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**Indonesia's mineral added value/beneficiation:  
Effort to promote sustainable growth and industrial  
development**

By

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The views expressed are those of the author and do not necessarily reflect  
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# **INDONESIA'S MINERAL ADDED VALUE/BENEFICIATION:**

*Effort to Promote Sustainable Growth and Industrial Development*

**Presentation of Director of Mineral and Coal Program Supervision  
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**DIRECTORATE GENERAL OF MINERAL AND COAL  
MINISTRY OF ENERGY AND MINERAL RESOURCES**



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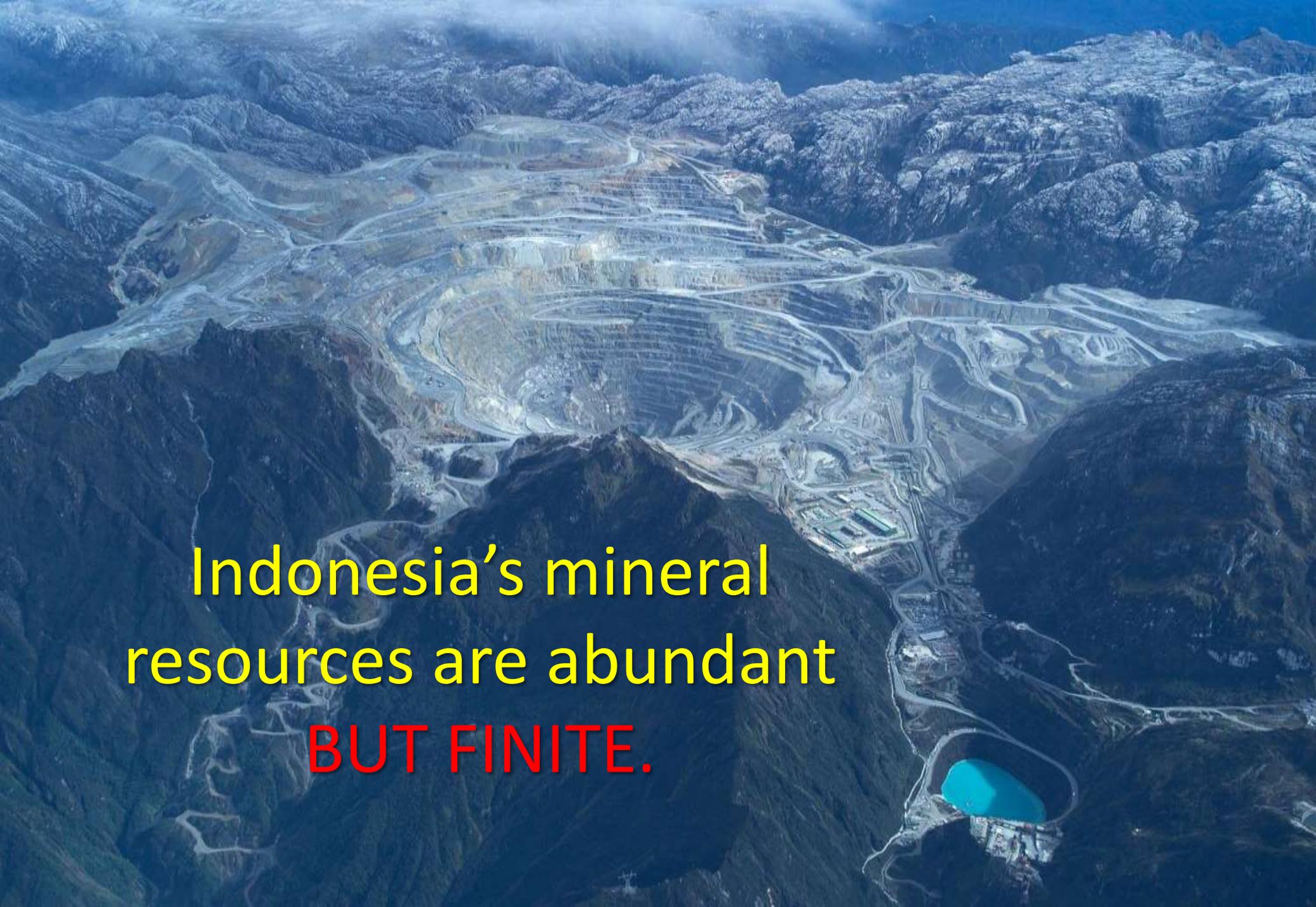
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An aerial photograph of a massive open-pit mine, likely a coal mine, situated in a rugged, mountainous landscape. The mine's terraced levels are clearly visible, showing extensive excavation. The surrounding terrain is dark and rocky, with some greenery on the lower slopes. A small, bright blue reservoir is visible in the lower right corner of the image. The overall scene conveys the scale and impact of large-scale mining operations.

Indonesia's mineral  
resources are abundant  
**BUT FINITE.**

# BACKGROUND

- Indonesia is endowed with the world-class mineral and coal deposits. Therefore, the management of such deposits should arrive for the greatest benefit of the nation;
- Not only have Mineral resources to be considered as the source of national income, but also as national asset to boost National economic growth;
- Implementation of sustainable mining can be translated by conducting a good mining practices with emphasises to carry out an environmentally sound mine operation;
- Mineral beneficiation is an effort to improve the sustainable use of mineral resources.

