

Economic Research Institute for ASEAN and East Asia

# PPP AND INFRASTRUCTURE NEWS

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## Indonesia

### Roads and Bridges Left in Damaged Condition

A number of roads and bridges in some areas in Central Java's north coast (pantura) route, such as Pemalang, Pekalongan, Kendal, Semarang, and Demak, are damaged and up to now they have not been repaired. Constraints to budgetary funds for regency and city infrastructure development have led to intermittent repair works on those roads and bridges.

Based on the monitoring of *Media Indonesia*, yesterday, the repair works adopted patchwork pattern, so that the roads become bumpy and uneven. There have been successive regents or mayors, but the issue of infrastructure repair has remained untouched.

For example, when a bridge in Candirejo Village, Pringapus Subdistrict, Semarang Regency, was washed away by the water flow in January. Until now there has been no sign of a new bridge to be built. Three hamlets in Candirejo Village, namely Glatik, Borangan, and Sapen, have been isolated. To connect the residents to other areas, an emergency bridge made of bamboo has been built. "It is indeed for temporary use we have made this bamboo bridge. In the future the regency government will cut the hill to build a road. So, it does not need a bridge to enter and leave the village," said Semarang Regent, Mundjirin.

If there is no emergency bridge, the residents must take a detour through Demak to enter and leave the village. According to him, to flatten the hills that block the three hamlets, a budget of Rp 5 billion is needed. "We will build gradually because of the budget constraints."

#### Subsidence

Other bridges that have not been repaired for a long time include Blorong River Bridge in Jatirejo Village, Ampel Subdistrict, Kendal Regency, and a bridge in Pasir Village, Mijen Subdistrict, Demak Regency. The bridge in Pasir Village, which has a length of 150m, has suffered subsidence. There have been two different regents ruling in Demak, but the bridge has not been repaired. According to Head of Pasir Village, Bambang Priyono, the bridge's current condition is dangerous and it is feared it may collapse altogether.

In addition, a 100m-long iron bridge in Kaliwangan, which connects Blora City with Banjarejo and Randublatung Subdistricts, has been left in damaged condition. Vehicles can still pass the bridge even though its condition is quite dangerous. In fact, many nuts and steel pieces are already lost or have gotten loose.

Head of Public Works Office of Blora Regency, Dewi Tedjowati, has promised that Kaliwangan Bridge will be repaired this year at a cost of Rp 2 billion. In East Java, *Balai Besar* [Main Office] of National Road Implementation (BBPJN) will stop all repair and construction works on national roads from H-14 *Lebaran* [14 days before Eid ul-Fitr] in order not to disrupt the the homecoming traffic flows. "Last year on we stopped on H-10. But now it is faster, i.e., H-14 we will stop all national road works," said Head of Implementation II of BBPJN V, Atyanto Busono.

In order for the repair works on national roads to be completed quickly, BBPJN is speeding up the works by working 24 hours a day. The priorities are East Java's pantura route and middle route. The length of national roads in East Java is 2,027,005km. The roads covers 469,296km of Pantura line, 193,915km of middle line, 620,067km of southern line, and connecting lines across 743,727km. (*Media Indonesia translated by Indii*)

### Batang - Semarang Toll Road Project Ready for Resumption

Toll Road Regulatory Agency (BPJT) has stated that Batang - Semarang toll road project is ready to be resumed because the project's equity ownership administrative problem has been resolved. Head of BPJT, Ahmad Ghani Gazaly, said the process for resuming this project is just waiting for amendment of the toll road concession agreement (PPJT), which is expected to be done this year.

"The court process has been completed and [the case has been] removed, while the internal problem involving shareholders has also been settled. Now, the process is for them to report the resolution formally to us, to allow for PPJT plan to be formulated," he said on Wednesday (4 July). *Continue to next page*

Batang - Semarang is one of the 24 toll road projects that became stalled and have then had their contracts amended by the government. Until now the toll road owned by PT Marga Setiapuritama is the only one that has not yet signed its PPJT amendment. According to Ghani, from the perspective of financial feasibility, this concession holder is generally eligible, but they are requested to partner with additional shareholders in order to strengthen their capital. This includes PT Jasa Marga's desire to become a shareholder, because the project's value has swelled from originally about Rp 3.6 trillion to Rp 7.2 trillion.

The new shareholder's entry process, continued Ghani, can be carried out before or after the PPJT signing. This is because the responsibility will still be in the hand of the old concession holder, with or without any change in the company's shareholders. He pointed out that until now the company has not officially submitted any plan to increase the number of shareholders, following the withdrawal of PT Bakrie Toll Road from the 75km-long toll road project.

#### **Land Acquisition**

Contacted separately, Head of Sub Directorate of Land Acquisition of Directorate General of Highways (Bina Marga) of the Ministry of Public Works, Herry Marzuki, said that the land acquisition process for the segment has encountered hurdles. The reasons include problems in the measurement of lands, as well as issues related to the delay in the issuance of presidential regulation on land.

