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Press Release

PT Kereta Cepat Indonesia China secures financing for Indonesia's First High-Speed Railway Project

Asia Pacific, 15 August 2017 - Baker McKenzie's member firms in Indonesia and Singapore, HHP Law Firm and Baker McKenzie Wong & Leow, advised PT Kereta Cepat Indonesia China (KCIC) on the development and financing of Indonesia's first high-speed railway project connecting Jakarta and Bandung. This is also China's first high-speed railway project in Indonesia, and it is the first time China has allowed a state-owned company to fully immerse itself in an overseas project in terms of design and construction.

The project is financed through a Chinese loan provided by the China Development Bank, which provides roughly 75% of the funding while the rest is arranged by KCIC (the joint venture) as equity portion.

While the facility agreements had been signed in Beijing on 14 May this year, the construction is expected to be finished in 2019, and the line connecting the two main cities is due to operate in the early 2020.

In addition to advising on the development and financing of the project, the team has represented PT Pilar Sinergi BUMN and also the Indonesia Consortium, which is composed of PT Wijaya Karya (Persero) Tbk, PT Kereta Api Indonesia (Persero), PT Jasa Marga (Persero) Tbk and PT Perkebunan Nusantara VIII, in connection with the establishment of PT Kereta Cepat Indonesia China, the joint venture company that was formed with Beijing Yawan, the subsidiary of, amongst others, China Railway International Co. Ltd.

The Baker McKenzie team was led by HHP Law Firm in Jakarta by Partner Mita Guritno with support from Partners Kirana D. Sastrawijaya, Muhammad Karnova, Cahyani Endahayu and Mita Djajadiredja of the HHP Law Firm, as well as Finance & Project principals James Huang and Milan Radman from Baker McKenzie Wong & Leow in Singapore.

"We are delighted to have worked with PT Kereta Cepat Indonesia China on this landmark project. This deal plays to our strength in advising complex cross-border transactions involving complicated project structure and financing arrangement. The aggressive schedule of the project, the absence of existing rules on high-speed railways and technology in Indonesia, and also the high profile nature of this deal, have added significant challenges to the transaction," Mita Guritno said. "This project has been considered by some as the role model project of China's investments in Southeast Asia's infrastructure sectors, and it will be interesting to see if this deal structure will be replicated in other parts of the region."

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HHP's legal consultants work in practice groups and specialize in certain legal fields including Capital Markets, Corporate M&A, Trade, Employment, Commercial Dispute Resolution, Finance & Projects, Intellectual Property and Tax.

HHP maintains close relationships with all regulatory bodies in Indonesia, since we believe this is imperative for us to give the best advice to our clients. (www.hhp.co.id)

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