga meningkatkan kebutuhan BBM. Faktor lain yang tidak bisa dipungkiri adalah penyalahgunaan penggunaan BBM. Pun tingginya kebutuhan BBM ternyata belum menjadi peluang bagus bagi industri minyak dan gas nasional tetapi justru menjadi beban pemerintah terutama dalam penyediaan "subsidi", selain menciptakan *social cost* terkait emisi yang tidak kecil yang turut menekan pertumbuhan ekonomi nasional.

Sebagaimana kita ketahui, "subsidi" BBM pada tahun 2013 mencapai hampir Rp 199,9 triliun. Konsumsi BBM "bersubsidi" nasional pada tahun tersebut mencapai 43,5 juta KL yang terdiri dari Premium (26,05 juta KL), Solar (17,22 juta KL) dan Bahan Bakar Nabati (0,23 juta KL). Bila kecenderungan harga minyak naik terus, maka anggaran "subsidi" BBM akan semakin memberatkan APBN dan/atau menyedot devisa negara. Tentunya kita harus mencari jalan keluar dari **permasalahan keterbatasan cadangan BBM dan beban "subsidi" BBM**.

Untuk itu, GIZ dan KPBB mengundang Ibu/Bapak pada Public Dialog "**Fuel Economy Standard and Subsidy Phase-out**", yang akan diselenggarakan pada:

Hari, tanggal : Jumat, 14 November 2014
Jam : 12.30 – 18.00
Tempat : Aryaduta Hotel, Jalan Prapatan No 44-48 Jakarta Pusat

Demikian undangan kami, atas perhatian dan kehadiran Ibu/Bapak, kami ucapkan terimakasih.

Salam hormat,
KPBB

Ahmad Safrudin
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The Fuel Economy Standard, and Subsidy Phase-out

Public Dialog

Aryaduta Hotel, Jl Prapatan No 44 – 48 Jakarta, 14 November 2014

Background

The national energy demand tends to increase by time to time. There is no exception for the energy needs of transportation sector that is dominated by liquid fuel, the demand tends to increase. Factors such as the increased need for travel, and logistic (freight) needs encourage the transportation equipment use thereby increasing the need for fuel. Another factor that can not be denied is the abuse of the utilization of fuel by inappropriate policy/technology, bias on political interest, and inaccuracies calculation needs. Thus, the high demand of fuel did not create opportunity for the oil and gas industry, instead it could be a burden for national economy, especially the government provision on fuel subsidy in addition to creating a social cost which has significance pressure to the national economic growth.

The social cost includes the cost of health impacts of air pollution following the impact effects such as labor productivity reduction, health costs to be paid by the society and the destruction of infrastructure and buildings, disruption of agriculture, etc. The current issues are also social cost must be borne by the global community with the presence of the facts of climate change, the greenhouse emissions factors also contributed by the transportation sector, with the impacts on increased temperatures which lead to melting of ice at the poles and in the mountain, rising sea levels, changes in the pattern of the spread of illness/disease, energy depletion, catastrophic nature (El-Nino, La Nina, storms), weather changes complicate farming, aviation, shipping.

Meanwhile, in the last ten years the growth of energy consumption in the sector of transport in Indonesia reached approximately 5.7% per year. The increase is in-line with the needs of economic, and population growth. In 2010, almost all of the energy consumed by the land transportation sector is the fuel, followed by gas (CNG/LGV) and electricity. From the type of fuel, the consumption of gasoline (Premium, Pertamax and Pertamax Plus) is the largest (61.66%) followed by diesel fuel (37.5%) and the bio-fuel (BBN), which includes Bio-diesel, bio-ethanol (.84%). As for subsidized fuel (Premium and Reguler Diesel), the consumption of Premium is the largest (61.29%) followed by Diesel Fuel (37.85%), the rest Bio-fuel (0.86%). Fuel subsidy budget in 2013 reached nearly IDR 195 trillions ~ USD 17.7 billions, with total national subsidized fuel consumption reached 43.5 millions KL consisting Regular Gasoline (26.05 millions KL), Diesel Fuel (17.22 millions KL), and Bio-fuels (0.23 millions KL). When the trend of rising oil price continues, the fuel subsidy would further burden the state budget.

At the context of co-benefits in order to solve local air pollution, and mitigate greenhouse gas with implication on reducing fuel consumption, and reducing burden of government on fuel subsidy, now timely to implement fuel economy policy. The policy is addressed to reduce fuel consumption by adopting the appropriate vehicle technology, beside another option such as scrapped old car, shifting to the mass public transportation and non-motorized transport (NMT), etc; with aimed to phase out the Government burden on fuel subsidy.

Objectives

1. Lesson learn from the global experience on fuel economy policy option, which possibility to adopt co-benefit between improving local air quality, and mitigation of global greenhouse gas on transportation sector.
2. To conduct dialog among stakeholders on fuel economy policy option and phase-out fuel subsidy.
3. To initiate, and binding commitment on fuel economy standard in Indonesia.

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AGENDA

12:30 – 13:30	Registration and lunch		
13:30 – 14:30	**Opening**		
	Report	KPBB	
	Remarks	GIZ	
	Speech	Minister of Environment Republic of Indonesia	
	Speech	Minister of Energy and Mineral Resources Republic of Indonesia	
14:30 – 15:00	PRESS CONFERENCE (Minister of Energy and Mineral Resources, Minister of Environment, Expert)		
14:30 – 15:00	Coffee break		
15:00 – 17:00	**Panel Discussion: Fuel Economy Standard and Policy Option. Moderator: Ministry of Environment**		
	Overview of the Fuel Economy Standard and its Policy Option	Dr Axel Friedrich	Understanding fuel economy, standard, and policy option.
	The Readiness of Indonesia to Adopt Fuel Economy Policy	Directorate General Oil and Gas	Brief overview of Indonesia CBA on Fuel Economy with findings and recommendations.
	Conformity of Production on Emission and Labeling Fuel Economy of Vehicle.	Ministry of Environment	The result of fuel economy, and emission test for motor vehicle through COP (Conformity of Production), a milestone to vehicle fuel economy labeling.
	Economic Instruments for Fuel Economy	Ministry of Finance	In-depth presentation on fiscal instruments such as taxation, fee-bates etc.
	Fuel Economy, and Low Carbon Vehicle	GAIKINDO	Introduce the fuel economy vehicle program (national, regional and global trend).
	Fuel Economy Program on Land Transportation in Indonesia	Ministry of Industry	National policy, and roadmap on fuel economy vehicle.
	The readiness of fuel supply which comply to the fuel economy requirement and Euro 4 Standard	PT PERTAMINA (Persero)	Preparation of fuel supply for fuel economy policy, and Euro 4 Standard of Vehicle implementation.
17:00 – 17:55	Open discussions	All	
17:55 – 18.00	Closing Remark by Ministry of Environment		

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