"Acquisition of lands for this toll road segment can be considered to have stalled, just like what has happened in several other segments. We continue to seek to accelerate the process in order to meet the target completion date," he said. Meanwhile, according to data from Public Service Agency (BLU) of BPJT, from the BLU funding allocation worth Rp 548.87 billion for the acquisition of some 520.8ha of lands, only Rp 14.69 billion has been realised thus far. (*Bisnis Indonesia translated by Indii*)

#### **Profile of Batang - Semarang Toll Road Project**

Length : 75km  
Investment Cost : Rp 7.21 trillion  
Land Acquisition Cost: Rp 565 billion  
Concession Period : 45 years  
Concession Holder : PT Marga Setiapuritama

**Source: BPJT, processed**

## **Road Widening in South Sulawesi Expedited**

Road improvement works on Maros - Parepare main line linking the city of Makassar with a number of regions in the northern part of South Sulawesi has continued to be expedited. Road widening along a 15km-long section in Pangkajene Kepulauan Regency is targeted for completion and the road will be ready for use seven days before *Lebaran* [Eid ul-Fitr] this year.

Head of National Road VI Implementation *Balai* [Office], Nurdin Samaila, on Wednesday (4 July), stated that the widening of Maros - Parepare road along 120km, which began in 2008, has entered its final stage. The provincial road, which stretches along the west coast of South Sulawesi, traverses four regions, comprising Maros Regency, Pangkajene Kepulauan Regency, Barru Regency and Parepare City.

According to Commitment-Making Official of Maros - Barru line of *Balai Besar* [Main Office] for National Road VI Implementation, Budi Amin, the delay in the widening of Bungoro - Ma'rang section was due to the difficulties of securing land acquisition.

#### **Rp 1 trillion.**

During the period of 2008 - 2012, road improvement works on the major line of Maros - Parepare expended more than Rp 1 trillion in state budget (APBN) funds. This year, South Sulawesi has secured funding allocation worth Rp 820 billion from the Ministry of Public Works. A total of Rp 300 billion of this amount is allocated for the improvement of 289km of damaged provincial roads.

Head of Highways Department of South Sulawesi, Abdul Latif, said that the budget is focused to complete three provincial road improvement projects, namely Bulukumba - Bira (47km), a road segment in Kepulauan Selayar Regency (55km), and Sungguminasa - Malino (67km). *Continue to next page*

In Sumatera, road improvement works ahead of Lebaran have been focused on the border between West Sumatera and North Sumatera and between West Sumatera and Riau. Equipment and Testing Implementer of Balai Besar of National Road II Implementation of Bina Marga, who heads West Sumatera, Iskandar, said that road improvement works in Pesisir Selatan Regency, which borders with the Province of Bengkulu, have also continued.

In Bali, a number of road and bridge repair projects on the route from Denpasar to Gilimanuk, until Tuesday (3 July), had been progressing in several locations, among others in the areas of Denpasar, Badung and Tabanan. However, vehicle traffic from the direction of Denpasar to Badung Regency and Tabanan Regency, and the reverse, still moved smoothly. (*Kompas translated by Indii*)

## North Java Double Track Railway Line to be Completed in 2013

The Ministry of Transportation is optimistic that the target of accelerated construction of a double track railway line along Java's northern line can be achieved in 2013, following the prioritisation of resolving land acquisition and order keeping. Head of Presidential Work Unit for Development Monitoring and Control (UKP4), Kuntoro Mangkusubroto, said that, in general, the construction work of double track railway is proceeding smoothly and on schedule.

"People's active participation in the completion of the prestigious project is good enough and can be improved, both from regency governments and city governments whose regions are passed by the double track railway project," he said after inspecting the double track railway project from Cirebon to Semarang, on Tuesday (3 July). Even then, he continued, there are several spots that require special attention, such as land acquisition and order keeping of lands belonging to ports. According to him, if acquisition and order keeping of land at the ports can be quickly resolved, the project can proceed soon.

"Since the lands belong to Ministry of Forestry, we hope that Minister of Forestry can give permission soon so that the double track construction project can be implemented shortly," he said. Additionally, he stated that, based on the monitoring, there are several points where the performance of State-owned Enterprise (BUMN) contractors seems to lag behind compared to private contractors'. "More attention must be paid to the technical of BUMN party coordination, especially in relation to decision-taking in the field, which does not require going to and fro all the way to Jakarta."

Director General of Railways of the Ministry of Transportation, Tundjung Inderawan, said that, in general, until presently, physical work process has achieved 20 percent rate, which surpasses the initial target of 16 percent. "Meanwhile, land acquisition achievement rate is around 20 percent, and land order keeping is around 10 percent," he said. His office is optimistic that the double track railway project will be completed on schedule, supported by people's cooperation to voluntarily relinquish their land to be acquired or controlled, which expedite the project's physical works.

