

Foreigners Also Cheer For Indonesia's New Mining Law

April 01, 2009 | 13:11 GMT(+7)

Report: Hidayat Tantan (tantan@majalahtambang.com)

Three mining giants, Australia's Rio Tinto along with Canada's Barrick Gold and Southern Arc, are among foreign corporations currently applying for mining permit (IUP in its Indonesian abbreviation), required under the new mining law, the so-called Minerba law, for whomever who would like to perform mining exploration and operation in Indonesia.

Rio Tinto has applied to explore at Lemonga goldmine in West Nusa Tenggara and Lasamphala in Sulawesi, while Barrick Gold. Corp. has applied for one in Bengkulu, whereas Southern Arc in Lombok and Sumbawa under its Indonesian alias, PT. Indotan.

The three actually had long before applied to obtain working contracts as required under the legal regime prior to the Minerba law. They however are said to be ready to continue their projects in Indonesia under a new arrangement as governed by the country's new mining law.

"It is therefore unreasonable to call the Minerba law unfriendly to investors," said Bambang Gator Ariyono, Director for Coal and Mining Enterprise of the Ministry of Energy and Mineral Resources (ESDM Ministry), in an interview with TAMBANG Magazine during a special session to discuss the Minerba law with the media at the Ritz Carlton Hotel on 31 March 2009. His statement was directed at allegations, among other from the Indonesian Mining Association and PriceWaterhouse Cooper, on the new mining law's aloofness towards the investment climate in the country's mining sector.

Foreigners are also cheering for the new mining law. This was stated by Simon F. Sembiring, a former Director General from the ESDM Ministry, who told this magazine of his meeting with representatives of Australian mining companies in an occasion at the residence of the Australian Ambassador to Indonesia, H.E. Bill Farmer, only two weeks after the new mining law's introduction. Mr. Sembiring said that the foreign representatives were in opinion that the Minerba law is already good enough, transparent and providing guarantee to working condition in Indonesia. He also said that he obtained similar opinion from the American Chamber of Commerce in Indonesia.

Mr. Sembiring refuted a statement which said that the Indonesian mining sector would see a lack of investment in the coming five years. "Everyone knows that when investment is lacking, it's down to the current global economy slowdown. It has nothing to do with our Minerba law," said the gentleman who is now filling an expert staff position on mineral and coal at the ESDM Ministry.