

choose language:



search...



Indonesia Investment Coordinating Board
The Site for Direct Investors

HOME

ABOUT
USINDONESIA
BRIEFINVEST IN
INDONESIAINVESTMENT
OPPORTUNITIESINVESTMENT FACILITIES &
DIRECTORY

PUBLICATIONS

Members

User ID

Password

[Register Here](#)

LOGIN

Indonesia signs contract of work for \$1.1 bln iron sand project

Reporting by Fitri Wulandari; Editing by Sara Webb in Reuters.

JAKARTA, Nov 4, 2008 - Indonesia signed a \$1.1 billion contract of work for an iron sand and pig iron mining project on Tuesday, the first mining contract to be awarded in the resources-rich country in a decade due to confusion over the mining law.

Energy and Mines Minister Purnomo Yusgiantoro said PT Jogja Magasa Iron, an Indonesian firm in which Australian miner Indo Mines Ltd. has a 70 percent share, would start mining iron sand and set up Indonesia's first pig iron smelter in central Java's Yogyakarta province.

"It has been difficult to attract fresh direct investment. This is the first company to have a working contract in Java and the first for iron sand mining," said Yusgiantoro.

Indonesia has some of the world's largest deposits of gold, tin, copper, and nickel, and several leading international mining firms, including Freeport-McMoran Copper & Gold have operations in the country.

But fresh investment in the sector has been lacking as legal uncertainty, bureaucracy, allegations of corruption as well as concerns over the environment and land disputes have stirred little interest from investors.

Jogja Magasa Iron will begin exploration of iron sands in 2011 and expects commercial production of pig iron to start in 2012, Lutfy Heyder, the firm's commissioner, said.

The company expects to produce 1 million tonnes of pig iron in the first year.

Heyder said the pig iron would be sold to the domestic market, adding that the firm has signed a memorandum of understanding to supply 100,000 tonnes of pig iron a year to state firm PT Krakatau Steel, Indonesia's biggest steel producer.

The \$1.1 billion investment includes a 350-megawatt power plant and a port facility.

The project will require 4 to 5 million tonnes of coal a year for processing iron sand and for the power plant, Heyder said.

» [send to friend](#) [Indonesian](#)

MORE NEWS

- [Indonesia signs contract for \\$1.1 bln iron sand project](#)
- [Regions told tender early, help growth](#)
- [Ministry to Propose Fuel Price Cuts](#)
- [Financial Crisis Affects Japanese Investments](#)
- [Tata Steel studying plan to invest US\\$1 bln in Indonesia](#)

[more](#)

Copyright © 2006 - BKPM (Indonesia Investment Coordinating Board). All rights reserved.
BKPM is a government institution that acts as an Investment Facilitator for company needs.
Further Information about BKPM : sysadm@bkpm.go.id

[CONTACT US](#)

[SITEMAP](#)

[FAQ](#)

[LINKS](#)

[TERMS OF USE](#)