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Daily Media Monitoring – Tuesday, 12 October 2021

IPA Related News

Oil & Gas Regulation

Oil & Gas Industry

Investor Daily (p.9), 12 October 2021

Carbon Tax Could Increase Electricity Production Cost

PLN is concerned that the application of a carbon tax for coal-fired power plants (PLTU) starting April next year could increase the production cost (BPP) of electricity. PLN Director of Commerce and Customer Management Bob Saril said the implementation of a carbon tax would not only have an impact on the company that provides electricity, but on the state's finances as well. Once the carbon tax is applied in April 2022, production cost at coal plants will increase. "As long as this rise in production cost is included as compensation and subsidy, then it won't be a problem," he told Investor Daily, Monday (11/10).

Kontan (p.12), 12 October 2021

Economy Recovers, Electricity Demand Rises

During the third quarter of 2021, the demand for electricity grew 4.42% yoy as activities in a number of sectors increased. PLN Director of Commerce and Customer Management Bob Saril said electricity consumption during the first nine months of this year reached 187.78 TWh. "In September, it grew 3.87% compared to September 2020," he told KONTAN yesterday. Bob said a significant growth in the industrial customer segment supported electricity consumption.

Petromindo.com, 12 October 2021

Shizen, Alampor bag 4.5 MWp rooftop solar PV installation contract

Japanese renewable energy firms Shizen Energy Inc. and Alampor Inc. announced on Sunday that they have received the order to install 4.5MWp Rooftop Solar Power Plants from three factories in Indonesia. Shizen Energy and Alampor established a local subsidiary, PT ATW Alam Hijau, in collaboration with the ATW Group, which is the local partner engaged in the engineering, procurement, and construction of solar power plants. The 3 factories include two steel mills of the PT Steel Pipe Industry of Indonesia Tbk in Surabaya, East Java and a paper mill of PT Eco Paper Indonesia in Subang, west Java that manufactures processed paper products derived from recycled paper such as corrugated cardboard. The electricity generated will be supplied directly to each factory.

Investor Daily (p.9), 12

Nicke Ranked 17th in Fortune's Most Powerful Women International List

October 2021	<p>Pertamina President Director Nicke Widyawati has made another achievement and was globally recognized, as she was once again included in Fortune magazine's 100 Most Powerful Women International list at number 17. The prestigious magazine stated Nicke continues to support energy transition in Indonesia by coming up with a new and renewable energy (NRE) portfolio to provide clean energy to the nation in the future. "This recognition is proof the world's trust in Pertamina, which continues to anticipate energy transition," Nicke said in Jakarta, Monday (11/10).</p>
Kompas (p.4), 12 October 2021	<p>Energy Crisis Rips Into China's Economy</p> <p>China's economic growth in 2021 could decline by 0.79% due to the ongoing energy crisis. China has been forced to issue massive blackouts due to a shortage amounting to several gigawatts of power. Liaoning province announced Monday (11/10/2021) a shortage of up to 4.74 GW. Therefore, mass blackouts will continue. BNP Paribas projected China's GDP from September to December 2021 could be slashed by 2%. Some provinces in China have made numerous efforts to overcome this energy deficit.</p>
Kontan (p.12), 12 October 2021	<p>Oil Production at Cepu Block Exceeds Target</p> <p>Accumulated production at the Cepu Block reached a volume of 500 mmbbl exceeding the target set in the initial plan of development (PoD) of 450 mmbbl. With this output of 500 million barrels of oil, the Cepu Block managed to contribute four times more than its investment value to the state. "Since 2008, with a total investment of Rp57 trillion, the Cepu working area has produced 500 million barrels of crude oil and contributed more than Rp249 trillion to the state revenue in the form of crude oil and taxes," Upstream Oil and Gas Regulatory Special Task Force (SKK Migas) Head Dwi Soetjipto said.</p>
Kontan (p.13), 12 October 2021	<p>Pertamina Expands Crude Oil Terminal</p> <p>The Pertamina Group, through Kilang Pertamina International (KPI), continues to support the refinery development master plan (RDMP) national strategic project (PSN) in Balikpapan. After completing the development of the lifting alkylation reactor equipment in August 2021, Pertamina worked on the development of the crude oil terminal in Lawe-Lawe, Penajem Paser Utara Regency, East Kalimantan Province. Pertamina Subholding Refining & Petrochemical Corporate Secretary Ifki Sukarya said the Lawe-Lawe Terminal will serve as a crude oil unloading, storage and distribution facility for Pertamina's refinery in Balikpapan.</p>
Petromindo.com, 12 October 2021	<p>Saka to complete Tambak Boyo FEED in January</p> <p>Upstream oil, gas company PT Saka Energi will complete front end engineering design (FEED) for the development of Tambak Boyo Phase-1 oil field in Pangkah PSC offshore East Java in January 2022, upstream oil, gas authority senior official said on Monday. Operations Deputy Julius Wiratno told Petromindo.Com that the FEED process started in August 2021 and has</p>

