



ARMA Update 10 January 2022

(English Version)

Prohibition of Coal Export and Securing Supply of Coal for National Needs

The Directorate General of Mineral and Coal (“**DGMC**”) of the Ministry of Energy and Mineral Resources (“**MEMR**”) issued the Director General of Mineral and Coal Letter No. B-1605/MB.05/DJB.B/2021 of 2021 regarding the Fulfilment of Coal Needs for Public Electricity (“**Director General of Mineral and Coal Letter B-1605/2021**”) on 31 December 2021 that prohibits coal exports to foreign countries. The DGMC Letter B-1605/2021 serves as a response to the issuance of the letter from the President Director of PT Perusahaan Listrik Negara (Persero) (“**PLN**”) No. 77875/EPI.01.01/C01000000/2021-R regarding Coal Supply Crisis for Steam Power Plant of PLN and Independent Power Producer (“**IPP**”).

The coal export restriction is aimed at all companies holding Mining Business Permits (“**IUP**”), Special Mining Business Permits (“**IUPK**”) on Production Operations, Coal Mining Concession Work Agreements (“**CCOW**”), IUPK as Continuation of COW, and holder of Coal Transportation and Sales Permit.

Priority on Domestic Coal Demands

In line with the provisions on Government Regulation Number 96 of 2021 concerning the Implementation of Mineral and Coal Mining Business Activities (“**GR 96/2021**”), holders of an IUP or IUPK in the Production Operation stage must prioritize the domestic demands of minerals and/or coal.¹ Further, the holder of an IUP or IUPK in the Production Operation stage may sell the coal commodities produced abroad, only after the domestic coal demands are met.²

The provisions concerning the prioritization of domestic mineral and coal supplies are also stated in Article 62 letter g of the Regulation of the MEMR Regulation No. 7 of 2020 regarding Procedures for Granting Areas, Licensing, and Reporting on Mineral and Coal Mining Business Activities as lastly amended by MEMR Regulation No. 16 of 2021 (“**MEMR 7/2020**”) where IUP or IUPK holders are required to prioritize the fulfilment of domestic mineral and coal needs and comply with production and sales controls.

Prohibition of Coal Export

All companies holding CCOW, IUP, IUPK on Production Operation, IUPK as Continuation of Contract/Agreement Operations, and Coal Transportation and Sales Permit holders:

1. Prohibited to sell coal to foreign countries from 1 January to 31 January 2022.

¹ Article 157 paragraph (1) GR 96/2021

² Article 158 paragraph (3) GR 96/2021



2. Obligated to supply all of its coal production to meet the electricity needs for the public interest in accordance with the obligation to fulfil domestic needs and/or duty from the Government to companies and/or in contracts with PLN and IPP.
3. Suppose there is already coal at the loading port and/or it has been loaded onto the ship. In that case, the coal must be immediately sent to the Steam Power Plant belonging to the PLN and IPP Group, with the implementation to be resolved immediately according to PLN.

Please contact Rudi Bachtiar (rudi.bachtiar@arma-law.com) for further information.

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