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PETCHEM facilities

PIPC: A Game changer for Malaysia

Being host to many world-class facilities, Malaysia prides itself in another - The Pengerang Integrated Petroleum Complex (PIPC) that sits on a 22,904-acre area in Pengerang, to the south-east of Malaysia's Johor state. The PIPC is designed to accommodate downstream oil and gas industrial facilities such as refineries and petrochemical plants, deep-water terminal and storage tanks, naphtha crackers, regasification plants and supporting facilities, as well as manufacturing plants and industrial parks. Included in the PIPC master plan are designated areas for related support services such as a plastic and fine chemicals park, a light and medium industrial park, a waste management center, an emergency response center, a logistics hub, a commercial hub and others.

PIPC has an upper hand in the downstream oil and gas sector in the region owing to its strategic location. It gives access to major international shipping lanes between the Middle East and China. The proximity of Pengerang to Singapore is another plus point. The refinery hub sits close to the world's commodity traders that are mostly based in Singapore. With a water depth of more than 24 metres and having no breakwater, it enables very large crude carriers and ultra large crude carriers to operate.

The Malaysian government has established Johor Petroleum Development Corporation Berhad (JPDC), a dedicated federal government agency under the Economic Planning Unit, Prime Minister's Department, mandated to plan, coordinate, facilitate and promote the overall development of the PIPC. The JPDC covers the depth and breadth of a project manager role in making sure the development of the PIPC is on track, according to plan and with sufficient funds. At the same time, JPDC performs an investment promoter role, providing guidance to potential parties seeking to invest in the PIPC.

INVESTMENT OPPORTUNITIES AND INFRASTRUCTURES IN PIPC

In 2021, the Government of Malaysia will be completing 25 packages of infrastructure and public amenities in PIPC to support downstream oil and gas industry growth at a development value of RM2.47 billion

(USD598.8 million). The Malaysian government offers various incentives to investors, both local and foreign. These include investment tax allowances, import duty exemptions, reinvestment allowances and others. These incentives may vary between plans and structures, depending on the status of companies investing in Malaysia or the PIPC. JPDC, being the appointed organization to oversee the overall development of the PIPC, collaborates with the Malaysian Investment Development Authority (MIDA) to actively guide investors to the applicable incentives.

To date, JPDC has been organising and coordinating a series of re-skilling and upskilling training programs for 4,728 local manpower, aimed at creating a downstream oil and gas industry workforce.

PIPC MILESTONE

The PIPC covers both core and non-core downstream activities and is planned to be developed over four phases started from year 2012 until 2037. Its first development phase (2012-2019) has been completed, which witnessed two significant, world-class catalytic projects completed - Pengerang Deepwater Terminals (PDT) and Pengerang Integrated Complex (PIC).

PDT developed by DIALOG Group Berhad and its investment partners, is a deepwater terminal with 3.83 million cubic metre oil storage facilities developed on a 1,300-acre area with an investment value of USD2.5 billion. It has been operational since April 2014.

PIC developed by PETRONAS is an integrated downstream petroleum facility covering an area of 6,303 acres with an investment value USD27 billion. The PIC comprises an integrated refinery and petrochemical complex, and is further supported by associated facilities namely a co-generation plant, an LNG re-gasification terminal, a raw water supply plant, a deepwater terminal, and air separation unit, as well as centralised and shared utility facilities. The construction of PIC, which began in 2015, has been completed and it is in the final stages of preparation for commercial operations in 2021.

Pengerang Deepwater Terminals in PIPC provide up to 3.83 million cubic metres of oil storage facilities with 3 jetties.