



IPA

INDONESIAN
PETROLEUM
ASSOCIATION



Daily Media Monitoring – Friday, 8 January 2021

IPA Related News

Oil & Gas Regulation

Oil & Gas Industry

Petromindo.com, 8
January 2021

December ICP up on higher crude demand

The Indonesian basket oil price, known as Indonesian Crude Price (ICP), stood at an average of US\$47.78 per barrel in December of 2020, up by \$7.11 per barrel from \$40.67 per barrel in November. The Directorate General of Oil and Gas at the Ministry of Energy and Mineral Resources said in a statement Friday that the higher ICP was line with rising crude oil prices in the international market driven by among others higher crude demand, OPEC agreement for a further 7.2 million bpd of production cut starting January 2021, higher economic growth projections in the Asia Pacific region, and positive sentiment created by the start of the mass Covid-19 vaccination in Europe and the US. The directorate general said that the benchmark price of Minas/SLC crude averaged at \$49.47 per barrel, up from \$42.80 per barrel in November.

Petromindo.com, Investor
Daily (p.10), 8 January
2021

Pertamina's Refinery Unit IV makes maiden transfer of Peralite fuel

State-owned oil and gas firm PT Pertamina's Refinery Unit IV in Cilacap, Central Java, made on Thursday maiden transfer of Peralite brand fuel oil product via pipeline to the Lomanis fuel terminal. Pertamina said in a statement that that Peralite produced by the Refinery Unit IV is a special fuel oil product with Research Octane Number (RON) of 90 percent and contains sulfur level at maximum of 500 ppm. The company said that the Refinery Unit IV has capacity to produce the entire range of special fuel oil products including Pertamina Turbo, Pertamina and Peralite brands.

Bisnis Indonesia (p.13), 8
January 2021

Lower Stockpiles Boosts Oil Prices

Oil gained following a drop in U.S. stockpiles and Saudi Arabia's plan to cut output. The price of West Texas Intermediate (WTI) oil rose by 0.8% to US\$51.05 per barrel at the New York Mercantile Exchange. U.S. crude stockpiles fell by around 8.1 million barrels last week, according to data from

	<p>the Energy Information Administration (EIA). Stephen Innes, chief market strategist at Axi, said the increases in gasoline and distillate stockpiles show the current state of virus infection spread. “But at the same time, confidence among investors is building that the Saudis-OPEC+ efforts and a new Biden administration may provide some relief,” he said, as cited from Bloomberg.</p>
<p>Bisnis Indonesia (p.2), 8 January 2021</p>	<p>Editorial: Meeting the Renewable Energy Portion in the Energy Mix</p> <p>It is undeniable that the Covid-19 pandemic that has yet to be fully mitigated has hindered various sectors from achieving their targets. In the energy and mineral resources sector, large-scale social restrictions (PSBB) that have limited society’s and industrial activities has led to state power firm PLN seeing oversupply in power. This has surely affected the government’s target of increasing the portion of renewable energy in the nation’s energy mix to 23% by the year 2025. Everyone in the energy sector is waiting for the government to find a solution amid the pandemic.</p>
<p>Bisnis Indonesia (p.4), Investor Daily (p.10), Kontan (p.12), 8 January 2021</p>	<p>High Investment Targets for 2021</p> <p>The government has set a high investment target of US\$36.4 trillion in the energy and mineral resources sector for 2021 despite little investments in this sector last year. Data from the Energy and Mineral Resources (ESDM) Ministry shows investments in this sector only reached \$24.4 billion in 2020, lower than investments in 2019 amounting to \$33.2 billion. The oil and gas subsector still provided the highest contribution of investments worth \$12.1 billion while the renewable energy and energy conservation subsector contributed the lowest at \$1.4 billion. ESDM Minister Arifin Tasrif said investments in 2020 were lower than 2019 due to the Covid-19 pandemic which broke out early last year.</p>
<p>Investor Daily (p.17), Suara Pembaruan (p.9), 8 January 2021</p>	<p>PGN, Saka Energi Sign Amendment Agreement for US\$155.2 Million Loan</p> <p>Perusahaan Gas Negara (PGAS/ PGN) signed the fourth amendment agreement with subsidiary Saka Energi Indonesia (SEI) for a US\$155.22 million (some Rp2.16 trillion) loan. This amendment extends the term of the loan until 6 January 2022. SEI is a subsidiary of PGN with PGN owning 99% of the company’s shares, which makes this an affiliate loan. PGN Finance Director Arie Nobelta Kaban said PGN is still making efforts to maintain its operational and financial performance, especially in meeting the demand for natural gas, amid pressure caused by external conditions.</p>
<p>Media Indonesia (p.10), 8 January 2021</p>	<p>Realized Oil and Gas Lifting Reaches 99.1% in 2020</p> <p>Energy and Mineral Resources (ESDM) Minister Arifin Tasrif said realized oil and gas lifting reached 1,682 mboepd or 99.1% out of the 1,697 mboepd</p>

