

China & India Key Markets for Growth

HIGHER premium products and fast growing economies like China, India and Southeast Asia are key for Pengerang Integrated Complex's (PIC) success, says PETRONAS Senior Vice-President and CEO of PETRONAS Refinery & Petrochemical Corporation Sdn Bhd Ir Dr Colin Wong Hee Huing.

"Our petrochemical products are mainly exported to Southeast Asia (SEA), China and India. While the SEA region is the fastest growing region, China and India are large markets that we cannot afford to ignore. There will be opportunities for suppliers outside these countries to complement and supplement domestic producers.

"The reason we are able to offer a wide range of products, namely premium differentiated, is due to customers looking for better quality and cost effective imported products. We also have marketing partner PETRONAS Chemicals Group and other international companies as distribution networks," he says.

The PIC is the biggest single project that PETRONAS has embarked on since its inception. The scale and complexity surpasses all its combined downstream operations in Melaka, Kerteh and Kuantan. Once in operation, the PIC will be the 4th largest refinery (in terms of capacity) in SEA based on Nexant Phase 2 Market Study.

"PETRONAS takes a long-term view when making investment decisions. In the case of PIC, PETRONAS wants to expand its refining capacity and chemical product portfolio into premium differentiated chemicals. In the long term, PIC is expected to provide reasonable returns. This project

will not only expand its current portfolio but will be a catalyst for further investments and will result in a multiplier effect for the economy," Wong elaborates.

The PIC is poised to transform Southern Johor into a new regional downstream oil and gas industrial hub. In 2015, 82% of the total sub-contract value was awarded to qualified, reliable and experienced Johor Bumiputera entities to increase the participation of local vendors in the PIC project.

"We are heartened by the strong support we receive from the Johor State Government on the development of the PIC. It will be the anchor development and catalyst for the State Government's larger PIPC development," Wong says.

To show its commitment to the long-term development of Johor and the people, Wong says that the company has contributed by supplying water and electricity through PIC associated facilities.

This includes Raw Water Supply Project (PAMER) via the Pengerang Co-generation Plant (PCP).

"Rather than supplying merely to the PIC, PAMER will channel 30 million litres per day (mld) to the Sungai Lebam reservoir to supplement the Johor's existing water supply for public consumption in the Pengerang sub-district. Meanwhile, the PCP will provide a total of 600 megawatts to the national grid," he elaborates.

The group's initiatives are not limited to the development of infrastructure facilities in the area. The company strives to spur the participation of the local community by providing job opportunities as well as encouraging the growth of enterprises

across multiple industries that go beyond the oil and gas industry. "Our underlying aim is to spur socioeconomic growth via strategies tailored to suit the aspirations of people in Pengerang," he says.

"For this, we created the #ForPengerang initiative to empower the Pengerang community, especially relocated residents in Taman Bayu Damai, by creating and providing business and employment opportunities. This included developing human resources capabilities and spin-off industries.

"Under the initiative, we helped the community to set up a co-operative — Koperasi Pengerang Jaya Johor Berhad (KOPEJA) — and allocated dealership to the co-operative to run a PETRONAS commercial fuel station within the PIC site. This is aimed to generate lucrative and stable returns to its members whom are largely from Taman Bayu Damai," Wong explains.

Aside from these initiatives, the company also helped to set up the Entrepreneurship Development Programme (EDP) to help small cottage industries to grow and participate in the development of Pengerang. Meanwhile, to nurture skills for the oil and gas industry, the group embarked on its flagship capacity development programme, the Vocational Institution Sponsorship and Training Assistance (VISTA) Programme and the Recruit to Train (RTT) programme, to secure talented individuals to drive project growth such as plant commissioning. To date, some 164 Johoreans are RTT recruits out of the 1,272 the company has in total.

