

## Indonesian Mining News

### Mining Law: Indonesia's Changing Tide Creating Industry Waves

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The Indonesian Government's new Bill for Mineral and Coal Mining (Mining Law) was developed with the intention of extracting the most value from Indonesia's natural resources for the nation, according to Wood Mackenzie. Its introduction into Indonesia's legal system provides a framework for the future of the nation's mining industry.

The new Mining Law opens the doors for foreign ownership through the introduction of a new permit-styled system although grey areas within the law in regards to divestment, production control and fiscal terms are creating a wave of uncertainty for current and prospective industry players.

The Mining Law itself is not sufficient enough to commit change within the Indonesian mining industry. It is a precursor to an impending Government Regulation to be created which will outline the necessary metrics to make the new law functional.

Wood Mackenzie believes that Indonesia's short-term production outlook will not be affected by the inception of the new Mining Law, "as the majority will be sourced from existing operations and any greenfields projects in our pipeline have concession agreements already in place."

In the long term, Wood Mackenzie expects the new Mining Law will present a potential upside to Indonesian production. Once the Government Regulation is introduced, previously unsecured tenures will then be open to both domestic and foreign investors looking to set up small to medium sized coal operations.

Will the new Mining Law still attract interest from domestic and foreign investors? Although the new Mining Law may seem to be a considerable shift from the original contract-based schemes, Wood Mackenzie believes the framework that is set for the mining industry will attract both domestic and foreign investors.

In a recent Insight produced from its Coal Supply Service: Indonesia, Wood Mackenzie has examined the mining permits, existing contracts, mine ownership, production and sales control, mining contractors, state reserve areas, and taxes and imposts in the Indonesian coal industry.