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# Africa Minerals Export Control: *Lessons From Indonesia*

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| **$11.8B**<br>Peak nickel-sector FDI in Indonesia (2024) | **2 → 59**<br>Domestic nickel smelters Indonesia, 2014–2025 | **50%+**<br>Of global nickel supply from Indonesia by 2023 |

ABSTRACT

*Critical minerals are indispensable for today's economy — lithium, nickel, cobalt, manganese, and graphite for batteries; rare earths for wind turbines and EV motors. Yet most gains in mineral trade are captured by the US, Russia, Saudi Arabia, Australia, and China, while developing countries export low-value raw minerals. This brief examines Africa's growing wave of mineral export controls — bans in Ghana, Zimbabwe, Namibia, Malawi, Nigeria, Tanzania, and the DRC — through the lens of Indonesia's landmark nickel export ban. It draws ten key lessons for African policymakers on industrialization, supply chain integration, and equitable resource-based development.*

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## Introduction

Critical minerals are indispensable for today's economy, with lithium, nickel, cobalt, manganese, and graphite crucial for batteries. Meanwhile, rare earth elements are needed for magnets in wind turbines and EV motors. Electricity networks rely on aluminum and copper, and the latter is needed in most electricity-related products and technologies. Currently, most of the gains in mineral trade exports are captured by the U.S., Russia, Saudi Arabia, Australia, and China. Mimicking general trends of trade, developing countries export low-value minerals and buy expensive iPhones, MacBooks, washing machines, and solar panels, to name a few.

With the return of industrial policies, several countries are increasingly controlling exports of unprocessed minerals to promote domestic processing, job creation, and increase the value of their exports. This policy brief analyses this question in light of the case of Indonesia, which imposed a phased ban on nickel in 2014. It begins with an overview of export controls on minerals in Africa (I), followed by an examination of Indonesia's Nickel Ban (II). Section III focuses on key lessons for Africa, concluding with practical policy recommendations.

## I. Africa's Increasing Move Towards Export Control on Unprocessed Minerals

Faced with persistent low share of global trade and manufacturing value added, as well as trade imbalances with major trading partners — largely due to the composition of African exports dominated by natural resources and raw materials — several African countries have, over the last five years, implemented export control on unprocessed minerals, in the form of full or partial export bans.

| Country / Date | Law / Order | Description |
|---|---|---|
| **Zimbabwe Feb 2026** | *SI 213 of 2022 (Expanded)* | Immediately forces domestic processing of raw minerals and lithium concentrates, pushing forward a 2027 deadline. |
| **Malawi Oct 2025** | *Presidential Executive Order* | Prohibits raw export of rare earths, uranium, graphite, and gemstones. Requires value-addition before exit. |
| **Namibia June 2023** | *Cabinet Directive* | Banned export of unprocessed lithium, cobalt, manganese, and graphite. Only small lab samples exempt. |
| **Ghana Nov 2023** | *National Energy Transition Framework* | Mandates local processing of lithium and other 'green minerals' under the African Green Minerals Strategy. |
| **Nigeria Oct 2024** | *Ministerial Policy* | Mandates a 30% value-addition threshold. Denies export permits to companies without processing plans. |
| **Tanzania Nov 2019** | *The Mining Act + Amendments* | Permanent ban on metallic mineral concentrates. Government lien on all concentrates to ensure local smelting. |
| **DRC 2025** | *Ministerial Decree No. 00964* | Reinstated strict bans on copper and cobalt concentrates; quota system implemented in 2026. |

Some challenges with national-level measures include discrepancies regarding scope, timeframe, and implementation modalities. Enforcement often involves stockpiling orders as companies must store ore at mines until they find a processing unit. African laws include a feasibility clause where companies receive temporary export permits if they cannot find a domestic processing solution.

### The Huayou Cobalt Example

In Zimbabwe, Huayou Cobalt (Prospect Lithium Zimbabwe) was allowed to export while it executed a $400 million processing plant investment. The company argued that revenue from exports of unprocessed cobalt was necessary to build the cash flow for its processing plant under construction.

## The African Green Minerals Strategy (AGMS)

To address some of these challenges, a continental approach is being pursued through the African Green Minerals Strategy (AGMS), which aims to harness Africa's green mineral value-chains for equitable resource-based industrialisation and electrification, creating green technologies and sustainable development to enhance the quality of life of its people.