	<p>currently 40 percent completed. According to Julius the field development will be carried out in several phases and will involve construction of one wellhead platform, subsea cable and pipeline and modification of existing facilities.</p>
<p>Petromindo.com, 12 October 2021</p>	<p>IISD: Fossil Fuel Subsidies in Indonesia Double With COVID-19 Recovery Package</p> <p>A new brief by the International Institute for Sustainable Development's Global Subsidies Initiative (IISD-GSI) emphasizes the need for a fossil-free recovery in Indonesia and warns that the 2020 recovery package is not in line with climate targets. Of Indonesia's IDR 108.5 trillion in support for energy in 2020, IDR 95.3 trillion was given to fossil fuel intensive state owned enterprises. Experts warn that already high fossil fuel subsidies have also more than doubled when adding the COVID-19 recovery budget. Current energy subsidies, IISD experts state, not only encourage wasteful consumption but also primarily benefit the rich and have negative social, economic, environmental, and health effects. "Indonesia's recovery is not green enough," says Theresia Betty Sumarno, lead author of the brief. "A continued focus on fossil fuels in Indonesia overlooks the unprecedented opportunity to align economic recovery with climate targets. By embracing and incentivizing renewable energy instead of fossil fuels as part of the COVID-19 recovery plan, Indonesia could transform their energy sector, fuel their economy, and address climate change. It is not too late to achieve ambitious emissions targets."</p>
<p>Bisnis Indonesia (p.13), 12 October 2021</p>	<p>PGAS Shows Bright Performance</p> <p>The increasing gas price this year affects the performance of PT Perusahaan Gas Negara Tbk (PGAS), which is also overshadowed by the prospect of increasing industrial gas consumption amid the national economic recovery. Gas price rises 0.22 points or 3,99% to US\$ 5,79 per MMBtu or up 127,49% year-to-date amid the energy crisis in several European and Asian countries. PGAS secures US\$ 196,50 million profit attributable to parent entity in semester 1, up 2,823% from US\$ 6,72 million in semester 1/2020, while revenue declines slightly from US\$ 1,47 billion to US\$ 1,46 billion in the same period. Mirae Asset Sekuritas Indonesia increases its recommendation from trading buy to buy for PGAS shares and raises the target price from Rp 1,350 to Rp 1,700.</p>
<p>Bisnis Indonesia (p.2), 12 October 2021</p>	<p>A Message from Energy Crisis</p> <p>The current energy crisis shows how much the global economy is dependent on fossil energy, where conditions in China and Europe may trigger a global energy crisis that has the potential to threaten the global economic recovery. Many energy analysts say the current crisis is the result of 'greenflation' in which governments in various countries are spurring the development of new renewable energy and limiting the use of fossil fuels to achieve carbon-neutral targets. The current crisis and the issue of new renewable energy reliability in supplying national energy may be an argument for many countries to maintain fossil energy as the main energy</p>

