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## August may see implementation of new regulations

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The Energy and Mineral Resources Ministry said Friday it expects to submit a draft on the implementing regulations of the new mining law for final approval from the president in August.

Bambang Gatot Ariyono, director for coal and minerals utilization for the ministry, said the draft had been finalized and was currently being evaluated by related government departments, particularly the Finance Ministry and Forestry Ministry.

"We expect the evaluation to be concluded next month. Hopefully, we can submit the regulations to the state secretary in August," Gatot said.

The new mining law, No.4/2009, was passed by the House of Representatives on December 16 last year and was signed by the president on January 12, 2009 .

The law will have four derivative regulations giving details for the implementation of the law on: mining areas, coal and minerals business, mining supervision and on reclamation and post-mining issues.

Gatot added that all these regulations were expected to come into effect immediately in August.

Until then, the government will not award any mining license, he added.

"No new mining license will be given before the government regulations are completed," he said.

The new mining law no longer maintains the mining contract scheme known as Contract of Work, but will implement a mining licensing scheme known as the IUP.

The IUP scheme has attracted criticisms from mining companies as it gives leverage to central and local government should they decide to terminate a mining operation.

Bambang Setiawan, director general for coal, minerals, and geothermal, reinforced Gatot's statement that the issue of new IUP licenses must await the new regulations.

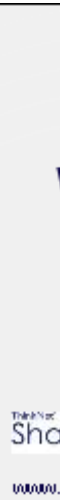
"The issuance of the IUP will require an open auction, which will be guided by the regulations," Setiawan said.

Asked how the postponement of the issue of licenses would affect the government investment target, Setiawan refused to comment, but said that issuing new IUP before the regulations were passed would constitute as a violation of law.

This year the government expects to book US\$2.15 billion in investment in the mining sector, up from \$1.65 billion last year. Investment this year will be for existing projects.

Setiawan said that the license that could be issued at the moment was the upgrade license. "For example, a mining company has received exploration license and want to continue with the exploitation stage. In this case, the IUP for exploitation can be given," he said.

Bambang Gatot said that exceptionally new IUP could still be given for any company that had secured the working areas before the new mining law was passed, but the license has not been awarded yet.



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