

Hankook's Indonesia Plant Ready to Roll

Hankook Tire's \$1.1 billion Indonesian manufacturing plant in Cikarang, West Java, is set to start operations next month, manufacturing product for export to the U.S. and Middle East.

According to the Jakarta Globe, Jae Bum Park, vice president of sales and marketing for Southeast Asia, said Hankook is aggressively expanding around the world and intends to make Indonesia one of its production hubs. "Our factory is ready to start production next month. Indonesia is very important to us, not just as a market but also as a production base," he said during the 20th Indonesia International Motor Show in Jakarta on Thursday.

Hankook's manufacturing plant in Indonesia will be its seventh factory worldwide, joining two in South Korea, one in Hungary and three in China. The factory, which started construction in 2010, will have an annual production capacity of 4.5 million units this year and will increase to 6 million units annually by 2014 and 17 million units per year by 2018.

"As much as 80% of the production will be exported to the U.S., the Middle East and Australia. The remainder will supply Indonesia's market," Park said, adding that Hankook may increase the supply to the Indonesian market to 30% of production in 2018 in order to meet growing demand for car tires. "Indonesia's car industry is growing rapidly. The total amount of car production in Indonesia this year may reach 1 million units. Indonesia is stepping into a new era and it holds great potential."

According to the Jakarta Globe, Park said Hankook plans to open up to 100 Hankook Masters distribution outlets across Indonesia by 2013; the tiremaker will open 10 outlets this year.