

## **Reducing Oil Imports, BKPM Collaborates with South Korean Consortium to Build Dumai Refinery**

PT Pertamina (Persero), PT Nindya Karya (Persero), and a consortium of Korean companies signed a Memorandum of Understanding virtually witnessed by the Indonesia Investment Coordinating Board (BKPM) Chairman, Bahlil Lahadalia. The MoU aims to review business opportunities, cooperative relationships, and implementation of oil and gas industry joint activities in Indonesia, specifically on the activities of the Dumai Processing Unit II Refinery Development Master Plan (RDMP). The signing was carried out by video conference on May, 20.

This MoU was signed by representatives of each company, namely PT Pertamina (Persero) by the Director of Processing and Petrochemical Megaproject, Ignatius Tallulembang; PT Nindya Karya (Persero) by the President Director, Haedar Karim; and the Korean consortium was represented by the Chairman of DH Global Holdings Co. Ltd., Jung Sam Seung.

BKPM Chairman said that this collaboration was initiated during his visit to South Korea at the end of 2019. After the visit, he tried to 'marry' the three parties for an agreement in project management.

"We thank the parties who made this initiative, from Pertamina, Nindya Karya, and the South Korean consortium. This is the 'fruit' of the initiative that we have built together since last year. Even though the world is currently facing the COVID-19 pandemic, the parties continue to maintain their commitment to follow up on the cooperation plan. I hope this investment can have a strategic meaning where the current price of oil is falling," Bahlil said in his remarks.

Bahlil considers that the Dumai Processing Unit II RDMP project is important because it is one of the priorities of PT. Pertamina. "The project with a value of USD 1.5 billion can increase domestic oil and fuel production capacity so that it will reduce the dependence on Indonesian oil imports which are expected to be able to overcome the current account deficit going forward. Hopefully, it can run well and can provide a multiplier effect on the development of equality in Indonesia as a whole," Bahlil continued.

The signing of the MoU is in line with the efforts to accelerate the megaproject implementation as one of the National Strategic Projects (PSN) as stated in Presidential Regulation No. 56 of 2018 concerning the Acceleration of the Implementation of National Strategic Projects. BKPM encourages the creation of a strategic partnership between a Foreign Direct Investment Company (PMA) and a Domestic Direct Investment Company (PMDN) to run the project.

"The government together with Pertamina will help facilitate and ensure the project can run safely. Once the signing is done, we can immediately enter the period of acceleration. We will also involve national entrepreneurs in the regions so that collaboration occurs. We will also help with fiscal incentives and licensing. There is no need to doubt. BKPM will help this project," said Bahlil.

Pertamina, represented by the Director of Processing and Petrochemical Megaproject, Ignatius Tallulembang, also said that this project was indeed a priority to be completed immediately.

"With the signing of this MoU, Nindya Karya and the Korean consortium have become strategic partners with Pertamina and will conduct an upgrading study on the Dumai Refinery. Pertamina hopes that in December 2020 there will be an important milestone that can be achieved," he explained.

Nindya Karya, as one of the state-owned companies engaged in the construction and investment sector, welcomed this cooperation seriously and will carry out the next stage by the agreed timeline.

"We fully support it. Bearing in mind that these projects are strategic projects with substantial investment value, which is also our country's roadmap for realizing energy security programs. Once again, Nindya Karya will carry out by preparing the best resources from the company, so that this large project will be able to succeed according to our mutual expectations," said Managing Director of Nindya Karya, Haedar Karim.

On the same occasion, a consortium of Korean companies represented by the Chairman of DH Global Holdings Co. Ltd., Jung Sam Seung, was also honored and grateful for the signing of the MoU between the three parties amid the many difficulties faced by the COVID-19 pandemic.

"In particular, I would like to express my sincere appreciation to the BKPM Chairman, Mr. Bahlil Lahadalia, who has initiated the concept of a three-party consortium until the signing of this MoU, encouraging each party, and providing excellent support. This MoU is the first step and foundation for the successful completion of the project. It is a historical achievement in the Dumai refinery processing project, of which the DH Group was one of the involved parties besides other Korean companies. The three of us will do our best to run the project successfully and ask for your support," explained Jung Sam Seung in his press statement. (\*)