	<p>target for 2020. “Realized oil and gas lifting in 2020 reached 99.1% (out of last year’s target) comprised of 707 mbopd of oil, or 101% out of the target, and 975 mboepd of gas, or 98% out of the target,” he explained during the virtual ESDM Performance Press Conference held yesterday. In 2021, the ESDM Ministry set an oil and lifting target of 1,712 mboepd, which is in accordance with the target set in the state budget, comprised of 705 mbopd of oil and 1,007 mboepd of gas.</p>
<p>Petromindo.com, 8 January 2021</p>	<p>Government to renegotiate 35,000 MW power plant projects</p> <p>The Ministry of Energy and Mineral Resources will renegotiate with independent power producers (IPPs) which are currently developing power plant projects under the government’s 35,000 MW program so as to push back the commercial operation date (COD) schedule of the plants. Minister of Energy and Mineral Resources Arifin Tasrif said that while the government honors the power purchase agreements (PPAs) which have been signed by the IPPs with state-owned electricity firm PT PLN for the development of the power plant projects, rearranging the COD schedule is needed amid the current power oversupply condition. He said that the Covid-19 pandemic has slowed down economic activities and reduced power consumption in the country, thus resulting in the oversupply situation. “The 35,000 MW projects which have been contracted, of course the commitment we must be able to fulfill. But we’ll try to renegotiate, all parties have been affected by the pandemic,” he told a virtual press conference.</p>
<p>Kontan (p.1), 8 January 2021</p>	<p>Coal to be Main Source of Electricity for the Next 10 Years</p> <p>It seems Indonesia will still be relying on fossil energy to fuel its power plants for the next eight years amid the trend developing green energy. The portion of energy produced by coal power plants (PLTU) will increase to 65% by the year 2029, according to a draft of the 2020-2029 electricity procurement business plan (RUPTL) KONTAN obtained. The RUPTL includes plans to develop coal plants with a combined power of producing 41,775 MW of electricity. Director of Electricity Program Development at the Energy and Mineral Resources (ESDM) Ministry Jisman Hutajulu refused to comment on this matter. He only stated that the RUPTL is still being discussed.</p>
<p>Bisnis Indonesia (p.T2), 8 January 2021</p>	<p>Oil Prices Rise</p> <p>The price of crude oil in the USA rose amid protests by supporters of President Donald Trump who stormed the Capitol Building to cancel the victory of President-elect Joe Biden. West Texas Intermediate oil prices for February delivery rose 0.9% to US\$51.09 per barrel yesterday on the New York Mercantile Exchange. Meanwhile, the price of Brent for March 2020 delivery rose 0.8% to end the session at US\$54.73 per barrel on ICE Futures Europe after rising 1.3% the previous day.</p>

<p>Investor Daily (p.10), 8 January 2021</p>	<p>PGN Collaborates with Pegadaian to Improve Gas Bill's Ease of Payment</p> <p>PT Perusahaan Gas Negara Tbk (PGN) is working with PT Pegadaian (Persero) to facilitate the financing of household and MSME gas usage bills, or commonly known as GasKita customers. PGN's Commercial Director, Fariz Aziz, said that with this collaboration, Pegadaian has added a variety of options for offline payment of PGN's natural gas usage bills. In the last two years, the number of GasKita subscribers has increased by more than 50,000. Therefore, the company continues to innovate to facilitate the reach of the payment system for customers.</p>
<p>Kontan (p.13), 8 January 2021</p>	<p>Electric Cars Need Local Incentives</p> <p>The development of electric vehicles needs fiscal incentive support. The Ministry of Finance plans to release a derivative regulation related to Sales Tax on Luxury Goods (PPnBM) of 0% for electric vehicles. In PP 73/2019, the government regulates PPnBM rates for four-wheeled motorized vehicles using Plug-In Hybrid Electric Vehicles, Battery Electric Vehicles, or Fuel Cell Electric Vehicles. For this group of vehicles, the government sets a tariff of 15% with a tax base of 0% of the selling price. Institute for Essential Services Reform stated that in order to be able to meet the population target of 20%, the price of electric cars needs to be reduced to below Rp450 million per unit. Currently, the price on the Indonesian market is still around Rp600 million per unit.</p>
<p>Kontan (p.13), 8 January 2021</p>	<p>Shell Continues to Add Refueling Station Network</p> <p>Shell Indonesia recorded significant growth of its fueling station business, from 108 units in 2019 to 137 units in 2020. Of the 137 units, 16 of them were investments by Shell with regional business partners who joined the Shell Dealer Owned Dealer Operated (DODO) program. This program provides opportunities for entrepreneurs to own and manage refueling stations together with Shell as a business partner who provides various supports. For 2021, Shell will continue to actively collaborate with partners in various regions of Indonesia to jointly move the economy.</p>

