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Gunvor to Build Oil Terminal in Indonesia

By The Moscow Times

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International oil trader Gunvor, co-owned by businessman Gennady Timchenko, intends to get a foothold in Southeast Asia by taking part in a delayed greenfield project to build an oil terminal on Indonesia's Karimun Island.

Gunvor plans to become the terminal's operator in exchange for assuming most of the expenses associated with the project, Kommersant reported Tuesday.

The Netherlands-registered Gunvor Group wants to acquire a stake in the terminal by buying shares from its current operator, Germany-based Oiltanking, through its subsidiary Coral Cay, according to an announcement published on the European Commission's website.

Gunvor would operate the Karimun terminal jointly with Oiltanking, which owns 95 percent of the project. Industry insiders say Gunvor may eventually want to buy a controlling stake in the project and will have to assume responsibility for most costs, Kommersant said.

The sides did not disclose the financial details of the agreement.

The idea to build an oil terminal on Karimun dates back to 1992, when it was announced that a consortium of Indonesian and Singapore companies would build the terminal by 1995. The project was never finished.

In 2012, Oiltanking signed a memorandum to build an oil terminal in the free-trade zone on Big Karimun Island. The company said it was drawn by the prospect of building a terminal near one of the busiest trade routes in the Malacca Strait, close to the bustling markets of Malaysia and Singapore.

The project has already drawn $500 million in investment, although the operator did not disclose the amount of investment needed for completion, Kommersant said.

The terminal in Indonesia would be Gunvor's first major foreign asset since 2010, when it began investing in oil infrastructure assets. The company owns an oil terminal in Ust-Luga, on the Baltic Sea coast, and 50 percent of the terminal in the Black Sea port of Novorossiisk. It also leases a fuel terminal in Amsterdam.

Gunvor is the fourth-biggest oil trader in the world, controlling up to 30 percent of all Russia's exported oil.

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