

# Oil Spoils

Plans are afoot to turn Johor's Tanjung Bin into a new petrochemical hub to rival Singapore's Pulau Bukom. Will it work? ■ By Prathaban V

**J**OHOR'S Tanjung Bin island's bunkering services could receive a major boost if plans to develop a further 1,000 acres of land at the river mouth of Sungai Pulai gets off the ground.

According to a Johor state official familiar with the plan, transforming Tanjung Bin into a new petrochemical storage hub will be included as part of the RM15 billion South Johor Economic Region (SJER) plan, announced by Prime Minister Datuk Seri Abdullah Ahmad Badawi in July this year. 'The Federal Government is driving the plans and is now finalising plans to gather investments for the project, as it is designated as a private finance initiative (PFI) project,' the official says.

Bunkering services are used by seafaring vessels, which need to reload petroleum fuel. Bunkering services are usually situated in offshore areas, providing a buffer zone from shipping ports, in the event of an environmental catastrophe. According to reports, demand for bunker oil is estimated at 100,000 tonnes a month for the Port of Tanjung Pelepas or PTP.

It is understood that the total worth of the petrochemical project could run into billions of ringgit. 'It would be a built, operate and transfer project, which would take about five years to complete,' he says, admitting that there have been several bids for the project already, including the Tan Sri Syed Mokhtar-controlled Seaport Terminal (Johor) Sdn Bhd and KIC Oil Terminal Sdn Bhd. However, the official

says the details are not ready yet as the Federal Government has yet to finalise the master plan for the SJER.

Incidentally, KIC is also building a bunkering facility on a small, 100-acre reclaimed island off Tanjung Bin. The total development cost of the island's bunkering facility is expected to cost over RM1 billion, which includes government infrastructure to complement the bunkering facility. Thus, the new bunkering facility on the 1,000-acre land area could theoretically cost as much as 10 times the cost of the KIC-led project on the bunkering island.

Once ready, the total area allocated to bunkering services for sea vessels could be 1,100 acres, which could transform the area of PTP into a major shipping hub in Southern Johor with a myriad of shipping facilities. The nearest bunkering island to Tanjung Bin is Singapore's Pulau Bukom with a land area of 1.45 square km, situated about 6.5km southwest of the city-state. Pulau Bukom houses Shell's oil refinery facility with a capacity exceeding 400,000 barrels per day.

In contrast, once completed, Tanjung Bin's total bunkering island facility could be four times bigger than Pulau Bukom's, making it one of the biggest petrochemical storage farms with bunkering services in the world.

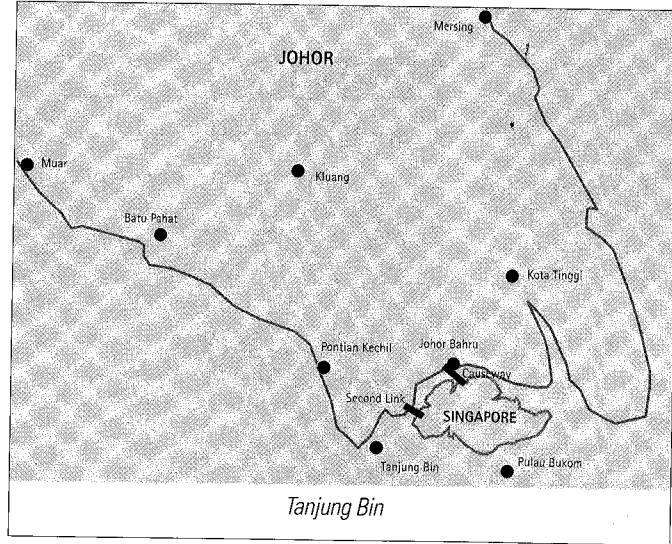
Coupled with PTP's excellent shipping port facilities, the south Johor region could become a strong attraction to vessels plying the East-West route.

Nevertheless, observers are sceptical that the plan will actually succeed. Chris Eng, an analyst from OSK Securities, says that as the plan is 'still in the air', it is all left to the actual implementation on the ground before Johor makes any claims of having a bunkering hub in South Johor. Moreover, as Pulau Bukom is already well established and offers 'mature services', Tanjung Bin



*Having the bunkering service would be a major boost for PTP's customers*

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would probably need to cut prices to attract the vessels. In addition, the close proximity between the two islands could also pose a challenge. They would probably have to give discounts to users as Pulau Bukom has mature services. Besides, Tanjung Bin is not particularly any closer than Pulau

The SJER was announced by the Prime Minister in July this year, saying that Johor will be the next major focal point of growth for the nation. The SJER will mirror the Multimedia Super Corridor (MSC), while providing exciting marine sports activities and possibly a state-of-the-art theme park.

Bukom,' he says.

Although Tanjung Bin may not have any natural advantage compared to Pulau Bukom, Eng says having the bunkering service would be a major plus factor for PTP's customers. 'Tanjung Bin is close to PTP. It will be good to see the bunkering services being launched as PTP's customers can use the facility,' he explains.

Over a million jobs will be created in the next two decades, while increasing the standard of living in the SJER. If all goes according to plan, it could be the biggest development project in Malaysia, if not the biggest in the region. SJER would cover a land area of 2,200 square kilometres, almost three times the size of Singapore. The plan is to develop SJER into an exclusive economic zone with a bustling modern metropolis, similar to China's Hong Kong and Shenzhen.

Part of the SJER's project will include a sparkling new administrative seat for the Johor state government in Bandar Nusajaya, spread over 130ha of land and costing RM400 million. Danga Bay will be turned into a new marine sporting and entertainment centre, to be called Waterfront City, covering an area of 809ha. A new high-tech Cybercity will be built in the Kulai township, north of Johor Baru., and a major logistics hub, which includes Tanjung Bin, will also be created to include PTP, Senai Airport and Johor Port in Pasir Gudang. **mb**