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GENERAL

Mining Law Does Not Automatically Terminate Existing Contracts

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The newly issued mineral and coal mining law which was approved by the plenary session of the House of Representatives on December 16 2008, does not automatically terminate existing contracts.

“KK and PKP2B which was issued before the new law is still valid until the contract expires” explains the Secretary General of Mineral, Coal and Geothermal, Witoyo Sularso during the national discussion on “Prospects and Issues in the Mining Sector Following the New Mining Law” on Wednesday (4/3).

The Secretary General elaborated that holders of existing contracts which is regulated under Law No. 4 / 2009 article 170 which states that contractors are obligated to carry out refinery activities within Indonesia, within 5 years after the implementation of the mining law. This is carried out to increase the national income, open new job opportunities, and increase the general welfare of the society.

Before the government regulation on mining area is issued, the Director General of Mineral and Geothermal issued a circulation letter to regional governments which state that existing contracts will be valid until its expiration date, which will then be changed to mining permits. While this is being carried out, the government will temporarily halt issuing new permits until the regulation of the mining area is issued.

Regional governments are asked to coordinate with the Directorate General of Mineral and Geothermal on all request for permits so that it may be processed according to the mining law, submission of all data/information in requesting a mining permit before the issuance of the mining law, and notifying holders of permits who are in the exploration and exploitation phase to submit their activity plan within 6 months after the circulation letter is issued. SIPD request which are submitted before the mining law is issued will be processed in becoming a mining permit.

(ADMINISTRATOR)