



**PRESS RELEASE**

**Jakarta, April 16, 2014**

**ICRA Indonesia: Limited Impact of the Ban on Raw Mineral Export**

PT ICRA Indonesia (ICRA Indonesia) has today released a commentary on the economic impact of the ban on export of raw minerals. Key conclusions in the commentary are:

1. The raw mineral ban will lead to gradual appreciation of all the banned minerals as the global demand recovers. In the short run, the minerals currently in deficit supply such as tin and nickel would continue to appreciate.
2. Over the short run, the country's trade balance is likely to be affected till the economy is able to counter the impact of lower raw mineral exports by increasing other exports/reducing imports. On average, such an impact is likely to range between USD 375-400 million per month.
3. The ban is likely to adversely impact foreign direct investments (FDI) in mining over the long term considering several disincentives. However, on a net basis, the FDI is not likely to be significantly affected, given the fact that the investors are routing investments into Indonesia on account of present adverse economic conditions elsewhere.
4. The raw mineral ban will have a limited impact on the overall economy given the limited contribution of non-fuel minerals to the overall GDP.
5. There are some variables that need further clarity from the government, including operational implementation of various provisions of the new law, directives with respect to possible layoffs (if any), directives for smaller and marginal miners who may not have the resources to set up smelting facilities as well as environmental norms for the new smelters. These variables could change the quantum of the total impact of the ban in the overall economy.

The full commentary is available on [www.icraindonesia.com](http://www.icraindonesia.com).



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