

RECENT DEVELOPMENTS

Pertamina, Aramco to build oil refinery in Tuban

Jakarta (ANTARA News) - Indonesia's state-owned company PT Pertamina and Saudi Aramco Asia Co.Ltd. have signed a memorandum of understanding to build a refinery with a production capacity of 300,000 barrels a day in Tuban, East Java. Pertamina spokesman M Harun in a press statement received here on Saturday said the MoU was for a joint study of the feasibility of the project which would later be integrated with a petrochemical plant. "After the signing, an executive team will go to the next stage of joint study including market research and economic analysis as well as refinery configuration study," he said.

The signing was done in Bali by Pertamina's director of investment planning and risk management, M Afdal Bahaudin and the vice president of marketing, supply and joint venture coordination of Saudi Aramco, Dawood M Dawood. Saudi Aramco would supply part of the crude for the refinery based on a long-term contract. The refinery will produce petrochemical products and high quality gasoline to meet demand that keeps increasing in the country and in the Southeast Asian region.

"The investment cooperation with Saudi Aramco is very useful for Pertamina and Indonesia to strengthen gasoline and petrochemical supply to meet huge domestic and regional demand," he said. He said the project was part of Pertamina's plan to increase the country's energy resilience. Dawood meanwhile said the signing of the MOU was the first important step to deepen the relations with Pertamina and also part of a strategy to increase downstream business existence globally.

"We are committed to mutually beneficial investment that will benefit both parties and contribute to economic and development growth," he said.

Saudi Aramco Asia Company Limited (SAAC) is a subsidiary of Saudi Arabian Oil Company (Saudi Aramco). SAAC's business is aimed at supporting Saudi Aramco's business operations in Asia.

Saudi Aramco meanwhile is fully owned by the government of Saudi Arabia and headquartered in Dhahran, Saudi Arabia.

The company manages the world's biggest proven oil reserves totaling 260 billion barrels and the world's fourth biggest gas reserves.

Source: <http://www.antaranews.com/en/news/79998/pertamina-aramco-to-build-oil-refinery-in-tuban>



How can your business benefit from The ASEAN Australia New Zealand Free Trade Agreement (AANZFTA)

by Chris Naziris

The ASEAN - Australia - New Zealand Free Trade Area (AANZFTA) has finally entered into force in Indonesia. This agreement will liberalise the trade in goods and services and presents enormous opportunities for Indonesian businesses exporting to Australia and New Zealand. It also increases the options for Direct Foreign Investment into Indonesia and for Indonesian Businesses working with Australian and New Zealand partners.

What is the AANZFTA?

The AANZFTA is an agreement between the 10 ASEAN countries and New Zealand and Australia which will over the period of the next 13 years eliminate tariffs on almost all exports between ASEAN and Australia and New Zealand.

What is covered by the Agreement?

The Agreement covers goods and services between all 12 countries. It is estimated that the Agreement will save hundreds of billion rupiah per year.

7 Reasons why the AANZFTA is good for Indonesian Businesses

1. Indonesia's exports to New Zealand and Australia will be 81% tariff-free by the end of 2012, rising to 100% in 2020. By comparison, 50% of imports to Indonesia from these countries will be tariff-free in 2012, rising to 99% in 2025.
2. Indonesia's manufacturing sector is growing hugely and the removal of tariff barriers from New Zealand and Australia will lead to increased profits in from countries.
3. Indonesia, New Zealand and Australia have complementary economies and industries. Indonesia exports textiles to Australia and New Zealand exports dairy products to Indonesia. The removal of barriers allows demand and supply to increase as determined by the market.
4. Indonesian companies will gain improved access to supply a range of business, construction, environmental and financial services in New Zealand. As Indonesian entrepreneurs increase their global ambition, operating in New Zealand's very open economy or with New Zealand partners will be a valuable springboard to regional and global business.
5. There will be greater opportunities for Indonesia to attract investment from Australia and New Zealand because AANZFTA gives more certainty and clarity about investment rules in Indonesia.

6. Under AANZFTA New Zealand is providing a package of assistance to support the continuing growth of Indonesia's agriculture sector. The package is particularly focused on assisting Indonesia's dairy sector, improving access for Indonesian horticultural exports to New Zealand, and further training Indonesian officials in agricultural trade issues.
7. AANZFTA provides new opportunities for skilled workers to work in Australia and New Zealand.

How can your Business benefit?

The reduction in trade barriers means that for Indonesian exporters and International importers, attracting direct foreign investment and increasing international sales has never been easier.

More information

MKK can assist you in any further questions you might have about Direct Foreign Investment in Indonesia, Export Finance and Company Incorporation. MKK also has a network of law firms and professional services in both Australia and New Zealand to assist your company's expansion.

To start a conversation please contact us at mail@mkklaw.net or +62 21 571 1130

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