Deputy Minister of Transportation, Bambang Susantono, stated that the double track railway project is a priority that must be completed in these two years. His office hopes that the on-schedule construction performance can be maintained until the end of the project. "We are also grateful to the people for their cooperation in supporting the land acquisition and order keeping process that this project can be completed on time in 2013," he said. (*Bisnis Indonesia translated by Indii*)

## MRT Project in Surabaya Constrained by Costs

Ministry of Transportation said that the mass rapid transit (MRT) transport mode project in Surabaya will be delayed. The project is yet to be realised due to funding constraints. "If there are private investors willing to fund it, they are welcome. There is already a project design available and it is just a matter of implementation," said Director General (Dirjen) of Railways of the Ministry of Transportation, Tundjung Inderawan, in Surabaya on Wednesday (4 July).

He said that the MRT project will be constructed from Gubeng Station to Juanda Airport in Waru, Sidoarjo. *Continue to next page*

Today, the project scenario has entered its first phase, namely double track railroad and increasing the elevation of the railway track. The railway line's elevation is increased from Kandangan - Surabaya segment heading to Waru - Sidoarjo segment, covering a distance of 42km. "Not only that, the project has included improvement of stations in its first stage, as well as construction of a number of stops (shelters), which is underway," he explained.

Tundjung acknowledged that the large budget to be spent has become something the government is thinking about in terms of the MRT project's realisation. As planned, the project has received initial funding of Rp 30 billion, taken from the state budget (APBN). "At present, the government's concentration is not only for this programme alone, and the government still has objection. This is because, we are also thinking of financing the airport links in Medan, Jakarta and Padang," he explained.

Surabaya MRT project was signed by Minister of Transportation and East Java Governor on 5 August 2008. At that time, the position of Transportation Minister was held by Djusman Syafei Djamal, while East Java Governorship was with Imam Utomo. Surabaya MRT project has been designed not only for Surabaya - Juanda route, but some other segments, so that the total length of 110km will be integrated with various cities in East Java.

### **Early 2013**

In contrast to the fate of the MRT project in Surabaya, which is not yet clear, a similar project in Jakarta has shown a bright spot. Engineering and Project Director of PT MRT, Rachmadi, said that the signing of MRT contract will be done in October 2012. Subsequently, the MRT project will be undertaken, no later than early 2013.

"We just need to appoint the tender winner so that there will be a consortium comprising several construction companies, such as PT Wijaya Karya, PT PP, PT Adhi Karya, PT Hutama Karya, as well as PT Jaya Konstruksi. Ideally, the six points of MRT are handled by six companies in order to achieve a quick process," he said. In addition to construction companies from Indonesia, he said, there are Japanese investors who participate in the MRT project. They will form joint venture companies with local companies.

Meanwhile, the total funding requirement for the MRT construction reaches US\$ 1.5 billion. Some 85 percent of the funds come from Japan, while Government of Indonesia provides the remaining 15 percent. The MRT line from Lebak Bulus to Jalan Sudirman, or Hotel Indonesia (HI) Roundabout, is targeted to be constructed from early 2013 until 2016. Meanwhile, the number of trains planned to be operated is 96 units, with each train set consisting of six units.

"Later on this project can reduce congestion on Jalan Sudirman Jakarta by about 40 percent. Because, when operated, the capacity of MRT per day reaches 300 thousand people. With the double track model that has headway of every three minutes, a trip from Lebak Bulus to HI Roundabout only takes about 30 minutes," he explained. (*Investor Daily translated by Indii*)

## **Soekarno-Hatta Airport Train Operational in 2014**

PT Kereta Api Indonesia (KAI) has targeted the development of Soekarno-Hatta (Soetta) Airport railway transport to be completed in late 2013 and for it to become operational by early 2014. Up to now, a number of preparations are being made, including arranging the trains and stations located in Batuceper and Tanah Tinggi, Tangerang.

President Director of PT KAI (Persero), Ignatius Jonan, explained that, in the upcoming operation of Soetta Airport Railway in early 2014, the tariff or passenger fare is estimated to reach Rp 70,000. The tariff is calculated based on the economic value and the amount of investment expenditure.

Based on Presidential Regulation No. 83/2011 on PT KAI's assignment to organise Soetta Airport Railway's infrastructure and facilities, the financing of the route's development is not sourced from the state budget (APBN) or local government budgets (APBD). This means that the project, which will need a total investment of Rp 2.5 trillion, has its financing entirely left to PT KAI.