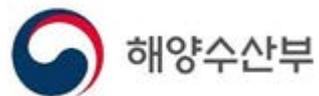
	source and encourage the government to review its national energy policy.
Bisnis Indonesia (p.12), 12 October 2021	<p>Russia Gains Profit</p> <p>Russia made a profit following the soaring global oil demand due to coal supply shortage, which triggered the electricity crisis in Europe. Russia is now the single currency bloc's main destination for importing fuel in response to electricity shortages. The unrest in the energy market has highlighted Russia's status as an oil and gas superpower. The world's largest energy exporter has reserves of more than US\$600 billion. The country's debt burden is also very low and can manage rising interest rates to tame inflation.</p>
Kontan (p.16), 12 October 2021	<p>Millionaire Ambani Acquires 2 Renewable Energy Companies</p> <p>Millionaire Mukesh Ambani is expanding his businesses. Through Reliance Industries Ltd, Asia's richest person made two new acquisitions to accelerate his business' steps into green energy. First, Reliance acquired the Norwegian solar panel maker REC Solar Holdings USA. Second, the company bought a renewable energy power generation company in India, Sterling & Wilson Solar. Both acquisitions will help Reliance expand its business in green energy markets globally, including the US, Europe, Australia and Asia.</p>
Bisnis Indonesia (p.14), 12 October 2021	<p>Energy Crisis Heats Up Oil Prices</p> <p>World crude oil prices rose again on Monday (11/10) following the ongoing global energy crisis and production restrictions imposed by OPEC+. On Monday (11/10), at 15.30 Western Indonesia Time (WIB), Brent oil rose 2% to US\$84.04 per barrel. Meanwhile, West Texas Intermediate oil rose 2.46% to US\$81.30 per barrel.</p>
The Jakarta Post (p.4), 12 October 2021	<p>IEA chief pleads for 'real global action' on climate</p> <p>As head of the organization that advises countries on energy policy, Fatih Birol has a blunt message to governments ahead of a crucial climate summit: He wants "real global action", not just words. In an interview, he discussed his hopes for the two-week COP26 meeting that will be held in Scotland from Oct. 31. One of them is to see a reinforcement of commitments for net zero [emissions] by 2050. He also wants to see financing clean energy investments in emerging countries. More than 80 percent of the emissions in the next 20 years will come from emerging countries, and only less than 20 percent of the clean energy investments go to emerging countries. It is the reason why it's urgent that the advanced economies, including the Group of 20 countries, should make sure that the financing of clean energy investments in emerging countries are one of the key outcomes coming from COP26 meeting.</p>
Finance & Economy	
The Jakarta Post (p.1), 12 October 2021	New tax law expected to boost state revenue

	<p>The Finance Ministry expects the newly passed Harmonized Tax Law to raise its annual tax collection between 9.23 and 17.94 percent over the next four years, bringing in the much-needed funds to reconsolidate Indonesia’s fiscal position. New provisions introduced in the law are expected to add between Rp 140 trillion (US\$9.86 billion) and Rp 353 trillion in annual tax revenue between 2022 and 2025, raising the total annual revenue to between Rp 1.64 quadrillion and Rp 2.32 quadrillion over the same time period, according to a Finance Ministry presentation shown at an online press conference on Oct. 7. Maintaining the corporate income tax rate at 22 percent, raising ultra-high net individuals’ (HNWI) personal income tax rate to 35 percent and raising the value-added tax (VAT) rate to 11 percent starting next year are among the new provisions. “Most of the provisions will take effect in 2022. We estimate a Rp 140 trillion increase in tax revenue in 2022 and Rp 150 to Rp 160 trillion a year later,” Deputy Finance Minister Suahasil Nazara said during the press conference, adding that the tax office would work tirelessly to realize the target.</p>
<p>The Jakarta Post (p.1), 12 October 2021</p>	<p>Home minister in spotlight amid rumors of Cabinet shake-up</p> <p>Questions have been raised over whether Home Minister Tito Karnavian can keep his job until the end of his term amid speculation that President Joko “Jokowi” Widodo may replace him with an Indonesian Democratic Party of Struggle (PDI-P) politician in the next Cabinet reshuffle. The State Palace has yet to confirm if the President will reshuffle his ministers for the third time in the near future, but rumors have intensified in recent weeks that, given his position, Tito would likely be affected if a Cabinet reshuffle were to take place. Centre for International Strategic Studies (CSIS) political analyst Noory Okthariza said it was possible that Jokowi would give the home ministerial post to the PDI-P. “Tito can be seen as a Jokowi loyalist. But the question is whether he is prepared to accommodate the interests of the regime through the acting-gubernatorial positions of key provinces for 2024,” he added.</p>
<p>12 October 2021 The Jakarta Post p.2</p>	<p>Sustainable companies ‘attract’ investors, talent to Indonesia</p> <p>Global service providers are urging businesses in Indonesia to adopt green energy and hybrid cloud solutions but also note that the country needs to address deficiencies in regulations to support companies in adopting environmental, social and governance (ESG) standards. Schneider Electric’s Indonesia and Timor Leste cluster president Roberto Rossi suggested the government consider formulating effective regulations that could encourage investors and companies to incorporate ESG criteria into their decisions and activities and help Indonesia achieve its netzero emissions target by 2060. “Sustainable companies attract investors and talent,” he said during The Jakarta Post’s Up Close webinar on Friday, adding that Indonesia was going in the right direction in terms of carbon incentives and planning. (<i>Divya Karyza</i>).</p>
<p>Media Indonesia (p.1), 12 October 2021</p>	<p>Overseeing Finance Digitalization</p> <p>President Joko Widodo is encouraging all stakeholders to maintain and oversee finance digitalization. “If we oversee this quickly and correctly, then</p>

