

Russia to Build Nickel Smelter

By [The Moscow Times](#)

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Russian investors plan to build a \$3 billion nickel smelter on Halmahera Island in eastern Indonesia, a sign of growing interest to invest in the country's mineral processing industry.

Indonesia, the world's top exporter of tin and thermal coal, is keen to increase revenue from the mining sector. Under a new mining and coal law, miners must by 2014 carry out a minimum of processing before exporting, including on nickel.

"There will be a \$3 billion foreign direct investment from Russia to build a nickel smelter on Halmahera Island," chief economic minister Hatta Rajasa said Monday, adding that groundbreaking will start in the first half of the year.

He did not give details on the Russian investors.

Norilsk Nickel, in which RusAl owns a 25 percent stake, is the world's largest nickel miner.

France's Eramet, the world's sixth-largest nickel producer, has a nickel project on Halmahera

in a joint venture with Indonesian state miner Aneka Tambang.

Indonesia currently produces ferronickel from three nickel smelters operated by Aneka Tambang and nickel-in-matte from smelters operated by Inco, a unit of Brazil's Vale.

Indonesia's mining sector attracted 53 trillion rupiah (\$6 billion) in bank financing up to September 2010, versus the 14 trillion rupiah that banks loaned to the industry in 2006, central bank figures show, despite uncertainties over the country's new mining law.

Foreign direct investment as a whole is growing in Southeast Asia's biggest economy, as investors eye its mineral wealth, booming domestic consumption and increased stability, despite concerns over rampant corruption, red tape and inadequate infrastructure.

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