

Global Tin Giant Urges Government to Start Stockpiling Program  
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By Eko Listiyorini and Yoga Rusmana

(Bloomberg) -- Tin producers in Indonesia, the world's top exporter, want the government to set up state stockpiles so that the industry can manage supply and prices more effectively, raising the possibility of greater intervention.

"Indonesia wants exports to be more properly managed, if there's an excess supply it's better to set them aside as state reserves," Jabin Sufianto, secretary-general of the Association of Indonesian Tin Exporters, said in an interview in Jakarta on Monday. "We currently export 100 percent of production, which means that we accept spot prices even if prices are bad."

Southeast Asia's largest economy has tried repeatedly in recent years to shore up prices of the metal used in electronics and tins by curbing production and sales, as well as making it mandatory for exporters to trade the commodity on a local exchange before shipment. Exports must also be inspected by government-appointed surveyors to check the quality and origin of ore used.

The plan from the association for a stockpiling program comes at a time of rising prices and predictions for a run of global deficits. It's also been made just ahead of a presidential election in which resource nationalism is expected to feature as an issue in the campaigns. The trade minister will review the proposal and "there's still a lot of discussion," according to Jabin.

Nationwide tin shipments are expected to drop 6.2 percent to 72,000 metric tons in 2019 from a year ago as cargo verification hurdles and tighter checks on ore supply curb sales and output, Jabin said. Prices are seen holding near current levels of about \$21,000 a ton this year, he said.

In October, the Indonesia Commodity and Derivatives Exchange -- the mandatory local exchange -- suspended trading of ingots whose origin was verified by state-owned assessor PT Surveyor Indonesia after a police report of ore from unregulated mines. Only three companies including top exporter PT Timah were still trading on bourse as of mid-January, ICDX said last month. Some smelters are "still in the process of changing surveyor to PT Sucofindo," Jabin said. "Processing the applications may need 10 days after documents are completed, and they have to check the smelters and the mines for ore origins."

Bangka is not a small island, it could take days to complete,” he said, referring to one of the islands where supply is concentrated.

In other remarks from the interview:

\* Increased law enforcement may also curb exports and production, Jabin said.

\* “Two weeks ago we met the trade ministry and the director general of foreign trade highlighted that they have zero tolerance for illegal mining,” he said.

\* Another pending issue is the companies’ business plans, Jabin said.

\*\* Some smelters have been unable to be fully operational because provincial governments have yet to approve their business plans, he said.

\* Indonesia has 34 tin exporters located in the provinces of Bangka Belitung and Riau Islands

\* Tin for delivery in three months has risen about 9 percent on the London Metal Exchange this year. It traded at \$21,175 a ton on Tuesday.

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