"Development of the Airport Railway is expected to be complete by the end of 2013. The tariff is around Rp 70,000 and it will be integrated with all the routes of Greater Jakarta [Jabodetabek] trains," said Jonan during a seminar themed 'Reliability Improvement of Railway Signalling Systems in Jabodetabek', Thursday (5 July) in Jakarta. *Continue to next page*

Based on the original concept, most of Soetta Airport Railway's line will use the existing electric train (KRL)'s track between Manggarai Station and Tanah Tinggi Station. Respectively, the Airport Railway will pass through Tanah Tinggi - Batuceper - Kalideres - Durikosambi - Bojongindah - Rawabuaya - Kembangan - Pesing - Grogol - Duri - Tanahabang - Sudirman, and Manggarai.

### **Serious Threat**

Railway transport expert who is also professor of Engineering Faculty of University of Indonesia (UI), Suyono Dikun, revealed that the transport system in Jabodetabek is currently facing quite a serious threat. Namely, there will be a total gridlock because the predominantly road-based infrastructure development has not been balanced with the construction of rail-based infrastructure.

"A mode of public transport that can be relied upon should be considered, so as not to experience the total gridlock. The road network will not be able to accommodate transportation needs of the Capital City," said Suyono, as quoted by SP. According to him, Jabodetabek today should have been served more by the railway network. Looking ahead, the government must be more serious towards the construction of railways, because all this time the rail-based mass transit has stood by itself, as if having no interaction with economic growth.

For construction and development of roads, the government has allocated a budget [portion] of 85 percent, or about Rp 30 trillion per year, and eight percent, or about Rp 14 trillion for the construction of port transportation. The rest, amounting to seven percent, or approximately Rp 4 trillion, is allocated for the construction of rail-based mass transit. (*Investor Daily translated by Indii*)

## **Stagnation Threatens Tanjung Priok**

Tanjung Priok Port Authority has asked terminal operators to anticipate surges in the flows of goods and containers approaching the *Ramadan* [Islamic month of fasting] and *Lebaran* [Eid ul-Fitr] holiday season this year. Head of Tanjung Priok Port Authority, Sahat Simatupang, said that the anticipative move is aimed to pre-empt stagnation and dense accumulation of goods and containers as happened in the previous year. "[The anticipation is] in order to ensure logistics traffic to remain smooth through the port," he said Friday (29 June).

In general, he said, the volume of cargo and containers before Ramadan registers a significant increase on average by 40 percent from the previous month. To that end, Sahat stated that Priok needs support or buffer for the stockpile area, including by involving partners with temporary stockpile sites (TPS) in container stockpile relocation activities. Currently, he revealed, the stockpile area in Priok is not commensurate with the volume of goods coming into and going out of the port. Developing or expanding Tanjung Priok Port area is very difficult to do given the limited land availability.

Sahat said he has suggested the Customs working area for stockpile activities in Priok be expanded until Marunda area in Cilincing, North Jakarta. "Even the PT Pelindo [Pelabuhan Indonesia] II is ready to operate a 90ha land area in Marunda as a stockpile buffer," he said. Sahat explained that the expansion of Customs working area of Priok until Marunda has also been discussed several times in inter-ministerial meetings. In fact, he said, the draft proposal is now already with the Office of the Cabinet Secretariat (Seskab).

### **Optimising Facilities**

For the initial stage, Tanjung Priok Port Authority has asked Pelindo II to optimise all the pier facilities and loading and unloading equipment.

The optimisation, he added, is done by removing all empty containers from line 1 area, suppressing the waiting time for docking services and ship loading and unloading services, or dwelling time, as well as the use of terminal 2 - JITC facilities for domestic services, and also deepening the draft, or depth of the pool at the terminal, in order to allow it to serve ocean going vessels. "We have asked for the dwelling time to be reduced, so that there will no longer be ships' queuing in the harbour," he said.

He also said that his office will invite all terminal operators and associations to discuss the preparations of Lebaran transport this year. "Port Authority will also be watching to ensure that all port service activities run smoothly." Head of Customs and Trade Import Export Chamber of Commerce urged Jakarta Organda revitalise Widijanto fleet freight to and from the Priok. *Continue to next page*

Today, more than 85 percent of the fleet units that operate in the port is quite old, having been in operation for more than 15 years, so they are no longer efficient in serving logistics transportation. According to him, the revitalisation urgency of the port fleet has also been cited in the result of Kadin Jakarta [DKI Jakarta Chamber of Commerce and Industry] board meeting held in Jakarta.

DKI Jakarta Kadin assessed that the currently running road infrastructure development programme leading to Priok would be redundant if it is not matched by the port fleet's rejuvenation. "A direct toll road access is currently being prepared to connect with JORR into the Port of Priok. However, a lot of the port fleet units are no longer operationally worthy," he said. (*Bisnis Indonesia translated by Indii*)

## Overcoming Cengkareng Airport's Saturation

Conditions of Soekarno-Hatta Cengkareng Airport (CGK) appear to have now made the airport no longer able to accommodate passenger movements that have exceeded 50 million people. The airport, which at the start of its construction was designed to accommodate 22 million passengers, is indeed in the process of revamping itself. In the short term until 2014, a number of infrastructures and facilities are being built and these are expected to increase the airport's capacity.

