



Friday, 13th May 2022

INFORMATION

Decree of the Minister of Energy and Mineral Resources (Kepmen) No. 58.K/HK.02/MEM.B/2022

On March 23rd 2022, The Ministry of Energy and Mineral Resources (ESDM) issued a Decree of The Minister of Energy and Mineral Resources (Kepmen) Number 58.K/HK.02/MEM.B/2022 concerning the Selling Price of Coal for Fulfilling Domestic Raw Material/Industrial Fuel Needs. This regulation ratifies the Minister of Energy and Mineral Resources' decree on the selling price of coal to satisfy the domestic cement and fertilizer industry's need for raw materials/fuels.

This Decree of the Minister of Energy and Mineral Resources, No. 58.K/HK.02/MEM.B/2022, stipulates:

- a. Based on the provisions of Article 160 paragraph (1) of Government Regulation Number 96 of 2021 concerning the Implementation of Mineral and Coal Mining Business Activities, the selling price of coal can be determined in the context of prioritizing domestic interests
- b. In order to provide certainty in fulfilling the need for coal as raw material/industrial fuel in the country, it is necessary to determine the selling price of coal
- c. Based on the considerations as referred to in letters a and b, it is necessary to stipulate a Decree concerning the Selling Price of Coal to Fulfill the Need for Domestic Industrial Raw Materials/Fuels

However, this decree decision does not apply to the metal resource processing and refining business (smelters). Director General of Mineral and Coal at the Ministry of Energy and Mineral Resources, Ridwan Djamaluddin, stated that this exemption was made since, in general smelters are not considered to be closely linked to the daily life of the people. Ridwan stated that the government must not be considered subsidizing industries that are not in line with the spirit of the free market that is being developed throughout the world.

Lana Saria, Director of Coal Development and Concession at the Ministry of Energy and Mineral Resources, noted that this decision was made since the goods generated by the smelting sector would be exported and do not fulfilled the local needs. Lana stated what is included in this Decree is the type of industry that is needed in the national industry or for the livelihood of many people and is indeed used in large numbers for the national interest.

The mining business entities consist of holders of a Mining Business Permit (Izin Usaha Pertambangan / IUP) for the stage of Coal Production Operations (Operasi Produksi / OP), a special IUP for the stage of coal mining operations, a work agreement for coal mining concessions for the OP activity stage, a special mining business permit as a continuation of the contract/agreement operation, and coal transportation and sales permits.

This decree also regulates if the need for coal for domestic industrial raw materials/fuel is not fulfilled, the Director General of Minerals and Coal, acting on behalf of the minister, may designate a mining business entity to supply the demand.

With this update, it is said that The Minister of Energy and Mineral Resources has supposedly ad set the selling price of coal for the domestic industry. For your reference, please check the Decree of the Minister of Energy and Mineral Resources (Kepmen) Number 58.K/HK.02/MEM.B/2022 concerning the Selling Price of Coal for Fulfilling Domestic Raw Material/Industrial Fuel Needs in Bahasa Indonesia in the link [here](#).

Italian Business Association in Indonesia (IBAI)

c/o Istituto Italiano di Cultura Jakarta

Jl. HOS Cokroaminoto No. 117 Menteng Jakarta 10310 INDONESIA

P: +6281 1979 4262 E: ibai@ibai.or.id