

## IUP And IUPK Holders Can Have Joined Smelter

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Jakarta - TAMBANG. The Mining Law No. 4/2009, which stipulated an obligation for domestic smelting/processing, would not be such a burden for investors. The Law has also authorized Mining Permit (IUP in its Indonesian abbreviation) and Special Mining Permit (IUPK in its Indonesian abbreviation) holders to have a joined smelter operation with existing operators.

The above was mentioned by S. Witoro Soelarno, the Secretary of Directorate General of Mineral, Coal and Geothermal - Department of Energy and Mineral Resources, in Jakarta, on 11 August 2009.

Mr. Soelarno explained that the obligation for domestic smelting/processing was intended for IUP and IUPK holders at the stage of operation production. Therefore, mine owners could no longer export their production in the form of ores.

The law itself was intended, among others, for a value added mining commodities, as well as to ensure the supply for domestic industry, to tap local human resources, and to boost national income.

Protests have been coming, especially from mining associations, since the law was enacted late last year. It was perceived that the law would put a heavy burden for investors, because smelting/processing facilities would cost no less than US\$ 500 million each.

Nevertheless, Soelarno explained, Article 104 of the Mining Law has also stipulated that IUP and IUPK holders at the stage of operation production do not have to necessarily build their own smelter. IUP and IUPK holders could manage some kind of partnership in order to do so.

Additionally, the government has also considered giving incentives for investor who is willing to build smelting/processing facilities. "We are still coordinating with the Finance Department on this matter of incentives," he concluded.