To streamline the movement of aircraft, a number of facilities associated with aircraft movements on the runway are being built. The number of rapid exit taxiways is added so that the aircraft can leave the runway quickly, hence the length of time of the aircraft's stay on the runway can be minimised. That way, the runway capacity can be optimised. Surely, all this must also be accompanied by efforts to modernise navigation equipment, apply cutting-edge navigational procedures and human resource development to build qualified ATC [Air Traffic Control] personnel.

Matters related to navigation are expected to be addressed soon through the establishment of the Indonesia Air Navigation Service Provider (PPNPI), as well as development and modernisation of Jakarta Aviation Air Traffic Services (JAATS) and Makassar Aviation Air Traffic Services (MAATS).

In addition to the rapid exit taxiways, additional cross taxiways will be built to connect the two, North and South runways, on the eastern side of the airport area. Meanwhile, Terminal 3 will be developed in order to be able to accommodate 25 million passengers, while Terminal 1 and Terminal 2 will have their respective boarding lounges expanded. Later, all the terminals will be connected through an unmanned, automated people mover, just like the automatic train at Singapore Airport.

Interestingly, the main building to be built in between Terminal 1 and Terminal 2 will become a public space for visitors to the airport. In this building, in addition to a shopping centre, offices, and entertainment area, there will also be inter-mode transportation station available, along with vehicle parking space, buses and trains. Construction of Airport Train's commuter line is also currently being paced up, so that it has been targeted to be able to begin operations in 2014.

Therefore, the coordination team, with its members coming from PT Kereta Api Indonesia, Directorate General of Railways, Angkasa Pura II, provincial and local governments and related agencies, is working diligently to follow the existing master schedule.

### Saturation at Heathrow

Traffic density at an international airport has not only taken place in Cengkareng. London Heathrow Airport is also experiencing a similar condition. Similar to the situation in Jakarta, air traffic and passenger numbers at Heathrow Airport have begun to show saturation. The line of passengers at check in and the queue of airplanes during take off and landing (holding the planes in the air) have been daily sights. Although Greater London is served by nine airports, air passenger projections show that the three major airports, namely Heathrow, Gatwick and Stansted, will reach a saturation point in the coming decade.

This situation has sparked debate among the stakeholders in the UK, which leads to three options. First, do not add any capacity at all for reasons of environmental protection and the assumption that the existing multi-airport system is still able to accommodate the projected numbers of passengers. Second, build a new airport in Thames estuary worth 50 billion poundsterlings. The location is also often referred to as Boris Island (as the Mayor of London, Boris Johnson, made the proposal for the reclamation of the estuary in order to build some sort of an island). *Continue to next page*

Meanwhile, the third option is to build an additional runway (third runway) at Heathrow Airport, as well as connecting Heathrow and Gatwick with a fast train (Heath-Wick). However, the current government has not supported this third option of adding a third runway at Heathrow worth five billion pounds. The refusal is raising concerns that the UK will lose competitiveness as an international aviation hub in Europe.

With regard to the development of Cengkareng Airport infrastructure, in the short term until 2014, this project will be able to increase capacity to 62 million passengers per year. However, the measure will not be able to address the projected number of passengers in Jabodetabek (Jakarta, Bogor, Depok, Tangerang, Bekasi), which is expected to reach 64 million people by 2016.

Therefore, there are two policy options. First, build a third runway at Cengkareng Airport (along with the construction of Terminal 4), located to the north of the existing runway. The land area required is estimated at 740ha, with an estimated land acquisition cost of around Rp 4 trillion. Currently, the land that has been earmarked for the project site is inhabited by about 2,000 heads of households.

The second option is to build a new airport with a development capacity of up to four runways and has [passenger-accommodation] capacity of up to 90 million passengers per year. Initial estimate of the new airport's cost amounts up to Rp 30 trillion. This is to be done in stages, in line with the growth of passengers and cargo.

### Several Parameters

Currently, a detailed study is underway on the location options, which tend to point to the area to the east of Jakarta, around Karawang. Some of the parameters that have been used to determine the location are, among others, the carrying capacity of the environment, the need to not disturb available rice fields, spatial layout suitability, availability of air space, and accessibility of the location.

In a multi-airport system, the new airport and Cengkareng Airport must be connected with road and railway accesses, so that inter-airport transfers can be done efficiently. The location to the east of Jakarta is considered ideal enough to break the concentration of airport traffic, so that it will not be centred solely towards Cengkareng. In addition, the selection of location around Karawang also allows the growth of logistics cluster in Karawang - Cikarang area, which comprises the new port of Cilamaya, a new airport, and mega-industrial areas in the vicinity.

