Bahlil Optimistic LG's Investment to Have Positive Impact on Regional Economy

Jakarta, 5 January 2021 – At the beginning of 2021, the Government of Indonesia continues to strive for restoring and reviving the national economy, especially through investment. Last week (30/12), Chairman of the Indonesia Investment Coordinating Board (BKPM) Bahlil Lahadalia officially announced the entry of investment worth USD 9.8 billion or around IDR 142 trillion from the company LG Energy Solution.

LG Energy Solution in collaboration with a consortium of State-Owned Enterprises (BUMN) plans to build an electric vehicle battery cell industry integrated with mining, smelting, refining, as well as the precursor and cathode industry. The location chosen for the development of the precursor and cathode industry is the Batang Integrated Industrial Estate (KIT), Central Java. Likewise, the battery cell industry is exploring the possibility of investing in that location as well.

Bahlil Lahadalia emphasized the investment cooperation is a collaboration between foreign companies, a consortium of BUMN, national entrepreneurs in both the capital and the regions, and Micro and Small Medium Enterprises (UMKM). Thus, it will have a positive impact on the national economy, also locally in Batang Regency, Central Java.

"In this investment cooperation, everyone is involved. No longer speak individually. Local entrepreneurs and UMKM must be involved, because the investment objectives are not only to accelerating economic growth, but also reaching equitable economic growth. Choosing a location at KIT Batang is the right step for investors. The government has prepared adequate land, facilities and infrastructure, as well as the availability of the necessary manpower,” Bahlil explained.

Bahlil said that according to BKPM’s records, there had not been any investment value as large as this after the reform in Indonesia. This is a momentum for the country to build optimism amidst the COVID-19 pandemic that still continues.

The Regent of Batang Wihaji enthusiastically welcomed LG's investment plan. He expressed his optimism that the LG Energy Solution investment will bring a positive impact on the regional economy, create multiplier effects, and create jobs for the local community.

"We are grateful. Certainly, this investment is beneficial for the people of Batang and its surroundings. Through this investment, InshaAllah, it can absorb labors and help economic growth in Batang, Central Java, and Indonesia for sure," Wihaji said.

The Indonesian government continues to encourage economic transformation towards the Vision of Indonesia 2045. One of them is through the “down streaming” of the natural resources. As a result of this joint investment project, Indonesia is expected to move up from a raw materials producer and exporter to become an important player in the global supply chain for the electric vehicle battery industry.

Electric batteries are the main component of electric cars, which account for 40% of the total cost. From the battery production side, material costs are the main component accounting for 50-60% of the total battery cost. In 2035, Indonesia plans to produce 4 million electric cars and 10 million electric motors. (*)

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