

The Jakarta Globe - Friday, January 12, 2010

## Rules May Free \$10b Of Mining Projects in Indonesia

The government announced on Friday that it had issued two implementing regulations for the new Mining Law that will clear the way for the development of \$10 billion worth of projects that have been stalled because of the slow legislation.

The detailed guidelines governing mining concessions were signed by President Susilo Bambang Yudhoyono and are retroactive to Feb. 1. Investors had long been waiting on the regulations to resolve questions over the validity of their existing contracts of work (KK).

“We will honor the existing contracts,” said Bambang Gatot Ariyono, director of coal and minerals at the Energy Ministry.

The Indonesian Mining Association said at the end of last year that \$10 billion worth of mining projects were stalled because of the government’s slow pace in issuing the regulations.

The regulations state that existing contracts will not be subject to changes in the new Mining Law.

Article 39 of regulation No. 22/2010 stipulates the smaller existing mining areas will be known as mining business permit territories (WIUP) within three months. However, Bambang said the shift in terms from mining areas to WIUP did not mean they would be affected by the new law.

Larger, existing mining concessions will be called mining business areas (WUP) within three months. The new Mining Law sets limits on exploration, production and size of concession, but WUP and WIUP holders are not subject to the restrictions.

The other regulation, No. 23/2010, states that the government must honor existing KK and mining concessions (KP) until the contracts expire. KK contracts are long-term deals signed with the central government guaranteeing lengths of 25 years and upward. KP are shorter duration contracts.

Both systems are being phased out in favor of mining business permits (IUP), which will further restrict the durations of contracts and areas of concessions.

According to the Energy Ministry, there are 8,020 applications for IUPs.

“We hope with the regulations release, the investors will start their projects soon,” Bambang said.

However, the IMA was wary of the regulations, saying it needed to study them further.

“We’re still unsure on how it will be implemented,” said Priyo Pribadi Soemarno, IMA’s executive director.

The stalled projects include a \$4 billion nickel project by Rio Tinto, a \$2 billion nickel project by Eramet, a \$500 million zinc and black tin project by Dairy Prima, a \$500 million gold project by Meares Soputan, and three PT Aneka Tambang projects — a \$1 billion hydrometallurgy project, a \$320 million ferronickel project and a \$220 million chemical grade alumina project.

### Related articles

---

[8:00 PM 02/02/2010 Indonesian Mining Sector Expected To Boost Sales, United Tractors Says](#)

[Mining Groups May Seek Judicial Review of 2009 Law](#)

10:00 PM 20/01/2010

[Deadly Landslide Won't Halt Batu Hijau Output](#)

8:54 PM 18/01/2010