

Jakarta eases impact of mineral export ban

JAKARTA - Indonesia halted all raw mineral ore exports yesterday in a bid to promote domestic processing, but not before the President passed a last-minute regulation to ease the ban's impact on major miners.

President Susilo Bambang Yudhoyono approved the ban, but allowed US mining giants Freeport and Newmont Mining to continue to ship billions of dollars worth of copper overseas.

The long-expected ban aims to boost Indonesia's long-term return from its mineral wealth by forcing miners to process their ores domestically.

But officials fear that a short-term cut in foreign revenue could widen the current account deficit, which has battered the ru-

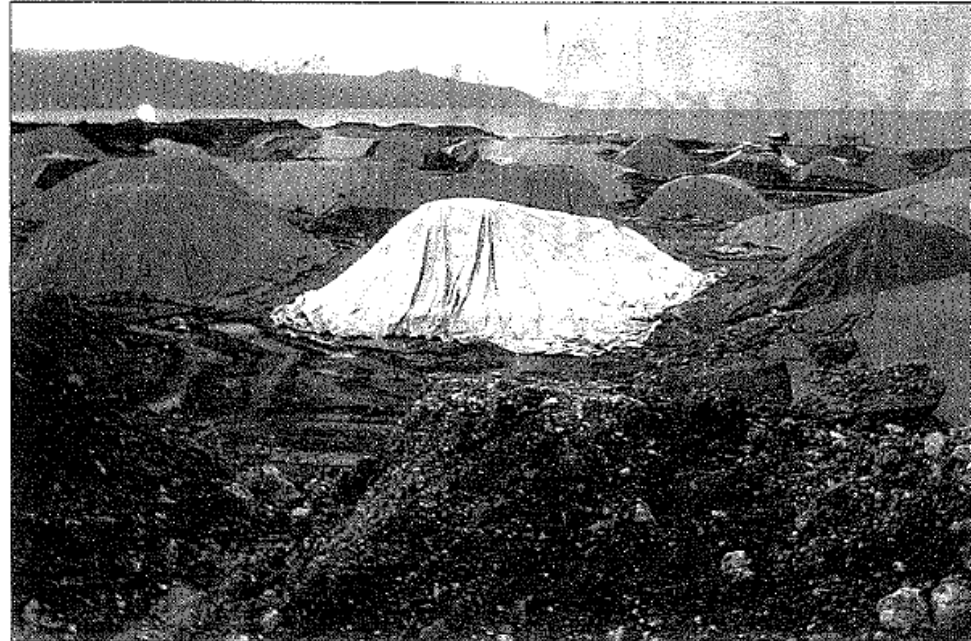
piah and undermined investor confidence.

Indonesia is the world's biggest exporter of nickel ore, refined tin and thermal coal, and home to the fifth largest copper mine and top gold mine.

Mineral shipments totalled US\$10.4 billion (S\$13.2 billion) in 2012, or around 5 per cent of total exports, according to the World Bank.

"Starting at midnight on Jan 12, 2014, raw ore definitely cannot be exported," Energy and Mines Minister Jero Wacik said.

However, Dr Yudhoyono's last-minute regulation will allow 66 companies, which include Freeport and Newmont, to continue to export processed mineral as they have provided assurances



Stockpiles of nickel ore awaiting shipment at a port in central Sulawesi, Indonesia, which is the world's biggest exporter of the mineral. President Yudhoyono has eased the export ban's impact on major miners. PHOTO: REUTERS

that they will soon build smelters locally.

Most of the firms expected to feel the ban's impact are small domestic miners that cannot afford to invest hundreds of millions of dollars to build a smelter.

Freeport, the country's dominant copper producer with 73 per cent market share, last month warned that an unrevised export ban would cut output at its Grasberg mine by 60 per cent and lead to layoffs of half of its 15,000 Indonesian employees.

Under the presidential regulation proposed in the run-up to the deadline, Freeport, Newmont and other miners would be allowed to export copper, manganese, lead, zinc and iron ore concentrate until 2017.

But nickel ore and bauxite exports worth more than US\$2 billion annually would still be banned, with coal and tin shipments not affected.

However, it was not clear whether the final regulation had been revised. REUTERS