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To: All ALCO Clients

Ref: Ban on the export of nickel ore and other unprocessed ore cargoes from Indonesia

## **Ban on the export of nickel ore and other unprocessed ore cargoes from Indonesia**

The Correspondent for Indonesia, Spica Services, reports that the Ministry of Energy and Resources is imposing a ban on the export of certain unprocessed mining commodities including metal minerals such as nickel ore, iron ore and iron sand.

Regulation No. 7 of 2012 "Increase in Mineral's Added Value Through Mineral's Processing and Refined Activities" is to come into force as from 6 May 2012. A copy of the Regulation is attached.

The purpose of the ban is to encourage the development of local processing plants, thereby ensuring that a greater proportion of the potential value of these commodities is retained locally.

Spica report that there is at present considerable uncertainty how the legislation will be implemented but it is thought that there will be an interim procedure whereby exporters that can prove to the satisfaction of the authorities that they are committed to developing the capacity to process their unrefined ores by 2014 will be granted temporary export permits. After this interim phase, the intention is that only the export of processed cargoes will be permitted.

While the extent to which the ban will be enforced remains to be seen, there is a concern that where an unrefined cargo that is not subject to a valid permit is loaded onboard, action may be taken by the authorities to detain the vessel. Whilst detention of a ship is not specifically provided for in the legislation, one local trade association has stated that "the POMALAA Regional Customs Office clearly states ..... after May 6, ships entering Indonesian ports to load minerals, and in particular, nickel ore, will be detained", presumably when the necessary permit has not been obtained by the shipper.

Until the position becomes clearer, it is suggested that Members take care to satisfy themselves

that the Shippers are in possession of a valid permit to export the cargo in accordance with the new Regulation.

Source of Information: London P&I Club

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