

Pupuk Indonesia to build Indonesia's first Soda Ash factory to aid national goals for fertilizer industry

17 November 2025 | News

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Pupuk Indonesia Group, through its subsidiaries, PT Pupuk Kalimantan Timur (Pupuk Kaltim) and PT Rekayasa Industri (Rekind), officially started construction on the first soda ash factory in Indonesia.

The start of factory construction was marked by a groundbreaking ceremony and the installation of the first pile, which took place in the Kaltim Industrial Estate (KIE) area in Bontang, East Kalimantan. The event was attended by the Senior Director of Business Performance & Asset Optimization of Danantara Asset Management, Bhimo Aryanto, along with the board of directors and commissioners of Pupuk Indonesia and Pupuk Kaltim, as well as representatives of the East Kalimantan Provincial Government and the City of Bontang.

Pupuk Indonesia President & Director Rahmad Pribadi stated that this development marks a new chapter in the long journey of the national fertilizer and petrochemical industry, which has evolved since the establishment of the first factory in 1959. It also represents an important step toward downstreaming the strategic chemical industry and achieving a sustainable transformation with low emissions.

Rahmad stated that the construction of this factory, along with Pupuk Indonesia Group's commitment to strengthening downstream industries and fostering national industrial independence, aligns with the Asta Cita vision of President Prabowo Subianto and Vice President Gibran Rakabuming Raka. By utilizing carbon dioxide (CO₂) as a by-product of the existing

ammonia production facility, this factory will produce high-value-added chemical products, namely soda ash, which is essential for various national industrial sectors, including glass, detergent, food, pulp and paper, ceramics, and more.

When fully operational, the plant will have a production capacity of 300,000 metric tons per year and is estimated to meet around 30% of the national soda ash needs, which have so far been dependent on imports. By reducing this dependence, the Pupuk Kaltim soda ash plant has the potential to save foreign exchange of up to IDR 1 trillion per year from soda ash import substitution, as well as around IDR 250 billion per year from ammonium chloride import substitution, which is a byproduct of the soda ash production process.

Gusrizal, President & Managing Director of Pupuk Kaltim, added that the construction of the soda ash plant aligns with the government's policy direction in the Asta Cita vision and plays a crucial role in supporting downstream industries and the independence of the national chemical industry. He also stated that this project reflects Pupuk Kaltim's business transformation and diversification strategy, aiming for a broader, more efficient chemical business portfolio in line with Environmental, Social, and Governance (ESG) principles.

"This project is part of Pupuk Kaltim's commitment to implementing ESG principles and a circular economy, where CO₂ emissions from the existing plant are reused as the main raw material for soda ash production. We will ensure that the entire construction process is carried out with the highest safety and quality standards, as a manifestation of our responsibility to provide an efficient, safe, and competitive industry," said Gusrizal.

The soda ash plant plays a crucial role in supporting the 2060 Net Zero Emission (NZE) agenda, as it is projected to absorb approximately 174,000 tons of CO₂ annually from existing facilities to be used as the primary raw material for soda ash production. Through the application of circular economy principles, these emissions are processed into value-added products that strengthen the supply chains of various domestic industries. Furthermore, the by-product of soda ash production, ammonium chloride, can also be utilized as a fertilizer from raw materials, which is essential for supporting food self-sufficiency.

In addition to contributing to the transition to a low-carbon industry, the construction of the soda ash plant is also expected to have a broad economic impact, both at the regional and national levels. The construction of the soda ash plant is expected to absorb labor in the construction and operational processes; involve local industries in the procurement of soda ash raw materials, such as industrial salt; and encourage the empowerment of local MSMEs around the industrial area.

Bhimo Aryanto, Senior Director of Business Performance & Asset Optimization at Danantara Asset Management, expressed Danantara's support for the construction of the soda ash plant. He believes this project is not merely a business investment but also an investment in the nation's future, in line with the spirit of economic transformation toward Indonesia's Emas 2045.

"Pupuk Indonesia Group continues to innovate in developing efficient, low emission, and sustainable industries. This project not only creates an industry but also optimizes existing resources and significantly reduces income. It will become a new benchmark for Indonesia's green chemical industry," said Bhimo.

For Pupuk Indonesia Group, the construction of the soda ash plant represents concrete support for national industrial resilience and food security, both of which are crucial pillars of the nation's economic sovereignty. With a spirit of innovation and downstream development, Pupuk Indonesia Group is committed to continuously strengthening national competitiveness through sustainable and future-oriented industrial development.