

Jakarta lithium-ion batteries

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A Tesla investment would be a significant vote of confidence in Jakarta's ambition of becoming an EV production powerhouse.

Elon Musk, the CEO of the electric vehicle maker Tesla, will "consider" Indonesia's proposal to establish an EV battery plant in the country, a top Indonesian official said yesterday.

Luhut Binsar Pandjaitan, the coordinating minister for maritime affairs and investment, spoke to reporters after Musk met with Indonesian President Joko "Jokowi" Widodo while attending the World Water Forum in Bali yesterday.

Luhut said Jokowi also asked Musk to consider investing in an artificial intelligence center and repeated an earlier offer to Musk's SpaceX to build a launchpad on Biak island, which lies off the coast of Indonesia's Papua province.

Since he took office in 2014, Jokowi has unveiled a plan to turn Indonesia into a global hub for EV battery production and, eventually, the manufacture of EVs. Last November he announced his plans to build "an integrated EV ecosystem," in which the country would be producing 600,000 electric cars per year by the end of the decade.

This ambition is intended to leverage the fact that Indonesia possesses the world's largest reserves of nickel ore, an important component in manufacturing the lithium-ion batteries that power EVs. Indeed, in 2022, the country supplied 48 percent of global demand for nickel, a figure Jakarta believes has the potential to increase to 75 percent by 2030.

To this end, Indonesia has imposed a ban on the export of raw nickel ore, the explicit aim of which was to force investors to refine nickel in Indonesian smelters. It has also expended considerable diplomatic effort in wooing foreign investment in nickel production and processing, and in nickel-adjacent sectors, including battery manufacturing.

Jokowi's administration has been courting Musk and Tesla for a number of years. In May 2022, Jokowi met Musk at the SpaceX in Boca Chica, Texas, in which he laid out a vision for how the U.S.-based firm could base its entire supply chain in the country.

Musk is currently on his first visit to Indonesia, where on Sunday he launched his Starlink network, making the country the third in Southeast Asia in which the satellite internet company will operate. Launching the

network in Bali, Musk said that Starlink would help millions of people in outlying parts of the archipelago to access the internet. "I'm very excited to bring connectivity to places that have low connectivity," Musk said, according to a CNN report. "If you have access to the internet you can learn anything."

Musk did not make any formal announcements on his investment plans during his trip, but said in response to a reporter's question that "it's quite likely that my company will invest in Indonesia." While Musk continues to keep the Indonesian government hanging, it is clear why Jakarta is making such a concerted play for the U.S. auto firm. Given the company's global prominence, a Tesla investment would be a significant vote of confidence in Indonesia's EV ambitions, as well as complement the mostly Chinese and South Korean firms that are the main investors in Indonesia's nickel processing and EV battery production sectors.

Tesla isn't the only U.S. tech firm that has shown an interest in Indonesia as both a market and manufacturing base. At the start of the month, Microsoft CEO Satya Nadella announced that the firm would invest \$1.7 billion over the next four years to expand cloud services and data centers to expand the infrastructure for AI in Indonesia. This came shortly after Apple's CEO Tim Cook made his own trip to the country, during which he made a similarly non-committal statement that the company would "look at" opening a factory in Indonesia.

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Web: <https://www.kary.com.pl/contact-us/>

Email: [energystorage2000@gmail.com](mailto:energystorage2000@gmail.com)

WhatsApp: 8613816583346