One of the aspects to watch out for in the project is the presence of rice fields, which currently serve as the main pillar of support for Karawang and surrounding areas, being the national rice granary. However, the need to build a new airport has become an inevitability in anticipating the growth of air passengers in the Greater Jakarta area, so it must be decided soon when (the timing of) development.

Building a new airport in a new area (green field project) will tend to use the concept of aerotropolis (airport city), whereby the cooperation scheme of public private partnership will be applied in building the city and its contents. Regarding which options to take will certainly depend very much on the cost benefit analysis of these two choices. Caution is needed in selecting the option, given that the cost of investment is enormous. Nevertheless, the speed of decision making is needed, so that we will not always be late in anticipating future infrastructure needs. (*Bisnis Indonesia translated by Indii*)

## Soetta Airport Starts to be Expanded

PT Angkasa Pura II (AP II) is developing nine airports under its management as part of its internationalisation programmes. Additional passenger capacity in nine airports has become the main concern of Angkasa Pura II. "We continue to develop the airports to bring our firm into a world class company," said President Director of Angkasa Pura II, Tri S Sunoko, in Jakarta, Wednesday (27 June).

Tri explained that currently Angkasa Pura II is running programmes for nine airports out of a total of 12 airports under its management. The majority of the development programmes are undertaken to improve the airport capacities that have no longer become adequate to serve the numbers of passengers and cargo movements. "The primary focus is to improve the passenger terminals' capacity, inclusive all other supporting facilities, such as apron, runway, and accessibility," explained Tri.

The airports being developed are, among others, Sultan Sharif Kasim II Airport in Pekanbaru, whose capacity is being developed from 0.7 million passengers per year to 2.5 million passengers per year (mpy), and this is targeted for completion by the end of August 2012. *Continue to next page*

Supadio Airport in Pontianak is being developed from 0.875 mpy to 2.5 mpy with a target completion date by the end of 2013. Furthermore, Raja Haji Fisabilillah Airport in Tanjung Pinang is being developed from 0.1 mpy into one mpy, and this is also targeted for completion at the end of 2012. Meanwhile, Kuala Namu Airport in Deli Serdang, North Sumatera, is being built with a capacity of 8.1 mpy for the first phase. Kuala Namu Airport will replace Polonia Airport, which has only a capacity of 0.9 mpy.

In mid-July, Angkasa Pura II, Tri said, will start the development of Soekarno-Hatta Airport (Soetta) Jakarta from a capacity 22 mpy to 62 mpy. This involves the capacity addition of its passenger terminals, in which terminal 1 will reach 18 mpy and will be completed in 2014. Terminal 2 is developed into 19 mpy in 2013 and terminal 3 with 25 mpy from 2012 through 2013. Angkasa Pura II will also increase the cargo capacity of Soekarno-Hatta Airport to 1.2 million tonnes per year starting in 2013 until 2014 and it will enhance its two runways and terminal 3's apron. "This target of our operations for the development of Soekarno-Hatta is [to be pursued] until the year 2014," Tri said. According to Tri, the development of this airport will be conducted continuously to optimise services for the customers. (*Republika translated by Indii*)

## Mid-July, Groundbreaking for Soetta Development

PT Angkasa Pura II has ascertained that the first pole erection (groundbreaking) for the Rp 11.7 trillion-worth Soekarno-Hatta (Soetta) Airport development project will be done in the middle of this month. The capacity of Soetta Airport in Cengkareng will be increased from 22 million passengers per year to 62 million per year. Corporate Secretary of PT Angkasa Pura II, Trisno Heryadi, said that the effort represents the realisation of Soetta Airport Grand Design concept into Aerotropolis Airport. During the development process, PT Angkasa Pura II will ensure that services for service users will continue to run normally.

"The pre-groundbreaking work has been done. *Insyah Allah* [God willing], in 2014 the project can be completed, so that we can experience significant changes in the Soekarno-Hatta," Trisno said in a press release here on Tuesday (3 July). The state-owned airport company will temporarily finance Soetta Airport development process using its internal cash.

This year, PT Angkasa Pura II allocates Rp 1.4 trillion of capital expenditure for the development of the busiest airport in Indonesia. Soetta Airport has already experienced over capacity, given that its design capacity is for 22 million passengers per year, but in reality there have been 44 million passengers per year.

Currently, PT Angkasa Pura II is also developing nine airports to increase capacity, as these airports no longer can cope with the movement numbers. The primary focus is to increase passenger terminal capacity, including any other supporting facilities, such as apron, runway, as well as accessibility to the airports, to make them more comfortable. The airports include Sultan Syarif Kasim II Airport (Pekanbaru), which is developed from [a capacity of] 0.7 million passengers per year [mpy] to 2.5 mpy, and it is targeted for completion by the end of August 2012. Then, there is Supadio Airport (Pontianak), which is developed from 0.875 mpy to 2.5 mpy, with a target completion date of late 2013.

