

BKPM: Pertamina-Rosneft Oil Refinery Land Acquisition Project Almost Finished

The Indonesia Investment Coordinating Board (BKPM) records the development of land acquisition for the oil refinery and petrochemical complex construction project in Tuban, East Java has reached 92% of the total 841 hectares. The progress of stalled investment completion is good news amid the Covid-19 pandemic in the country.

The investment project in Tuban is one of the projects included in the list of Rp708 trillion of stalled investment recorded by BKPM. Since the cooperation between Pertamina and Rosneft was formed in 2017, a long-delayed construction project, one of which was due to land acquisition constraints. The value of the stalled project is incredible Rp211.9 trillion. The Tuban Oil Refinery project is owned by PT Pertamina Rosneft Processing and Petrochemical, which is a joint venture between Pertamina (55 percent) and Rosneft PJSC (Russia) (45 percent). This project is part of the New Grass Root Refinery (NGRR) built by Pertamina to meet domestic energy needs and produce high-quality petrochemicals.

The construction of oil refineries has been included in priority infrastructure projects since President Jokowi's first cabinet, both in the form of new refineries (NGRR) and the development of existing refineries (Refinery Development Master Project/RDMP). However, various obstacles occur such as land acquisition, licensing to settlement of contracts. President Joko Widodo in the Limited Meeting (Ratas) on 18 April 2019 has even given strict instructions to facilitate investors in the petrochemical sector to be given tax holiday investment incentives. This indicates the government's seriousness in realizing the dream of building its own oil refinery.

BKPM Sectoral Promotion Director Imam Soejoedi said this was captured by BKPM very seriously. BKPM has taken steps to resolve the problem of land acquisition in Tuban Regency intensively since last year and the licenses that have held the project until it stalled. There are still a few homework related to several licenses, which is environmental licenses. It is currently in the process of accelerating cooperation with the Ministry of Environment and Forestry (KLHK).

"BKPM Chairman conducts hands-on operation by cooperating with the East Java Provincial Government and the Tuban Regency Government and Pertamina. The completion of this project is the government's priority to build downstream industries in the country so that Indonesia can reduce the import balance deficit, dependence on oil imports, and can build national industry resilience," Imam said.

BKPM Chairman forms a special team in internal BKPM to accelerate problem-solving in Tuban. In early February 2020, BKPM Chairman visited the project site to complete negotiations with the locals. This was done because the project would have a direct positive impact, including the absorption of up to 20,000 workers during construction and 2,500 workers in the operational phase.

"Alhamdulillah (Thank God), we got there (Tuban) before the PSBB (Large-Scale Social Limitation). BKPM Chairman enormous attention to the Tuban project. He formed a special team to oversee this investment until completed, not even reluctant to involve directly. In addition to its large investment value reaching Rp211.9 trillion, the success of this project will provide enormous benefits for the nation. Therefore, it must be guarded! Our target is 2026 can operate," Imam said in a statement

Meanwhile, Pertamina's Director of Processing and Petrochemical Megaprojects (MP2) Ignatius Tallulembang stated that the Tuban GRR is one of the priority projects to be completed immediately. Pertamina and Rosneft have even signed a Tuban Refinery design contract with selected contractors last October 2019. At present, Basic Engineering Design (BED) and Front End Engineering Design (FEED) are underway.

"With the support of all parties, the construction of the refinery is expected to run smoothly and completed at the targeted time, so that we can be sovereign energy," Ignatius concluded in his press statement in a separate place. (*)