

## ABC Interview

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### 1. How has the ban on exporting nickel ore benefitted the Indonesian economy?

Firstly, I must correct the perception that our focus is just on export bans. The export ban grabs headlines, but it is essential to grasp our **underlying intent to establish refining facilities** and create a more **value-added ecosystem**.

An example can be seen in the **government's agreements** with industry players such as **PT Freeport Indonesia, Amman Mineral Nusa Tenggara, PT Sebuk Iron Lateritic Ores, PT Kapuas Prima Citra, and PT Kobar Lamandau**.

- The government has allowed them to continue exporting **ores on the basis of tangible progress in setting up refining facilities**.
- This pragmatic approach shows the **Indonesian government's willingness to compromise** as long as there is **progress** with the **ultimate aim of advancing our development goals** that revolve around the well-being of our people.

The export bans may seize headlines, but the **true narrative** is one of **transformation**.

- Indonesia's **mining sector GDP contribution** over the past five years was **7.18% in 2016** and now, it is **over 12%**.
- This means that our **nickel exports**, which stood at a modest **US\$3.3 million in 2018**, has reached **nearly US\$30 billion in 2022**.
- Finally, as a result, we see the **annual growth of the workforce** in the downstream sector has reached **26.9 percent**.
- It has also helped to develop some of Indonesia's regions and reduce inequalities, the **eastern regions of Maluku and Sulawesi**.

While bans get the spotlight, the **true story is that downstreaming** has ushered in a **new era of growth and prosperity** for the people of Indonesia.

### 2. Can you provide specific examples/facts figures?

**Indonesia's mining sector GDP contribution** over the past five years was 7.18% in 2016 and now, it is **over 12%**.

This means that our **nickel exports**, which stood at a modest US\$1.1 billion at the end of 2014, is expected to reach **nearly US\$30 billion for the whole of 2022**.

Finally, as a result, we see the **annual growth of the workforce** in the **downstream sector** has reached **26.9 percent**.

It has also helped to develop some of Indonesia's regions and reduce inequalities, especially in **North Maluku and Central Sulawesi**, where the **average annual GDP growth rate** since 2015 has reached **11.7% and 12.9%** respectively.

3. **Most of the nickel industry here is smelting nickel ore for stainless steel products – is it fair to say the nickel industry here is on the brink of/embarking on a transformation to provide purer nickel end products to meet the global EV battery demand?**

It has also helped to develop some of Indonesia's regions and reduce inequalities, especially in **North Maluku and Central Sulawesi**, where the **average annual GDP growth rate** since 2015 has reached **11.7% and 12.9%** respectively.

**That is the plan.**

Indonesia aims to develop an **integrated EV supply chain**, from **mining and processing** battery metals to the **production of precursor cathode active materials, battery cells, battery packs, EVs**, and eventually **battery recycling**.

The government has the **ambitious goal to produce EV batteries** with a total capacity of **140 GWh** per year by 2030.

- **One-third of the future production is planned to be exported**, while the remainder should be used for the domestic EV industry, which is just starting to be developed.

In addition, the government has also founded the **Indonesian Battery Corporation (IBC)**, an electric battery holding company with majority stakes held by **four state-owned enterprises** – Mining Industry Indonesia (MIND ID), PT Pertamina, PT Perusahaan Listrik Negara (PLN), and PT Aneka Tambang Tbk – was formed with the

**mandate of synergising the end-to-end EV battery value chain** from upstream projects to battery derivative products.

4. **Key to this transformation are HPAL facilities – we saw/heard about a few at IMIP and others are being planned built. How many HPAL facilities do you envisage will be built in Indonesia in the immediate future? Do you have specific numbers?**

To date, there are **three HPAL facilities** in operation for nickel processing and refining using HPAL technology in Indonesia.

- Two of them are located in the **Indonesia Morowali Industrial Park (IMIP)**, Central Sulawesi.
- Another one is in **Obi Island**, South Halmahera.

**More are in the pipeline**, with **nearly \$20 billion of further projects** announced and **seven other HPAL plants planned**.

5. **What impact will that have on the economy? What will the industry look like in ten years?**

Within two years, Indonesia could **supply 65% of the world's nickel**, up from 30% in 2020.

- It is estimated that **1.5 Mt of nickel will come from Indonesia's NPI, matte, and HPAL operations**, accounting for **around 47% of total global production**.
- By the end of the decade, this proportion is expected to **expand to 55%**, which is remarkable given Indonesia's share was less than 7% in 2015.

