

# Indonesia bans bauxite exports from June 2023

Indonesia will impose a ban on bauxite exports from June 2023 in a move aimed at boosting domestic processing of its mineral resources



Large piles of bauxite ore

## Pushing for development of processed bauxite

Indonesia is the world's sixth-largest bauxite producer and holds the fifth-largest reserves, according to a US Geological Survey report this year. The country is the third-biggest supplier of the raw material to China, after Guinea and Australia.

"Starting from June 2023, the government will impose a ban on exports of bauxite ore and push for development of processed bauxite in the country", President Joko Widodo said in a briefing broadcast on YouTube. This means the "added value is enjoyed in the country for the progress and welfare of the people".

Indonesia has four bauxite processing facilities with 4.3 million tonnes of alumina output capacity, while more are under construction will have collective capacity of nearly 5 million tonnes, according to Indonesia's chief economic minister Airlangga Hartarto. Indonesia's bauxite reserves are enough for up to 100 years of production.

Exports of bleached bauxite will also be banned while President Widodo also flagged that there are

potentially more prohibitions on raw materials shipments coming in 2023.

## China less reliant on Indonesia's bauxite

China, the leading importer of bauxite, was the biggest consumer of Indonesia's bauxite until the country introduced a ban on the raw material in 2014. At the time, China was relying on Indonesia for about two-thirds of its overseas supply. Since then, Chinese smelters have heavily invested in diversifying their sources of bauxite, buying more of the raw material from other countries, including Guinea, or having built alumina refineries in Indonesia. Indonesia eventually lifted the ban in 2017.

The 2014 ban pushed Chinese alumina producers, including China Hongqiao and Nanshan Group, to build refineries in Indonesia to process local raw material and ship alumina.

Last month, only 12% of China's bauxite imports came from Indonesia. This year, bauxite imports from Indonesia accounted for 16% of China's total this year through October versus 68% in 2013. Meanwhile, shipments from Guinea increased from 1% in 2013 to 55%.

Indonesia now accounts for only a small share of China bauxite imports and we don't expect it to have a significant impact on China's supply of the raw material.

## Replicating success in nickel

Indonesia has already prohibited the export of nickel ore to attract foreign investors, encourage domestic processing and further downstream use of its raw materials. The Indonesian president said the bauxite ban is aimed at replicating Indonesia's success in developing its nickel processing capacity after banning export of its raw form in January 2020. The ban has enticed foreign investors, mainly from China, to build local smelters and helped to boost the value of Indonesia's exports.

The move has triggered opposition from importing countries. The World Trade Organization ruled last month that Indonesia's ban on nickel ore exports violated international trade rules following a complaint by the European Union. Indonesia is appealing the decision.

Earlier this year, Indonesia banned briefly shipments of palm oil and coal, of which the country is the biggest exporter.

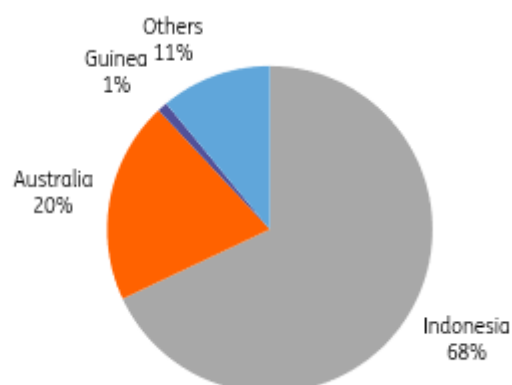
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*"If we follow the footsteps of the Western countries, we will always be left behind, we will never catch up. We will keep our economy open, but once again, we need to be able to design it in such a way that other countries are reliant on us."*

Indonesian President Joko Widodo

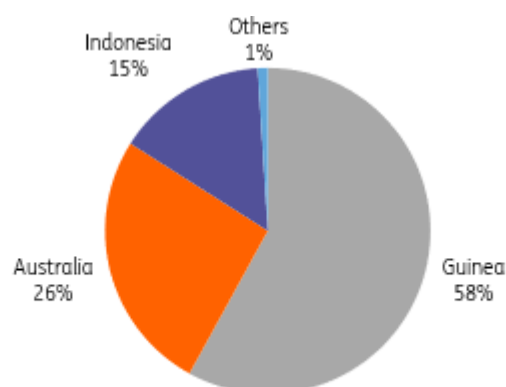
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## China's bauxite imports: 2013



Source: China Customs

## China's bauxite imports: 2022 January-October



Source: China Customs

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