

Press Release

Head of Agreement of Downstream Coal For Coal Value-Added

PT Bukit Asam Tbk has signed a Head of Agreement on Downstream Coal with PT Pertamina (Persero), PT Pupuk Indonesia (Persero) and PT Chandra Asri Petrochemical Tbk on December 8, 2017 in Jakarta. The signing was done by Arviyan Arifin, President Director of PT Bukit Asam Tbk; Elia Massa Manik, President Director of PT Pertamina (Persero); Aas Asikin Idat, President Director of PT Pupuk Indonesia (Persero); and Erwin Ciputra, President Director of PT Chandra Asri Petrochemical Tbk.

Through this signing, coal from PT Bukit Asam Tbk will be converted through gasification technology into final product which has higher selling value. This gasification technology enables converting young coal into syngas which is the raw material for further processing into Dimethyl Ether (DME) as fuel, urea as a fertilizer, and Polypropylene as a plastic raw material.

"We want to create added value, transforming coal downstream with gasification technology, by creating end products that have a higher selling opportunity than coal products. Thus, it is expected to be more profitable company," explained Arviyan Arifin, President Director of PT Bukit Asam Tbk.

Following the signing of this agreement, Bukit Asam along with Pertamina, Pupuk Indonesia and Chandra Asri Petrochemical will prepare the Bankable-FS (feasibility study), 'AMDAL', and funding preparations to further procure Engineering Procurement Construction (EPC) process.

To support this cooperation, a coal gasification processing plant will be built on Bukit Asam Coal Based Industrial Estate (BACBIE) located at the Mine Mouth of Tanjung Enim in South Sumatra. BACBIE will be in the same location as the Mine Power Plant-8 of South Sumatra.

The construction of its own coal gasification processing plant is scheduled to begin operation in November 2022. It is expected that production will meet the market demand of 500 thousand tons of urea per year, 400 thousand tons of DME per year and 450 thousand tons of Polypropylene per year. With the target to meet the needs of that, estimated the needs of coal as raw materials of 9 million tons per year; including to support coal needs for its power plants.

President Director of PT Pertamina (Persero), Elia Massa Manik asserted that the cooperation of PT Pertamina (Persero) with PT Bukit Asam Tbk, PT Pupuk Indonesia (Persero) and PT Chandra Asri Petrochemical Tbk is a strategic step for all parties, for the sake of national energy security, in utilization (DME) as fuel, and development of petrochemical business of processed products from coal.



"We will utilize the domestic resources that have not been utilized in the form of low rank coal whose availability is very abundant up to 50 years into the future," he said.

In line with Elia Massa Manik, President Director of PT Pupuk Indonesia (Persero), Aas Asikin Idat said that this cooperation is expected to give the best result in the framework of synergy between SOEs, and hope that the used coal can be used as urea raw material.

"Through this cooperation, the fertilizer industry hopes to utilize coal as a substitute for gas and raw materials of urea fertilizer," he said.

Meanwhile, President Director of PT Chandra Asri Petrochemical Tbk, Erwin Ciputra added this coal-based polypropylene can help Indonesia in fulfilling the needs of domestic Polypropylene.

"Currently, the production of Polypropylene has not been sufficient for domestic needs so that this cooperation will reduce the imports that the number is still large and continues to increase," he added.

It is expected that this cooperation can provide added value of coal so that coal is not only sold as the final product, but used as raw material. In addition, it is hoped that this cooperation will also enhance synergy among SOEs, and able to create efficiency in coal, gas, fertilizer and chemical industries.

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