



# Tank Storage Asia

Deregulation in Indonesia

The Market and The Distribution Network

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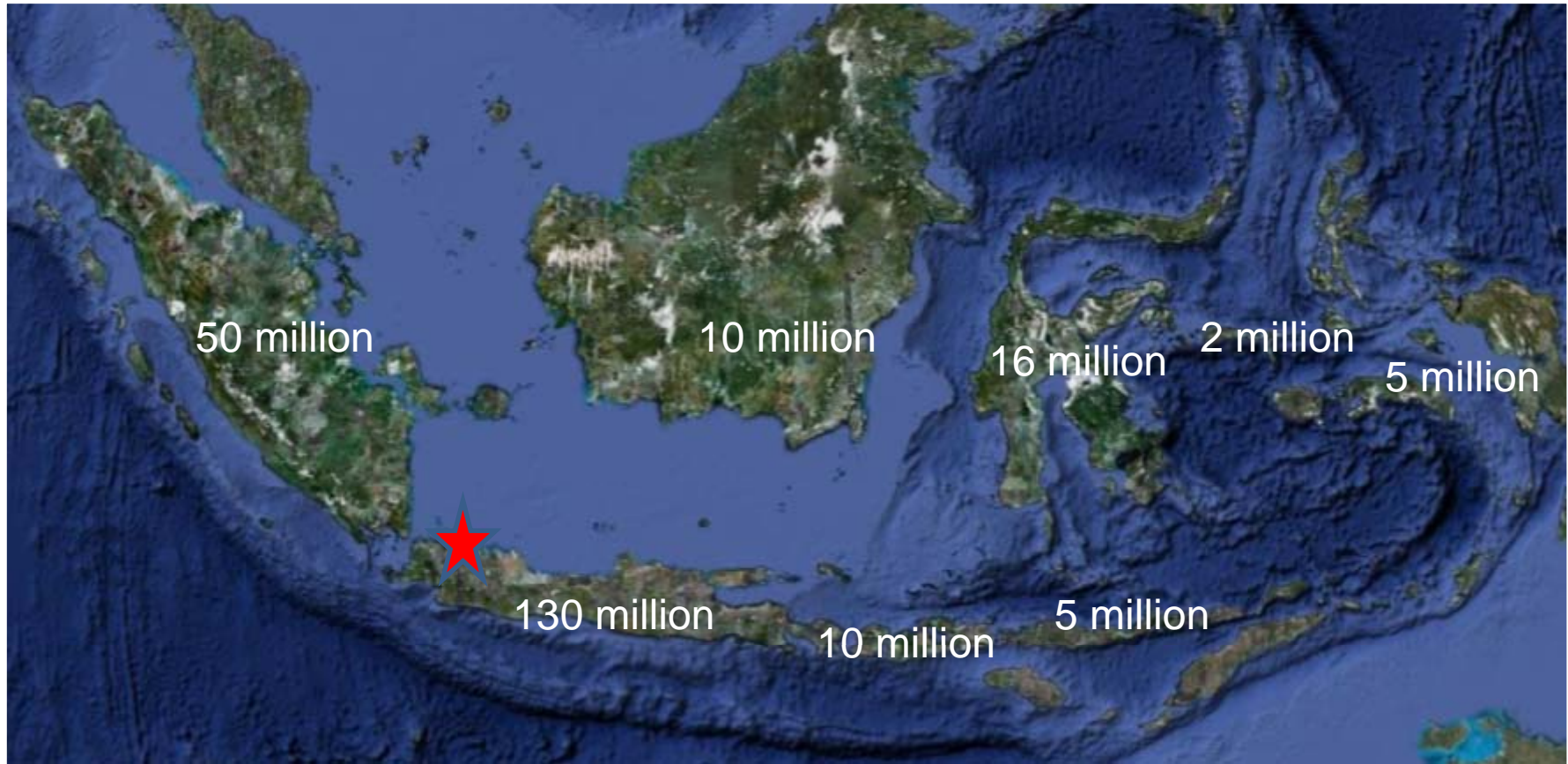
# Indonesia Demand Growth

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- Driven by:
  - Population, 3% reducing to 1% by 2030
  - Social/society change
  - Industry, focus on domestic economy
- Indonesian consumption 1.3 m b/d
- Indonesian production 1.1 m b/d
- Government forecasts/policy for 2030
  - Indonesia consumption 8 m b/d?
  - Indonesia production/refining?
  - New storage capacity demand 30 m<sup>3</sup> +

# Indonesia

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# In context?

- Cabotage
  - High costs
  - Poor availability
- Favours international solutions?