Finance & Economy

The Jakarta Post (p.1),
Media Indonesia (p.1),
Republika (p.1), 8 January
2021

Chaos leaves US global image in tatters

The storming of the United States Congress left the US' image as a beacon of democracy severely tarnished on Thursday, with allies unable to hide their shock and authoritarian regimes gleefully exploiting the unrest. In a string of statements, leaders could barely contain their shock at seeing President Donald Trump's supporters briefly – but quite easily – overrun the crucible of US democracy and challenge the peaceful transfer of power. “Where were the police and the Senate bodyguards?” Czech Foreign Minister Tomas Petricek asked aloud, as the world watched Trump supporters cart off podiums, ransack offices or strut around Congress in a horned helmet unmolested. Meanwhile, German Chancellor Angela Merkel said Thursday

	<p>she was “furious and saddened” by the events and said Trump shared blame for the unrest.</p>
<p>The Jakarta Post (p.1), 8 January 2021</p>	<p>Tougher social restrictions in Java, Bali put businesses in bind</p> <p>The government’s plan to impose stricter social restrictions throughout Bali and Java has put the nation’s suffering businesses in a bind as many recognize the justification for the move but all brace for yet another setback to the economy. Indonesian Chamber of Commerce and Industry (Kadin) deputy chairwoman Shinta Kamdani said that while business players understood the necessity of controlling the pandemic, the restriction would be only a short-term measure and would be counterproductive for the economic recovery. “The PSBB will definitely hamper the business recovery, especially on the island of Java, as the epicenter of the Indonesian economy,” she told The Jakarta Post on Thursday. She expected the measure to particularly impact the retail, transportation, food, trade, accommodation and aviation sectors.</p>
<p>Kompas (p.1+15), 8 January 2021</p>	<p>Avoid Halfhearted Restrictions on Public Activities</p> <p>A solid synergy and government firmness are required on restricting public activities to control the transmission of Covid-19 as several regional governments are issuing less strict regulations than the provisions set by the central government. Coordinating Minister for Economic Affairs Airlangga Hartarto, Thursday (7/1), requests regional governments that implement a restriction (PSBB) to prepare regional regulations before the restriction takes effect on January 11-25, including officers who would maintain public discipline. Meanwhile, an epidemiologist at Airlangga University Surabaya, Windhu Purnomo, asked the government to be more assertive and avoid a half-hearted stance in imposing the restrictions on public activities as partial restrictions would not be effective, where it also has the option of regional quarantine if a more progressive policy is required.</p>
<p>Investor Daily (p.1+2), 8 January 2021</p>	<p>Business Sector Estimates Economic Growth at 3-4% this Year</p> <p>The business sector estimates economic growth this year at 3-4%, lower than the government's projection of 5% and Bank Indonesia at 4.8-5.8%, driven by the vaccination program, the Job Creation Law, and improvements in national economic indicators, in which the government is advised to maintain public demand, reduce the number of positive Covid-19 cases, and increase the stimulus budget to accelerate economic recovery. Chairman of the Indonesian Chamber of Commerce and Industry, Rosan P. Roeslani, Thursday (7/1), said the government must create demand and ensure the progress of the economic movement by assisting the MSME sector to prevent a permanent intervention from the current temporary intervention. Meanwhile, an economic observer at Indef, Bustanul Arifin, said Indef estimates this year's economic growth in the range of 1.3-3.4% after the second semester, if conditions do not get worse.</p>
<p>Kontan (p.10), 8 January 2021</p>	<p>Large Investors Required to Partner with MSMEs</p>

The Investment Coordinating Board (BKPM) has launched a partnership program between large investors, both foreign and domestic, with the MSME sector as a sector that will survive as a driving force for the economy when a global economic recession occurs. Pradana Indra Putra, Special Staff for National Entrepreneur Improvement at BKPM, said the program seeks to give a significant impact from investment on the acceleration of the post-pandemic economic recovery, in which the number of MSME businesses that turn into medium and large businesses has experienced stagnation amid the increasing MSME growth and its major contribution in the national economy. Currently, 120 million of 133 million workforce are employed in the MSME sector, both formal and informal, 99% of the total business units and around 64.2 million business units are in MSME, and 61.07% of the GDP comes from SME with a majority of 37.77% in micro-businesses.