The **HPAL process also yields a cobalt bonus**, another key material for batteries, and the spate of investment has made Indonesia the largest source of cobalt outside of Africa.

6. **A huge workforce is needed to keep up with this growing industry – does Indonesia have enough workers to sustain this growth?**

Indonesia is currently entering a period of demographic bonus with a large young workforce.

- Current HPAL facilities and new investments in the nickel industry have been able to leverage off the existing infrastructure and labour availability, as well as from the established ore supply routes, which have been tried and proven.

In addition, we are also committed to **inclusive collaboration** through **strategic partnerships with foreign partners**, as exemplified by our collaborations with **Wuling and Hyundai** for their EV plants in Indonesia.

- This shows our willingness to work together with partners, **addressing any expertise gaps** that may arise.

**7. Can you tell us about Indonesia's ambition to be a global EV battery and manufacturing hub? What does that entail now and what might it look like in the future?**

Indonesia's goal is to become **one of the top three global producers of EV batteries by 2027**.

- To do so, we are working towards **developing the whole EV ecosystem and supply chain** in Indonesia, beyond just batteries and cars.
- That means attracting foreign capital, investment and know-how to Indonesia.

As an example, the **Indonesia Investment Authority** is setting up a **special fund with Contemporary Amperex Technology (CATL)** to help **develop the emerging industry** here and will explore investments in electric vehicle-related sectors in Indonesia.

We want global companies to see **Indonesia as a preferred destination for factories** producing batteries for electric vehicles, especially since the demand for electric vehicles is soaring around the world.

The government is also aiming to have **at least 140GWh of cell manufacturing capacity** by the end of the decade.

**8. Do you have a list of the main deals that have been struck between EV manufacturers, battery manufacturers and Indonesia authorities?**

In just three years, **Indonesia** has signed **more than a dozen deals worth more than \$15 billion for battery materials and electric vehicle production** with manufacturers including **South Korea's LG and Hyundai, and Taiwan's Foxconn**.

Furthermore, companies such as **CATL, LG Energy Solutions, Tsingshan, BASF, Zhejian Huayou Cobalt, and Posco** have all announced **plans to invest in manufacturing facilities** geared towards the **processing and refinement of nickel and cobalt**, as well as the **production of cathode active materials and precursors**.

9. **There has been talk of Indonesia and Australian business partnering regarding lithium provision. Just (last week) in Jakarta, these possible partnerships were flagged at ASEAN. Did you attend ASEAN and what updates can you provide in terms of partnerships between Australia and Indonesia? How far off is a business deal in reality?**

I can tell you that there is a **real desire** to strengthen our cooperation within the private sector.

- **Australian companies and officials were present at ABIS 2023** to leverage ASEAN's economic opportunities, and **Premier of Western Australia, Roger Cook**, provided his insights on ASEAN's resilience and stability in a fragmented global economy.

Now, while I am **not at liberty to provide** you with all the **details** at this moment, I can divulge that **KADIN has taken a significant stride** by signing a **Memorandum of Understanding (MoU) with the Western Australian government** back in **July**.

- This MoU is a **notable commitment**, so I encourage you to **keep an eye on the developments in this space**, as it **holds great promise** between our two countries.

10. **Do you think the clean energy push will bring Indonesia and Australia closer together?**

In line with our **commitment to the Paris Agreement**, Indonesia aims to have **at least 20% of the cars** it produces to be **electric vehicles by 2025**, which equates to about 400,000 cars.

- To do so, **we need lithium which come from Australian mines**.

Furthermore, **Indonesia and Australia are neighbours** and **share the same concerns** regarding the impact of climate change.

There is also the potential **Australia-ASEAN Power Link (AAPL)** that will establish an **intercontinental solar energy infrastructure network**.

- If it materialises, it will require a **subsea High Voltage Direct Current (HVDC) cable system connecting Darwin** to other points, including a **potential pass-through Indonesia**.
- This is another opportunity for collaboration.

In short, yes, the **drive towards clean energy** will be a **catalyst for bringing Indonesia and Australia closer together**.

**11. Is it fair to say that over 90% of the nickel refined here is exported to China? Is it problematic to have the industry reliant on one powerhouse?**

I do not have the figures but **China has helped Indonesia tremendously in maximising our resources**.