The AGMS encourages countries to act as a bloc to advance equitable resource-based industrialization, including through the implementation of local African content, a common external tariff on designated green mineral value chain products, the establishment of green mineral value chains to fund green transition opportunities, and a common infant industry protection clause. The ultimate objective is to prevent companies from moving raw ore across borders to bypass local export control measures.

### A Necessary Caveat

Export control of green minerals, including bans alone, won\'t work without a good and well-functioning business environment, accessible tax and non-tax incentives, and good governance. Africa must have clear and logical guidelines for revenue management, decarbonization of value chains, environmental safeguards, and human capital development.

## II. Indonesia's Nickel Ban: Phased, Targeted, and Planned

Indonesia first banned exports of nickel ore on 11 January 2014 under President Yudhoyono to enforce domestic processing requirements from its 2009 mining law. After being relaxed in 2017, the ban was fully reinstated in January 2020.

| Year | Description of Ban |
|---|---|
| **2009** | Law No. 4 (2009) on Mineral and Coal Mining specified that companies must add value to mineral production beyond ore processing within five years of passing the law. |
| **2014** | Minister of Energy and Mineral Resources introduced regulation Peraturan Menteri No. 1 (2014), outlining that the ban will take effect from 12 January 2014. |
| **2017** | On 11 January, the government relaxed its policy through regulation Peraturan Pemerintah No. 1 (2017), where nickel concentrates of less than 1.7% could be exported. |
| **2019** | On 2 September, the government stated its ban will come into effect two years earlier, as 11 smelters were operational and 25 were under development. Presidential Decree No. 55 (2019) on the BEV Acceleration Programme reiterated the ban. |
| **2020** | Indonesia implements the ban fully with Law No. 3 (2020), amending Law No. 4 (2009), on minerals and coal, committing strongly to downstream minerals processing and manufacturing in Indonesia. |

## Key Highlights from the Indonesia Experience

- The export ban attracted significant investment, mostly from China, in beneficiation and allowed faster, deeper integration into electric vehicle batteries.
- Higher value nickel created a sustainable surplus and higher government revenues at the national and sub-national levels. While GDP grew by 5.11% in 2025, nickel-producing regions like Java, Sumatra, Kalimantan, and Sulawesi grew by 56.93%, 22.22%, 8.12%, and 7.22% respectively.
- Investments rose from $0.1 billion in 2010 to peak at $11.8 billion in 2024, with mining-related FDI now representing 25% of total investments. In 2022, FDI rose by 47%, over half driven by China and Hong Kong. Domestic nickel smelters grew from 2 in 2014 to 59 in 2025.
- However, the nickel ban and Chinese-focused investments created an oligopsony where Chinese-Indonesian smelting consortia dictate market prices and reduce margins for local mining companies.

## III. Ten Key Lessons from the Indonesian Experience

Indonesia's experience shows that export restrictions can accelerate industrial development and increase the value of exports — but careful planning, strong governance, and environmental safeguards are necessary to protect industries against industrial shocks.

### LESSON 1: Transition from Value-Addition to Supply Chain Integration

Initial bans focused on increasing mineral value, but long-run success was driven by a shift to become a core hub for the EV battery supply chain. African nations must move beyond generic processing to targeting specific green technologies.

### LESSON 2: Special Economic Zones (SEZs) and Industrial Parks

Indonesia's specialized hubs like the Morowali Industrial Park (IMIP) provide the infrastructure and ecosystem that create a natural pool for foreign investment. African countries have generous SEZ incentives — from 0% tax for ten years (Ghana, Cameroon) to tax rebates on machinery imports (South Africa, Nigeria, Zambia, Ghana, Cameroon). The Bojanala SEZ (Platinum Valley) is developing hydrogen fuel cell clusters, capitalizing on 75% of the world's platinum reserves. Similarly, the Musina-Makhado SEZ in Limpopo focuses on stainless steel and energy projects.

### LESSON 3: Leverage Macroeconomic Strength

Indonesia implemented the ban while its economy was stable, complemented by fiscal incentives and regulatory reforms that made the investment environment predictable for foreign capital. Bans must not create an oligopsony where smelters dictate market prices for mining companies — progressive taxation can help avoid this.