# Deregulation

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- A constitution for social ownership
    - For the good of the family
    - Embedded within the bureaucracy
  - Laws that enable private enterprise
    - Implicit rather than explicit
    - Principles built out by regulations
      - Government
      - Ministerial
      - DG, Directors etc...
  - Policies conflict with key stakeholders
    - Pertamina, Pelindo...
  - Visible and invisible subsidies
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# Re-regulation

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- Cabotage
    - Flag
    - Ownership
    - Build subsidies?
  - ASEAN services agreement
    - No Cabotage
  - Government undecided
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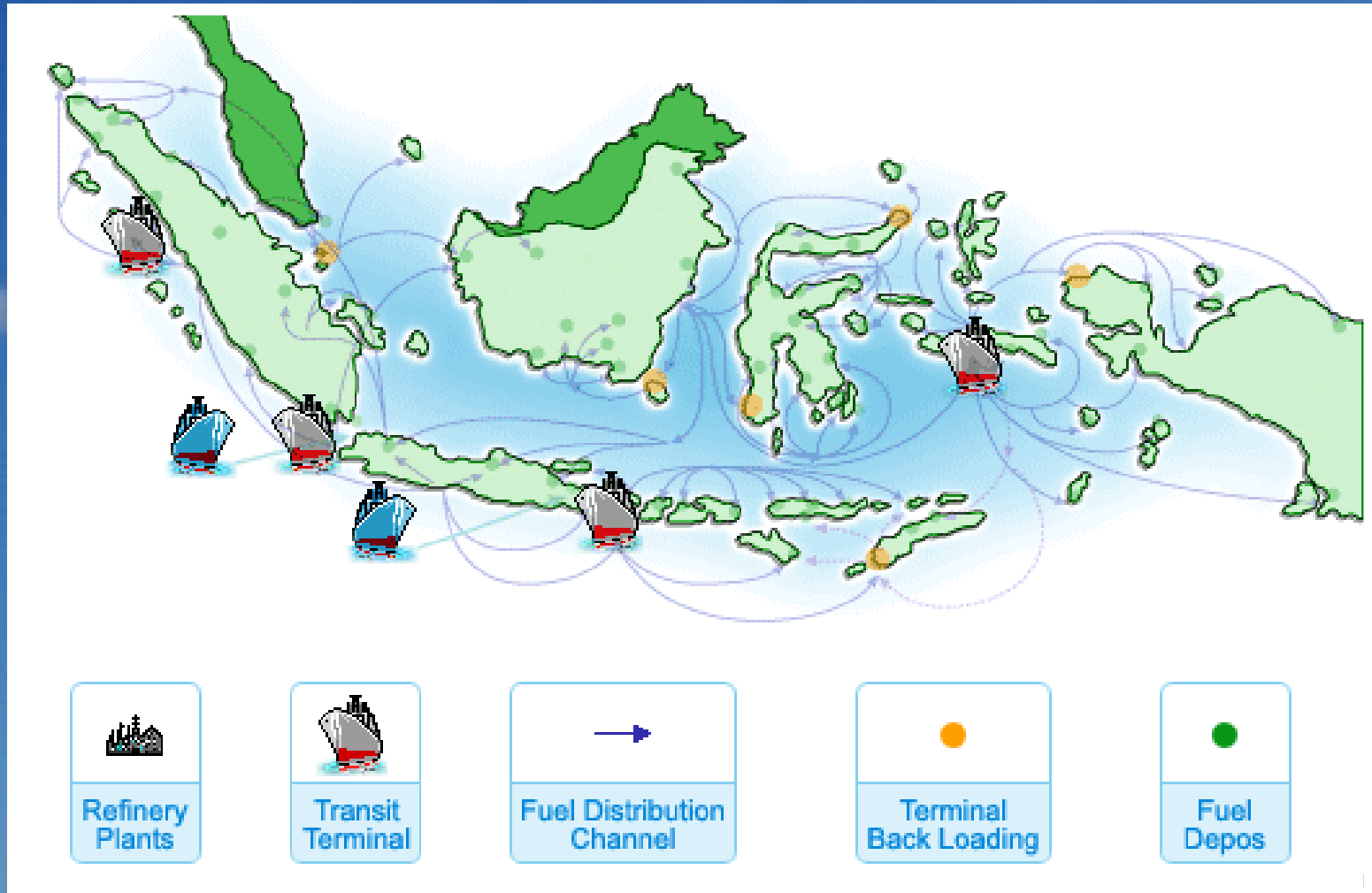


# Downstream Distribution

- Pertamina
  - ?
- Competition
  - Shell
  - Total
  - Petronas
- Removing subsidies to consumer market
  - Missed opportunity questions commitment
- Infrastructure
  - Consumer outlets
  - Distribution



# Pertamina





# The Port Sector

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- National Government (Art 67 to 78)
  - National Ports Master Plan
  - Policy
  - Implementing Regulations
  - International Relations
- Port Authorities (Art 79 to 92)
  - Strategic Port Management
  - Harbour Master
    - Safety & Security
- Port Business Entities (Art 93 to 95)

# Key Concerns & Activity

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- Key concerns:
    - Water depth
    - Land area
    - Hinterland distribution
  - Pelindo/Pertamina
  - Ongoing activity
    - Oil Tanking, Merak a products terminal
    - Vopak, Merak a chemical terminal
    - Vopak, Jakarta with AKR
    - Adaro/Shell, a coal terminal conversion
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# Oil Tanking

