Long and winding road, LG 10 GWh Consortium Battery Factory to Immediately Began Groundbreaking

PT Industri Baterai Indonesia (IBC) and the LG Consortium from South Korea will soon begin groundbreaking a factory in Kota Deltamas, Bekasi, West Java. This first phase of development has a battery production capacity of up to 10-gigawatt hour (GWh), which will later be used for electric vehicles from Hyundai.

This stage is a follow-up to the signing of the Head of Agreements (HoA) or the Principal Agreement for an integrated battery investment project between PT Industri Battery Indonesia and the LG Consortium last month.

The Minister of Investment/Chairman of BKPM Bahlil Lahadalia welcomed the progress of LG’s investment, considering that the strategic effort to build downstream metal mining industry is a long and not easy process because it involves various stakeholders, both at home and abroad. After the HoA is agreed, the consortium will then conduct a Joint Study, draft a shareholder agreement, and an agreement to establish a company. The three processes are targeted to be completed soon so that the groundbreaking of the factory can be carried out immediately in the near future.

Currently, the Ministry of Investment is finalizing an MoU between parties in Cikarang (Hyundai) to finalize a joint venture (JV) plan to build a cell battery factory for electric vehicles. The investment that will be disbursed for the construction of this factory is USD 1.2 billion. The factory is planned to occupy an area of 33 hectares and absorb 1,000 Indonesian workers. This investment cooperation project is projected to make Indonesia rise from being a producer and exporter of raw materials, to become an important player in the world supply chain for the electric vehicle battery industry.

PT Industri Battery Indonesia was formed by four SOEs namely Mining and Industry Indonesia (Mind Id), PT Pertamina (Persero), PT PLN (Persero), and PT Aneka Tambang Tbk (Antam). Meanwhile, the LG consortium consists of LG Energy Solution, LG Chem, LG International, POSCO, and Huayou Holding.