### LESSON 4: Address Regional Disparities

Nickel-producing regions saw GDP growth far outstripping the national average. Africa should champion regional cooperation through regional value chains — such as the Lobito Corridor between DRC, Zambia, and Angola — which should involve substantial processing before raw material leaves the region, with clearly designated value-chain segments per jurisdiction (as in the Airbus model) and comprehensive labour mobility schemes.

### LESSON 5: Prioritize Human Capital and Job Quality

While wages and employment rose in Indonesia, the cost of living rose too. African nations should implement quotas for highly skilled jobs and dedicated training programmes funded by mining companies as part of their CSR — ensuring African workers are not just laborers but active participants in industry development.

**LESSON 6: Enforce Strict Environmental Safeguards**
Rapid industrialization accelerated deforestation and pollution in Indonesia, especially in Raja Ampat. African nations should enforce strict ESG (Environmental, Social, and Governance) standards to ensure balanced socio-economic development.

**LESSON 7: Prepare for Market Volatility and Oversupply**
By 2023, Indonesia accounted for over 50% of global nickel production, causing oversupply and price decline. Africa should ensure economic diversification to protect its fiscal position against similar shocks.

**LESSON 8: Diversify Investment Partners**
Much of Indonesia's downstream growth has been funded by Chinese FDI. While this accelerated growth, it ties Indonesia to specific trade dynamics. Africa should diversify its investment partners and, where possible, finance projects locally.

**LESSON 9: Align Industrial Policy with Decarbonization**
While export restrictions created fiscal gains, long-term success is contingent on decarbonizing the value chain. African governments should align industrial policy with climate objectives and prioritize local value addition over explicit bans.

## Policy Recommendations

Drawing on the Indonesian experience and the AGMS framework, CEPI identifies four priority interventions for African policymakers:

### 1. Sequence Export Controls with Industrial Capacity

Avoid blanket bans before processing capacity exists. Follow Indonesia\'s phased model: announce timelines years in advance, grant temporary export permits tied to demonstrable processing investment (as with Huayou Cobalt in Zimbabwe), and scale restrictions as smelting capacity comes online.

### 2. Build Regional Special Economic Zones Tied to Specific Value Chains

Rather than generic processing incentives, design SEZs around specific green technologies — battery precursors, fuel cells, or stainless steel — following the Morowali Industrial Park model. Pursue regional SEZs where possible to leverage AfCFTA-scale markets and pooled infrastructure investment.

### 3. Mandate Diversified FDI and Local Co-Financing

Require diversified investment partnerships in mineral processing licenses to avoid the Chinese-dominated oligopsony pattern seen in Indonesia. Encourage African development finance institutions and sovereign wealth funds to co-finance processing infrastructure alongside foreign investors.

### 4. Embed ESG Standards and Regional Labour Mobility from Day One

Unlike Indonesia, which addressed environmental and labour standards reactively, African nations should embed binding ESG requirements and regional labour mobility schemes into export control legislation from inception — protecting against the deforestation and pollution seen in Raja Ampat.

## Conclusion

Indonesia's nickel export ban demonstrates how resource nationalism can accelerate value addition and industrialization. It leveraged its mineral wealth through industrial parks that pulled in downstream investment and integrated global supply chains. African countries should adopt and apply the AU Green Mineral Strategy in a manner that balances industrialization with rigorous ESG standards. Greater focus should be placed on diversifying partnerships and ensuring that the benefits of a green boom are distributed in a fair manner — for workers, for nickel-producing regions, and for the continent as a whole.

***Indonesia did not industrialize by banning exports alone — it industrialized by sequencing bans with capacity, capital, and clear timelines. That sequencing, not the ban itself, is the lesson Africa needs to learn.***

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### About the Cameroon Economic Policy Institute (CEPI)

CEPI is a think tank at the Henri Kouam Foundation improving economic development through fact-based research, policy advocacy, and events. CEPI has successfully led two verifiable policy reforms. Areas of work: Fiscal Policy & Taxation | Gender & Inclusive Growth | Trade & Investment | Labour Markets | Agriculture & Food Security | Digital Economy.