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- Planned for deregulation
  - Hinterland distribution
  - Being used by traders

## Storage Capacity

Total capacity	282,500 cbm	
	28,000 cbm	2x
	20,000 cbm	6x
	12,000 cbm	4x
	6,500 cbm	9x

## Jetty Capacity

No.	Depth	LOA	Disp.
Jetty 1	16.0 m	280 m	133,000 mt
Jetty 2	15.0 m	163 m	20,000 mt

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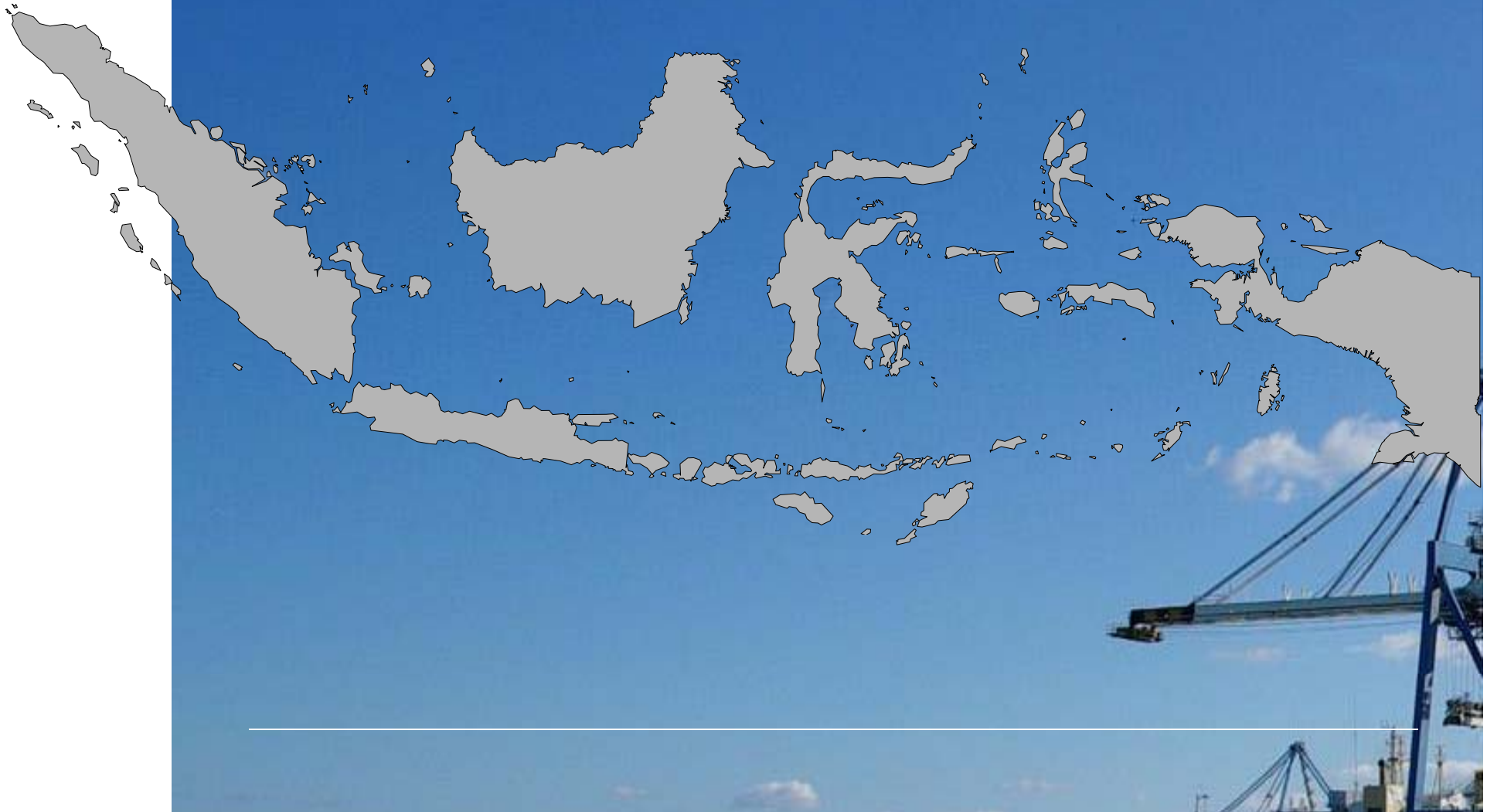
# Prospects & Timeframes

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- Strong prospects
    - 20m m<sup>3</sup> by 2020, 2/3 major terminals a year
    - Slower growth through to 2030
  - Market development
    - Competition
    - Traders, short term winners...
  - Geography
    - Jakarta: 25-50% of storage
    - Surabaya: may lose out to Jakarta Region
    - Semarang: needs new port area
    - Kalimantan/Sumatra: deep sea 'hubs'
    - Makassar: hub for East, 2/3 m m<sup>3</sup> by 2020
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# Potential Gateways

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Thank you for your attention

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