



INFORMATION

Updates of Energy and Mineral Resources Sector on Coal Product due to the Implementation of Government Regulation No. 25/2021

On July 26, 2021, the Director-General of Mineral and Coal from the Ministry of Energy and Mineral Resources (Kementerian Energi dan Sumber Daya Mineral/ESDM), Ridwan Djamaluddin stated that Indonesia's coal reserves currently reach 38.84 billion tons. In which, assuming an average coal production of 600 million tons per year, the age of coal reserves is estimated to be 65 years if there is no new reserves are found. In addition, there are also coal resources which are recorded at 143.7 billion tons.

In line with this coal figure in Indonesia, on February 2nd, 2021 the government has issued new adjustments on the coal process with reference to Law No. 11/2020 concerning Job Creation (Omnibus Law) which contains many new regulations regarding the industrial sector. This is contained in Government Regulation No. 25/2021 which stipulates the Implementation of the Energy and Mineral Resources Sector.

Conveyed that the regulations which have undergone renewal can be seen from Article (3) which stated: "Production operation Mining Business Permit, Production Operation Special Mining Business Permit, and Special Mining Business Permit as a continuation of Operation Contract/Agreement holders for coal commodity which carries out the domestic Coal Value-Added Activities can be given treatment in the form of the imposition of royalties of 0%".

The emphasis on the amount of 0% royalty here is different from the previous regulation that imposed a royalty fee ranging from 2 - 13.5% of selling price, depending on volume. This regulation itself only applies to the volume of coal used in value-added activities.

Furthermore, as mentioned in paragraph (4) of Article 3 the value, requirements, and method of imposition of this provision will be regulated further in the regulation from the Minister of Energy and Mineral Resources which is currently being drafted and is expected to be completed in near time.

Minister of Energy and Mineral Resources, Arifin Tasrif also previously explained that the policy of giving 0% royalty is so that "raw materials can be more competitive, investment can be implemented, labor can be absorbed, and have a competitive value". Thus, the regulation above is considered to have opened up opportunities for an increase in the use of coal.

Please find Government Regulation No. 25/2021 about the Implementation of the Energy and Mineral Resources Sector in Bahasa Indonesia for your reference in the link [here](#)

Thank you for your attention, and we hope this information would be valuable for you.

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