The other airports are Depati Amir in Pangkal Pinang, which is developed from 0.35 mpy to 1.3 mpy and the project is scheduled for completion in December 2012. Then, it is Sultan Thaha Airport (Jambi), from 0.5 mpy to 1.5 mpy, which is expected to be completed in December 2012, and Raja Haji Fisabilillah Airport (Tanjung Pinang), which is being developed from 0.1 mpy to 1 mpy, and targeted for completion by the end of 2012.

Meanwhile, the construction of two other airports, namely Sultan Mahmud Badaruddin II in Palembang, whose capacity is increased from 1 mpy to 2.5 mpy and Minangkabau Airport (Padang), with a capacity increase from 1 mpy to 2.5 mpy, have been completed. In addition to development works, PT Angkasa Pura II is also currently finalising the construction of a new airport, Kuala Namu Airport in Deli Serdang, Medan, with a capacity of 8.1 mpy (Phase I) to replace Polonia Airport, which only has a capacity of 0.9 mpy.

### Extending Operations

Meanwhile, PT Angkasa Pura II is extending the operating time in four airports until 24:00 hours WIB [Western Indonesia Time] from 1 July. The affected airports are Sultan Mahmud Badaruddin II, Sultan Syarif Kasim II, Supadio Pontianak, and Minangkabau Padang. *Continue to next page*

Trisno Heryadi said that, before this, Sultan Mahmud Badaruddin II Airport, Sultan Syarif Kasim II Airport and Minangkabau Airport were just opened for the last flight at 21:00 hours and Supadio Airport until 18:00 hours. "Now all of them operate from 06.00 - 24.00 WIB, or for 18 hours [a day]. This will provide greater flexibility for passengers in arranging their flight time," he explained.

Furthermore, this addition of operating hours manifests an effort of Angkasa Pura II to improve services to its service users. This is in view that in recent years the number of flights at the four airports has continued to increase significantly. The operating hour addition of the four airports, said Tresno, has received approval from the Ministry of Transportation, in its capacity as regulator. Furthermore, the operating hour addition has been adjusted to the recommendations provided by Air Traffic Services (ATS), as well as the expansion plans of airlines. (*Investor Daily translated by Indii*)

## 2013, Indonesia Applies Intelligent Transport System

The government plans to implement intelligent transport system (ITS), or an intelligent transportation management system based on information technology. The project, which will be undertaken together with the Japanese government, is intended to improve safety on the highways as well as to reduce traffic congestion in big cities. According to Transportation Minister, Evert Erenst Mangindaan, ITS, which uses technological approach in traffic management, can be implemented in 2013. He has targeted that this year the concept for implementing ITS in Indonesia can already be formulated. "So it can be implemented as soon as possible," he said yesterday.

Mangindaan said that Indonesia will partner with Japan to implement the system, especially in terms of technology. In the near future, he said, the two countries will sign a memorandum of understanding regarding cooperation in this project. "We have not been able to fulfil the technology, that is why we must work together with Japan," he said. ITS system has already been implemented in Japan since 1973. Takashi Nishio, a staff of ITS Policy and Programme Office of Japan's Road Bureau, said that the implementation of this system began with the establishment of a traffic control centre. Until 2011, this system has developed into three main services, namely route guide, driving information, as well as electronic toll road system. "The traffic data are collected in real-time through various means, such as monitoring cameras (CCTV)," he said.

In Indonesia, this system will be applied gradually. According to Head of Sub-Directorate of Standardisation of Service Quality and Standard Harmonisation of the Ministry of Communications and Information Technology, Mochamad Hadyana, the ITS application that will be used is the eCall, or an automated tool for emergency calls. "With satellite guidance, the operator can find the location of distress calls emitted by cellular phone," he said. Further, said Hadyana, ITS can be used for various services, including to help find parking location or information about public transport departure in real-time. (*Koran Tempo translated by Indii*)

## Fifteen MP3EI Projects Realised This Year

Ministry of National Development Planning (PPN)/ Bappenas stated that 15 government projects that are part of MP3EI's groundbreaking target this year have started to be constructed. Deputy Minister of PPN/ Bappenas, Lukita Dinarsyah Tuwo, said that all the listed government projects must be carried out in the ongoing 2012 Revised Government Revenue & Expenditure Budget (APBNP). "There are some that have an absorption rate of just 30 percent due to their tender process, but those that have been budgeted by the government are being undertaken," said Lukita in Bandung, on Thursday evening (5 July).

Previously, Coordinating Ministry of Economic Affairs recorded that only 20 out of the 84 MP3EI projects will have their groundbreaking events until the middle of this year. The remaining 64 projects are still facing classic problems, such as the complexity of land acquisition, licensing, and spatial layout qualification processes.

