

 MAY ARTHAPAN, DIRECTOR, ASIA-PACIFIC

 3 MAY 2021

ASEAN making headway in vehicle electrification

There have been further developments recently in vehicle electrification in South East Asia, especially in the region's two key markets of Indonesia and Thailand. Indonesia, which has one of the world's richest reserves of nickel and, possibly, cobalt – both of which are used in battery production – has announced plans to become a global manufacturing base for electric vehicle (EV) batteries.

As part of those plans, Indonesia has signed a US\$9.8 billion deal with LG to build the world's first integrated EV battery industry. In addition, EV Battery Holding (owned by Indonesia's Pertamina), PLN, Mind ID and Antam have joined forces with China's Contemporary Amperex Technology Limited (CATL) and South Korea's LG Energy Solution to form several joint ventures that aim to create an end-to-end EV battery supply chain in Indonesia. PT Starvo Global Energy also aims to set up 5,000 EV charging stations in the country by 2025.

President Joko Widodo's government is targeting 20% of new vehicles sold (estimated at 2 million units) in 2025 to be electrified. In addition, the country is aiming for electrified vehicles to account for 20% of total exports (estimated at 1 million units) by 2025.



Indonesia's government is aiming for 20% of new vehicles sold (estimated at 2 million units) in 2025 to be electrified while Thailand has a target of 50% BEV share of production by 2030

Thailand's Excise Department plans to set up an EV battery fund. Energy Absolute is set to start EV battery assembly in Thailand in June this year. As of March 2021, the country's latest and extremely ambitious target currently under consideration aims for a 50% BEV share of production by 2030, increasing to 100% by 2035. For now, however, that target has not been factored into official implementation plans and is, therefore, subject to change. It should be noted that Thailand's EV plans and targets are at a risk of frequent revision, in part due to leadership changes, meaning that they remain fluid at this stage.

So far, among the mainstream Japanese OEMs, Mitsubishi and Nissan have begun developing EV charging networks in Thailand. Similar plans are afoot from Audi, BMW, Mercedes-Benz, MG and Porsche. However, it will require active participation from the other Japanese OEMs if the government is to have any chance of achieving the BEV target currently under consideration. And even with full participation from the Japanese OEMs, BEV adoption in Thailand is likely to be gradual. A mere 912 BEVs were sold in the country last year, and only 1,108 units across the main South East Asian markets.