- They were the **first to bet on Indonesia**.

However, **our door is open to everyone**.

- We **invite companies, including those from Australia, to participate in our journey**.
- Our intention is **not to favour any partner** but to **embrace diversity and inclusivity**.

**12. The nickel ban has angered some international countries who lodged a WTO case – what is your view on that international response?**

Indonesia holds a vast portion of the world's nickel reserves and as such, it is **understandable that countries would worry** over the ban.

However, it's **crucial to understand the rationale** behind our decision.

- **Indonesia's primary objective** is to **harness the full potential of our nickel resources**.

- As a developing nation, **our focus is on elevating the living standards** of all our citizens.
- **We have the same right to development** as any other country in the world.

**Nickel resources** play an **important role in our development strategy**.

- We are **strategically planning for the future** by emphasising **domestic processing and the growth of value-added industries**.

Importantly, **our vision extends beyond national borders**.

- We are **actively welcoming foreign direct investment, knowledge exchange, and technology transfers**.
- Our **goal is to collaborate with others**.
- **Everyone is invited** to participate in our **journey towards sustainable development**.

### 13. **How can Indonesia champion a sustainable transition if the exploitation of its mineral resources is a source of pollution?**

Indonesia knows the **importance of balancing economic development with environmental sustainability**.

- **We suffer the consequences** of climate change and that is why our approach is centred on achieving a sustainable transition that addresses these concerns.

Thus, in the mining sector, we are **investing in research and technology** to develop **cleaner and more efficient mining processes** such as initiatives to reduce the carbon footprint of our mining operations, minimise waste, and improve reclamation and rehabilitation efforts to restore mined areas.

In addition, Indonesia is actively **looking to diversify its economy to reduce our dependence on finite resources** as stated earlier.

- We are encouraging the growth of industries such as **renewable energy**.

However, it's important to acknowledge that **even renewable energy requires mining** activities, such as for solar panels and batteries.

- Thus, we urge the **international community** to approach this matter with **fairness** and understanding.

- While we are **committed to upholding sustainability standards**, such as those established by the Initiative for Responsible Mining Assurance (IRMA), we also **require support and collaboration rather than lectures**.

**Sustainability is a shared responsibility**, and only together, can we make progress.

#### 14. **Where does Indonesia fit in between the US and China? Is it leaning toward a particular region?**

Indonesia maintains its **autonomy**, and **does not restrict itself to specific partners**.

- That is to say, we maintain **open and constructive relationships** with many countries worldwide.
- **We do not limit ourselves**.

We are of course **closely linked with China**, benefitting from a deep economic connection, and are established as each other's largest trading partners.

However, Indonesia and ASEAN also have **far-reaching and fast-growing commercial and trade ties with the United States**, and the US is ASEAN's largest source of foreign direct investment.

**Indonesia values its diverse relationships**, and **our focus is on promoting the well-being of our people, don't force us to choose**.

#### 15. **Questions on Myanmar.**

We are **committed to promoting peace and stability in Myanmar**.

**Inclusivity is a priority** so we want to make sure **no one is left behind**.

- The **people of Myanmar deserve to see their lives improved** as much as any other ASEAN population.
- We will try to ensure that **primary needs** such as **food security and health resilience** are **met everywhere in ASEAN**.

#### 16. **Is it accurate to report that Indonesia exports of processed nickel grew from about \$1 billion in 2015 to more than \$30 billion in 2022 and do you know who that export revenue went too and how it has been spent?**



I do not know, it is **advisable to direct your inquiries** to the **relevant government authorities** and the **specific companies** involved.

- They would be better positioned to provide a **comprehensive account of the distribution and allocation of export revenue**.

17. Can you tell us what Australian lithium company is in talks with what Indonesian company?

I am sorry, but I am **not at liberty to make any statements**.

18. Action plans and MOUs between Indonesia and Australia... as we know... but no concrete business deals being struck. I wonder what the stumbling blocks are? Lack of investors? Is it because the refining lithium is extremely resource intensive and expensive and Australia just wants to export raw lithium?

It's important to understand that **doing business can take time** and **international deals require careful consideration**.

- Thus, it's essential to approach this with **patience**.

While there may not be concrete business deals struck yet, **progress is being made**.

- For example, an **MoU between KADIN and the Western Australian government** was signed in **July**.
- These agreements **lay the groundwork for future partnerships**.