He estimated that some MP3EI projects that have not entered the first pole erection or groundbreaking phase include private sector industrial projects that are still hindered by internal hurdles within the investors. In addition, there are also private sector infrastructure projects that are often constrained by land supply issues. *Continue to next page*

He said that the 84 MP3EI projects that have been targeted for groundbreaking this year consist of 15 government projects, 20 state-owned enterprise (BUMN) projects, 38 private sector projects and 11 mixed projects. "We are still expecting 70 percent of these 84 projects to be able to run and to commence construction this year," he said.

Meanwhile, the total investment value of the fifteen government projects reaches Rp 66.2 trillion, the BUMN projects Rp 90.3 trillion, private sector projects Rp 301.6 trillion, and the mixed projects Rp 78.2 trillion. Earlier, President Susilo Bambang Yudhoyono during a visit to Australia this week invited businessmen from the country to invest in Master Plan for the Acceleration and Expansion of Indonesia Economic Development (MP3EI) projects.

"For that I am inviting Australian businessmen to be actively involved (in MP3EI), not only in the fifth corridor of Bali, West Nusa Tenggara and East Nusa Tenggara, but also the sixth corridor of Maluku and Papua," the President said when giving a speech at the Prime Minister, Julia Gillard's dinner reception in Darwin, Australia, on Monday. According to the President, development of MP3EI infrastructure projects in the fifth and sixth corridors will increase the connectivity of eastern Indonesia region with Northern Territory of Australia. This is considering the close distance between the Northern Territory and the territory of Indonesia. (*Bisnis Indonesia translated by Indii*)

## Malaysia

### Genting signs 25-year PPA for Banten plant

Genting Bhd, which is developing a 660MW coal-fired power plant in Banten, Indonesia, has entered into a 25-year power purchase agreement (PPA) with PT PLN (Persero), the Indonesia state-owned electricity company, for the project.

The US\$1 billion (RM3.19 billion) project is Genting's maiden investment in the Indonesian power sector and is part of its regional expansion in its power generation portfolio.

Yesterday, its 95%-owned indirect subsidiary PT Lestari Banten Energi (LBE) signed the PPA agreement with PLN. The remaining 5% in LBE is held by local retail operator PT Hero Inti Pratama.

In a filing with Bursa Malaysia, Genting said the project involves the financing, design, procurement, construction, commissioning, operation and maintenance of the power plant, which is expected to commence commercial operation in 2017.

Genting said the Banten plant would be developed and operated on a build, own, operate and transfer basis for 25 years, following which it will be transferred to PLN for a nominal consideration.

It said the operation and maintenance of the plant will be undertaken by a team of professionals drawn from existing personnel in Genting's power division as well as new recruits.

It said 75% of the project cost is expected to be financed via non-recourse debt to be taken by LBE and the balance through equity injection and/or shareholders' loans.

It said the Genting group is expected to finance its investment in the project using internally generated funds and/or proceeds from the medium term notes issued last month. (*Sun Daily*)

## Myanmar

### Marubeni to overhaul Myanmar power plant

Marubeni Corp. says it has been awarded a contract by the public utility Myanmar Electric Power Enterprise to overhaul a thermal power plant.

The plant in Ywama, about 20 km northwest of Yangon, is now out of service due to its age. Marubeni plans to replace parts in its gas turbine with Hitachi Ltd. components.

The restoration of the Ywama Combined Cycle Power Plant, which Marubeni delivered in 2005, will bring its output capacity to 34,000 kilowatts.

The contract represents the first power project since a civilian government replaced military rule in Myanmar in March 2011, according to Marubeni. The trading house is trying to boost its infrastructure business in resource-rich Myanmar. (*Japan Times*)

## Thailand

### Thailand Stock Movers: Electricity Generating, Rojana, Tong Hua

Shares of the following companies had unusual moves in Thailand trading. Stock symbols are in parentheses and prices are as of the 12:30 p.m. break in Bangkok.

The SET Index (SET) rose for a sixth day, climbing 0.4 percent to 1,193.15, headed for the highest close since May 9.

Electricity Generating Pcl (EGCO) , a power producer, gained 1.3 percent to 115 baht. The company completed the acquisition of an 8-megawatt solar-power plant from SunEdison LLC on June 28, it said in a regulatory filing.

Rojana Industrial Park Pcl (ROJNA TB) climbed 4.1 percent to 8.95 baht, poised for the highest close since Aug. 30. Rojana plans to spend 4 billion baht (\$126.7 million) to develop an industrial park in Prachin Buri province, the English-language Bangkok Post newspaper reported, citing Managing Director Jirapongs Vinichbutr. Jirapongs wasn't available for comment after a call to his office.

Tong Hua Communications Pcl (TONHUA) , a newspaper publisher, jumped 12 percent to 8.50 baht, poised for the highest close since August 2004. The company will sell 240 million shares to existing shareholders at 1 baht each, it said in regulatory filing yesterday. It also will offer another 500 million shares to a group of investors, it said. (*Business Week*)