	<p>Indonesia would have a great chance of being a digital giant after China and India, which could lead us to being established as the world's 7th greatest economy in 2030," he said during his keynote speech at the Financial Services Authority (OJK) Virtual Innovation Day 2021, yesterday. He said there must be an effort to build a digital finance ecosystem that is strong, sustainable and accountable. Meanwhile, Coordinating Minister for Economic Affairs Airlangga Hartarto said the public's shift in behavior amid the pandemic is an opportunity for the digital finance sector.</p>
<p>Kontan (p.1), 12 October 2021</p>	<p>New Tax Rules Affect Issuers and Stock Market</p> <p>Several points in the new tax regulation have the potential to affect the performance of issuers and the stock market, one of which is the VAT increase to 11% starting from April next year and to 12% in January 2025, which will have a direct impact on manufacturing issuers, especially consumer and retail goods, as it will lower consumption and increase production cost. Director of PT Kino Indonesia Tbk (KINO) Budi Muljono says the increase in VAT will affect consumers' purchasing power, especially on basic and competitive products, where he estimates sales decline by 1-2%. However, Executive Director of the Indonesian Issuers Association, Samsul Hidayat, estimates the impact of the new tax regulation on the stock market will not significant as it will only occur in short term.</p>
<p>Investor Daily (p.7), 12 October 2021</p>	<p>Industry Expects Cancellation of Carbon Tax</p> <p>The industrial sector expects the government to cancel the plan to implement carbon tax starting from April 1 next year as it will boost production costs. General Chairman of the Indonesian Textile Association (API), Jemmy K. Sastraatmaja, Monday (11/10), says this problem is faced by all industries as the carbon tax seems to be issued too suddenly. Executive Director of CORE Indonesia, Mohammad Faisal, believes the industry needs a clear carbon tax roadmap implementation, to which he expects solutions or alternatives so that the policies would not affect or kill the industry.</p>
<p>Kontan (p.2), 12 October 2021</p>	<p>Income Tax to be imposed on Digital, Multinational Companies in 2023</p> <p>The Indonesian government now has the opportunity to optimize its tax income from digital and multinational companies. The Organisation for Economic Co-operation and Development (OECD) has approved the Inclusive Framework on Base Erosion and Profit Shifting (BEPS) proposal on Friday (8/10). In its official report, OECD states 136 countries or jurisdictions have agreed on the aforementioned international taxation regulation and will sign the multilateral agreement no later than mid-2022. The Inclusive Framework on REPS agrees on two pillars: Unified Approach or income tax collection (PPh) for digital multinational companies without offices in Indonesia and 25% residual profit of multinational companies to market countries for multinational companies with global sales above €20 billion and profit more than 10%. A tax observer at Center of Indonesia Taxation Analysis (CITA) Fajry Akbar believes the agreement could have a positive impact, where Indonesia could at least tax Multinational Enterprises (MNE) without physical presence but having a significant economic presence.</p>

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