

# THE POLEMIC OF MINERAL AND COAL MINING LAW REVISION AMID THE PANDEMIC

## Overview

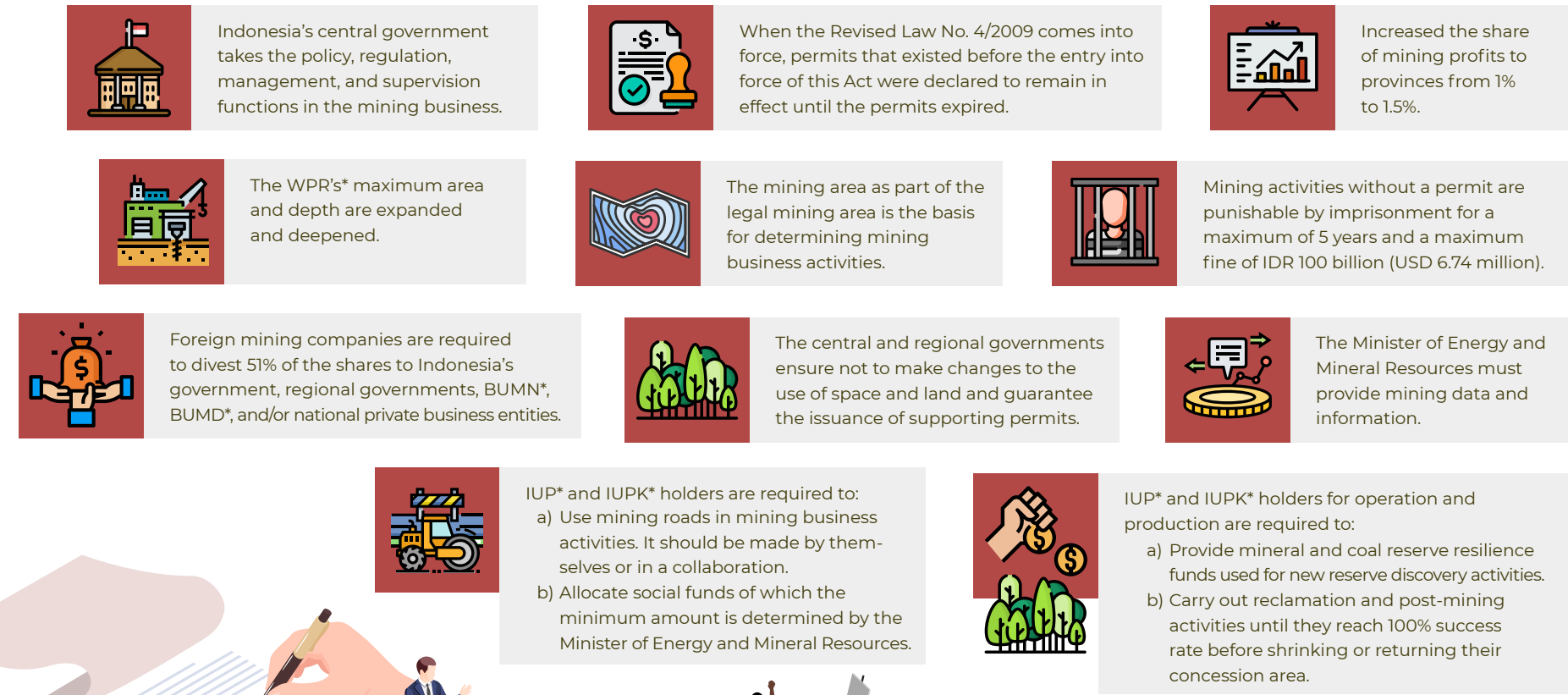
DPR RI\* approved the revision of **Law No. 4/2009 on Mineral and Coal Mining**. The revised law aims to address mining management challenges, provide legal certainty for industry players, stimulate downstream value-added industries, and provide benefits for the community. However, the civil groups criticized the revised law over concerns of fairness and its impact on the environment and society.

There are several changes in the revised law, namely  
1) **Additional of 2 new chapters,**  
2) **Additional of 52 new articles,**  
3) **Changes in 83 articles, and**  
4) **Removal of 18 articles.**  
The total number of articles in this law is 209 articles.

## Chronology



## Several Changes in the Revised Law No. 4/2009



## The Positive vs Negative Views

### Positive Views

- Legal certainty for business investment and simpler bureaucracy process.
- An obligation for a mining company to explore new reserves every year (Article 36A).
- Stricter punishment for illegal miners (up to IDR 100 billion/USD 6.74 million fines or 5 years of imprisonment).
- The requirement for foreign companies to divest 51% ownership to either Indonesia or locally-owned private companies.
- Incentives to develop downstream facilities to generate multiplier effects.
- Increased in provinces' share of mining profits from 1% to 1.5%.
- The implementation of the mineral ore benchmark price is expected to bring justice to nickel miners.

### Negative Views

- The enactment in the middle of the COVID-19 pandemic was deemed unethical.
- Lack of public participation.
- Contract renewal guarantee (maximum of 20 years) without a tender process for giant mining companies (Article 169 A).
- The removal of tender process limits BUMN's\* chance to take over the mining asset and neglects evaluation of the environmental impact.
- Contravention of Law No. 33/2004 on Regional Autonomy as the authority to issue mining permits is now centralized under the KESDM\*.
- Higher deforestation risk due to potential massive exploration expansion.
- Lack of consideration on the significance of the mining industry to the people in the mining area, indigenous people and women.

### Abbreviations

<b>BUMD</b>	Regional-owned Enterprises
<b>BUMN</b>	State-owned Enterprises
<b>DPR RI</b>	Indonesia's House of Representatives
<b>WPR</b>	Traditional Mining Zone

<b>KESDM</b>	Ministry of Energy and Mineral Resources of Indonesia
<b>IUPK</b>	Special Mining Permit
<b>IUP</b>	Mining Permit

### Source

The data has been compiled by PYC research team from various sources.

