Consortium HKML Battery Indonesia Groundbreaking, Minister of Investment Realizes Construction of The First Electric Vehicle Battery Factory in Southeast Asia

Karawang, 15 September 2021 - Minister of Investment/BKPM Chairman Bahlil Lahadalia attended the construction groundbreaking of PT HKML Battery Indonesia's electric vehicle battery factory performed by Indonesian President Joko Widodo in Karawang New Industry City (KNIC), West Java, this morning (15/9). Also accompanying the Indonesian President is the Coordinating Minister for Maritime and Investment Luhut Binsar Pandjaitan, Minister of BUMN Erick Thohir, Governor of West Java Ridwan Kamil, and Republic of Korea Ambassador to Indonesia Park Taesung and PT HKML Battery Indonesia CEO William Hong. Attending virtually is Indonesian Ambassador to South Korea Umar Hadi, Hyundai Motor Group Euisun Chung, and LG Energy Solution CEO Jonghyun Kim.

The electric vehicle battery project is carried out by PT HKML Battery Indonesia, a subsidiary of LG Energy Solution consortium, Hyundai, Hyundai Mobis, Kia Mobil, and PT Indonesian Battery Industry (Battery Indonesia BUMN) with an investment value of USD1.1 billion. Production capacity will start from 10 GWh and gradually be raised to 30 GWh at Karawang New Industrial City, West Java.

This groundbreaking is the follow up to President Jokowi's working visit to Busan, South Korea, in November of 2019 and the Ministry of Investment/BKPM's hard work in realizing the South Korea Company Consortium Group's investment plan in battery integrated mining industry, smelter, refinery, precursor cathode, and electric vehicle battery cell with a total investment of USD9.8 billion on 18 December 2020.

Bahlil revealed that Indonesian President Joko Widodo gave special directives to realize down streaming. According to Bahlil, the construction of this battery factory is the first downstream investment concept.
"This is the realization of a lengthy negotiation and lobbying with the support of related Ministers. We have probably made 21 MoU drafts (with companies) and I have travelled 7 times to Korea to actualize this. The President’s directive is to think in reverse. Not upstream but downstream first,” explained Bahlil.

During the opportunity, Bahlil reported the licensing of this investment is entirely handled by the Ministry of Investment/BKPM on the direction of the Coordinating Ministry for Maritime and Investment.

"They bring the investment, technology and create the market. The Indonesian government takes care of the licensing and incentives, according to President directive," added Bahlil.

Furthermore, Bahlil emphasized that the company has committed to creating as many domestic jobs as possible and collaborating with BUMN, investors, UMKM, and national businesses in the region. This follows the Indonesian President's directives and the implementation of Law No. 11 Year 2020 on Job Creation (UU CK).

During his address, Indonesian President Joko Widodo conveyed that this electric vehicle battery is the first in Indonesia and Southeast Asia. This highlights the government's seriousness in down streaming the industry.

According to Jokowi, Indonesia must be bold enough to change its economic structure from commodity-based to downstream to become a strong industrial country based on the development of technological innovation.

"That is why the country's business strategy is to get out immediately from the trap of being a raw material exporting country, shed the dependency to imported products by accelerating the revitalization of the processing industry and increase added economic value which is rising," said Jokowi.

In the next 3-4 years, with the potential of the largest nickel reserves in the world, Jokowi is confident Indonesia will become the top producer of nickel-based finished goods such as lithium batteries,
electric batteries, and electric vehicle batteries. Presently, the Indonesian government will stay committed to providing support in developing the battery and electric vehicle industry ecosystem.

"Development in the battery industry will increase Indonesia's attractiveness as an investment destination for derivative industries using batteries as raw material," said Jokowi.

Hyundai Motor Group Chairman Euisun Chung conveyed his appreciation for the ease of obtaining investment licenses and the incentives received; as a result, collaboration in constructing this battery cell factory can be realized.

"I want to say thank you to President Joko Widodo and the Ministers attending this ceremony in between their busy schedule. Hyundai Motor Group is focusing on securing future competitiveness in the EV sector to become a global leader. Through collaboration with LG Energy Solutions and taking advantage of Indonesia's abundant mineral resources, we expect the development of the battery material industry as a downstream industry," said Hyundai Motor Group Chairman Euisun Chung.

LG Energy Solutions CEO Jonghyun Kim also stated that Indonesia is first in nickel mining as main battery material and is ASEAN's biggest automobile market. Therefore, with the support of both countries, the company is ready to make successful history in the transition towards an eco-friendly system.

"We give the biggest thanks to President Joko Widodo, Coordinating Minister of Maritime and Investment, and the Minister of Investment for working hard physically and mentally for the success of this business, difficult it may be. This is a meaningful day, as Indonesia's first next-generation battery cell plant will open the battery industry's future," said LG Energy Solutions CEO Jonghyun Kim. (*)