



Indonesia's Ban on Mines

Indonesia's ban on ore exports, which choked off shipments of bauxite, spurred local companies to head to Malaysia, underlining the challenges that Southeast's Asia biggest economy faces in trying to boost metals processing.

At least five Indonesian miners invested in Malaysia by the end of last year, teaming up with partners to extract bauxite and ship it to China, according to Erry Sofyan, chairman of the Association of Indonesia Bauxite and Iron Ore Producers. More companies may follow, Sofyan said in an interview in Jakarta. Indonesia was the top bauxite supplier to China before the government introduced the ban in January 2014. The policy, which also covered nickel, aimed to compel investments in higher-value processing facilities to address concern the country was selling off resources on the cheap. While some smelters are under construction in Indonesia, the curb boosted prospects for rival suppliers, including the Philippines, Malaysia and Australia.

"Malaysia is the winner from the Indonesian export ban," Sofyan said. "It's like a wakeup call for them. They finally

realize that they have bauxite and that the metal has a good economical value. They see the opportunity and their exports are surging," he said.

The five companies mine bauxite in Kuantan and Kelantan regions in Malaysia, according to Sofyan, who declined to identify them. Mining permits are easier to get in Malaysia, said Sofyan, who's also a director at Harita Group.

Bambang Gatot Ariyono, director general of minerals and coal at Indonesia's Energy and Mineral Resources Ministry, didn't answer two telephone calls and a text message.

Production in Malaysia more than quadrupled to 962,799 metric tons in 2014 from 208,770 tons the year before, data from the Minerals and Geoscience Department in Kuala Lumpur show.

Shipments from Malaysia to China surged to 6.14 million tons in January to May compared with 126,830 tons in the same period of last year, according to China's custom data. Australia has also benefited from Indonesia's curb. China's imports of bauxite

from Australia surged 53 percent in the first five months of 2015, the customs data showed. China is looking for new sources of supply, Australia's Department of Industry and Science said in March, noting that toward the end of 2014 there was a substantial pickup in Malaysian shipments.

Indonesia may produce 6 million to 8 million tons of alumina by 2021, said Sofyan, referring to the semi-processed material that's made from bauxite and is used to produce aluminum. PT Well Harvest Winning Alumina Refinery, a venture between Harita, China Hongqiao Group and other partners, is building a plant in Indonesia's West Kalimantan to produce 4 million tons of alumina by 2021, he said.

The association wants the government to allow members to export bauxite under a quota system to help finance the construction of alumina projects, Sofyan said.

"Local investors don't have cash flow, that's what happened with the three companies, their projects stopped," Sofyan said. The government is studying the proposal, he said.

Honda to Sign New Plant with Gujarat



As Gujarat turns into the new automobile hub, Honda Cars India also plans a new car manufacturing plant in the state. With Tata Motors, Ford India and Maruti Suzuki all setting up shop in Gujarat, Japanese automaker Honda's Indian subsidiary Honda Cars have also shown interest in the region. Set to sign a deal with the Gujarat Government in the next one

month, the Honda Cars India Gujarat plant is being planned in Vithalapur at a distance of 80 kms from Ahmedabad. Land for the project is being sourced while the company is in contact with Industry Extension Bureau (IndextB).

Honda Gujarat plant in Vithalapur is expected to see

investments to the tune of INR 4,000 crores which will be in a phased manner. The first phase will see an initial investment of INR 2,200-2,500 crores, while the remaining will follow in second phase. The upcoming plant will have capacity of 1 to 1.25 lakh units per annum and will be set up under the 'Mega Project' category of Industrial Policy of the state government. This new Honda plant in

Vithalpur, Gujarat is the Japanese company's second investment in the area after Honda Motorcycle and Scooter India (HMSI) conducted the ground breaking ceremony for a new scooter manufacturing unit in Vithalpur in October 2014. The new unit is spread over an area of 250 acres and will have capacity to produce 12 lakh units per annum. Completion and commissioning of the unit is scheduled for later this year.

For Honda Cars India, their current capacity stands at 240,000 units per annum – 120,000 units each from their two existing plants, one in Greater Noida and one in Tapukara. The new Tapukara plant will increase capacity to 180,000 by mid 2016 as announced by the company in May 2015. This will take the total car production capacity of Honda Cars India to 300,000 units per annum. Once the Gujarat plant is commissioned, capacity will increase to 420,000 units per annum. This increased capacity will help Honda Cars India to launch newer products (like the Brio based SUV), meet local demand and also increase exports.