

Indonesia Investments

Electric Vehicle Ecosystem

- Indonesia to Welcome the World's First Fully Integrated Electric Vehicle Industry
- Indonesia Holds Great Potential for the Electric Vehicle Industry; Both as Production Hub and Marketplace
- But Rapid Development of Cobalt-Free Iron-Phosphate Batteries 'Threatens' Indonesia's Nickel-Based Electric Vehicle Industrialization
- What Are the Opportunities and Challenges for Indonesia's Electric Vehicle Industry?

27 JUNE 2022

Van Der Schaar Investments B.V.
CV Indonesia Investments

Indonesia Investments

Update – 27 June 2022

Electric Vehicle Ecosystem of Indonesia



Preface

In addition to our reports, Indonesia Investments sends updates on key economic, political or social developments to our subscribers to make sure that our subscribers do not miss out on vital information. The topics in these updates may be discussed in more detail (and in an updated form) in the forthcoming monthly report.

Content in this update is copyright of Van Der Schaar Investments B.V. (all rights reserved), except when indicated otherwise (pictures are obtained from Pixabay). Our permission is required by those who want to publish or distribute (parts of) the content in this update (Dutch law applies).¹

Disclaimer

Lastly, we would like to emphasize that – although we strive to present accurate, up-to-date, and objective information in our updates – Indonesia Investments cannot guarantee the accuracy of all data and information that is included. We also do not intend to provide legal, investment, tax, or accounting advice through the contents of this update, and therefore the reader should not perceive this update as such. In short: Indonesia Investments cannot be held responsible for decisions based on the content of this update.

¹ CV Indonesia Investments owns the exclusive right to sell and distribute reports/updates of Indonesia Investments on the markets in the Asia-Pacific (including Indonesia).

- Automotive Industry -

Developing an Electric Vehicle Ecosystem in Indonesia; Integrating the Upstream and Downstream Sectors

Over the past years we have mentioned on several occasions that the electric vehicle is the automotive industry's future thanks to three key inter-related circumstances: (1) recent rapid technological developments that allow the electric vehicle battery to be more energy efficient, (2) the world's eagerness to move away from fossil fuels toward renewable energy, and (3) rising political support for the development of an efficient and conducive regulatory ecosystem for the electric vehicle industry.



In the decades ahead (barring any unforeseen circumstances) various countries will ban sales of new fossil fuel vehicles, leaving no other option than the electric car or motorcycle. Norway could become the first country to impose this ban (scheduled

to come into effect in 2025) followed by various other European countries (Belgium, Denmark, Sweden, Iceland, and the Netherlands in 2030).

In Asia, Singapore is set to become the first country to impose a ban on sales of new fossil fuel vehicles (with its full ban scheduled for 2030), followed by China, Japan, Thailand, and South Korea in 2035. Indonesia, however, will need some more time to make this transition. Initially, government officials mentioned 2040 as target year for the ban. More recently though a full ban seems to have shifted to 2050 (based on a statement by Energy and Mineral Resources Minister Arifin Tasrif in [local media](#)). We assume the country will see a gradual transition, starting with a ban on sales of fossil motorcycles (around 2040) before a ban on sales of fossil cars kicks in (2050).

Countries' Target of Banning Sales of Fossil Fuel Vehicles:

2025	2025-2030	2030	2035	2040	2050
- Norway	- Belgium (2026-2029) - Singapore (2025-2030)	- Denmark - Iceland - Netherlands - Sweden	- Canada - China - Hong Kong - Italy - Japan - Thailand	- Austria - Cambodia - Egypt - Finland - Mexico - New Zealand - Spain - Taiwan	- Indonesia

[Various sources](#)

We should indeed not be surprised to see a gradual transition because – so far – most renewable energy targets of the Indonesian government have not been achieved as this transition is not only complex but also risky (because renewable energy sources remain less efficient and less stable –and therefore more expensive– than their fossil counterparts, and so it can actually aggravate poverty if forcefully imposed in a too rapid manner in a country where poverty remains a big problem).

Automotive Industry of Indonesia

For the past decade or so, Indonesian government officials have stated that they aim to turn Indonesia into Southeast Asia’s manufacturing hub for cars and motorcycles by 2030 (surpassing the region’s leading automotive force Thailand), mainly via the influx of foreign investment.

But then the electric vehicle arrived on the scene. And therefore, the focus has to be shifted by nurturing an electric vehicle ecosystem (including fiscal incentives) that allows the existing business-owners and consumers to adapt, while attracting new investors to Indonesia that are focused on the development of industries both in the upstream and downstream sectors of the electric vehicle industry.

First, back to the basics. Why is Indonesia an interesting place for manufacturing purposes and as a market to sell cars and motorcycles?

[...]

This is the introduction of the article. In case you want to buy the full article (an electronic report) you can contact us by sending an email to info@indonesia-investments.com or a message to +62.882.9875.1125 (including WhatsApp).

Price of this article:

- Rp 35,000