# POLICY AND REGULATION

## The 1945 Constitution of the Republic of Indonesia

### Article 33

(2) Sectors of production which are important for the country and affect the life of the people shall be under the powers of the State.

(3) The land, the waters and the natural resources within shall be under the power of the State and shall be used to the greatest benefit of the people.

### The Law No 4/2009 Regarding Mineral and Coal Mining

Law 4 of 2009 aims “to manage and develop mineral and coal potential in independent, reliable, transparent, competitive, efficient and environmentally sound manner to guarantee the national development sustainably.”

# MINERAL ADDED VALUE POLICY OBJECTIVES

The objectives of mineral added value, among others are:

- to verify the existing mining license in order to improve good mining practice compliance;
- to lower not sustainable mining practices, where only high grade ore is mined and exported without processing;
- to protect the environment particularly in short-term mines which focusing on direct shipping of ore;
- As driver of forward linkages (trigger trickle down effects) to move up the value chain for minerals production; and
- increase the direct and indirect employment opportunities, to ensure local communities participate in a fair share of the benefit from mining activities.

# SMELTER DEVELOPMENT PROGRESS

## 1. Progress (as of March 2015)

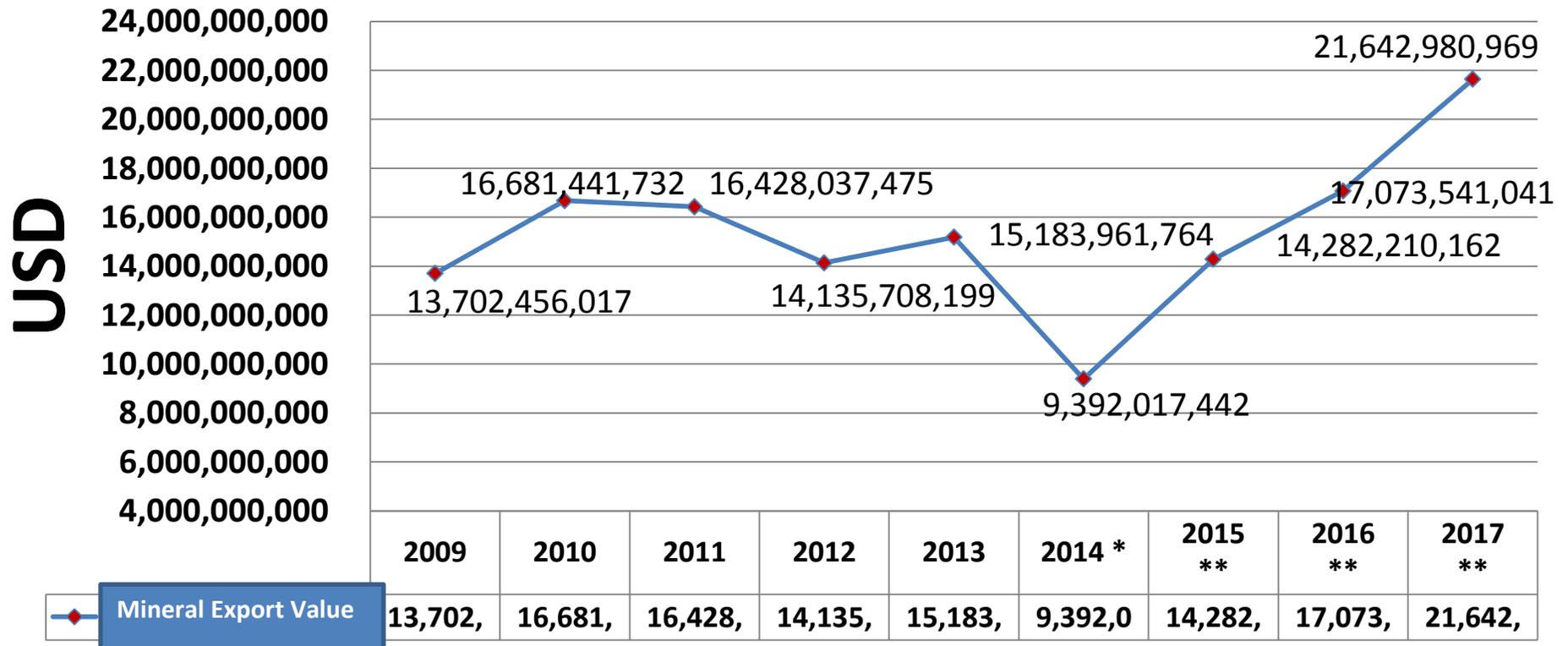
NO	PROGRESS (%)	STAGE	NUMBER OF LICENCES
1.	0 – 5	Feasibility Study	97
2.	6 – 10	Environmental Study	12
3.	11 - 30	Ground Breaking and Early Construction	21
4.	31-50	Half Stage Construction	14
5.	51-80	Final Construction	6
6.	81-100	Commissioning or Production	27

## 2. Smelter Development Progress > 6%

NO	COMMODITIES	SMELTER
1.	Nickel	35
2.	Bauxite	7
3.	Iron	8
4.	Manganese	3
5.	Zirkon	11
6.	Lead and Zinc	2
7.	Kaolin and Zeolit	4
Total		70

# BENEFITS OF MINERAL ADDED VALUE

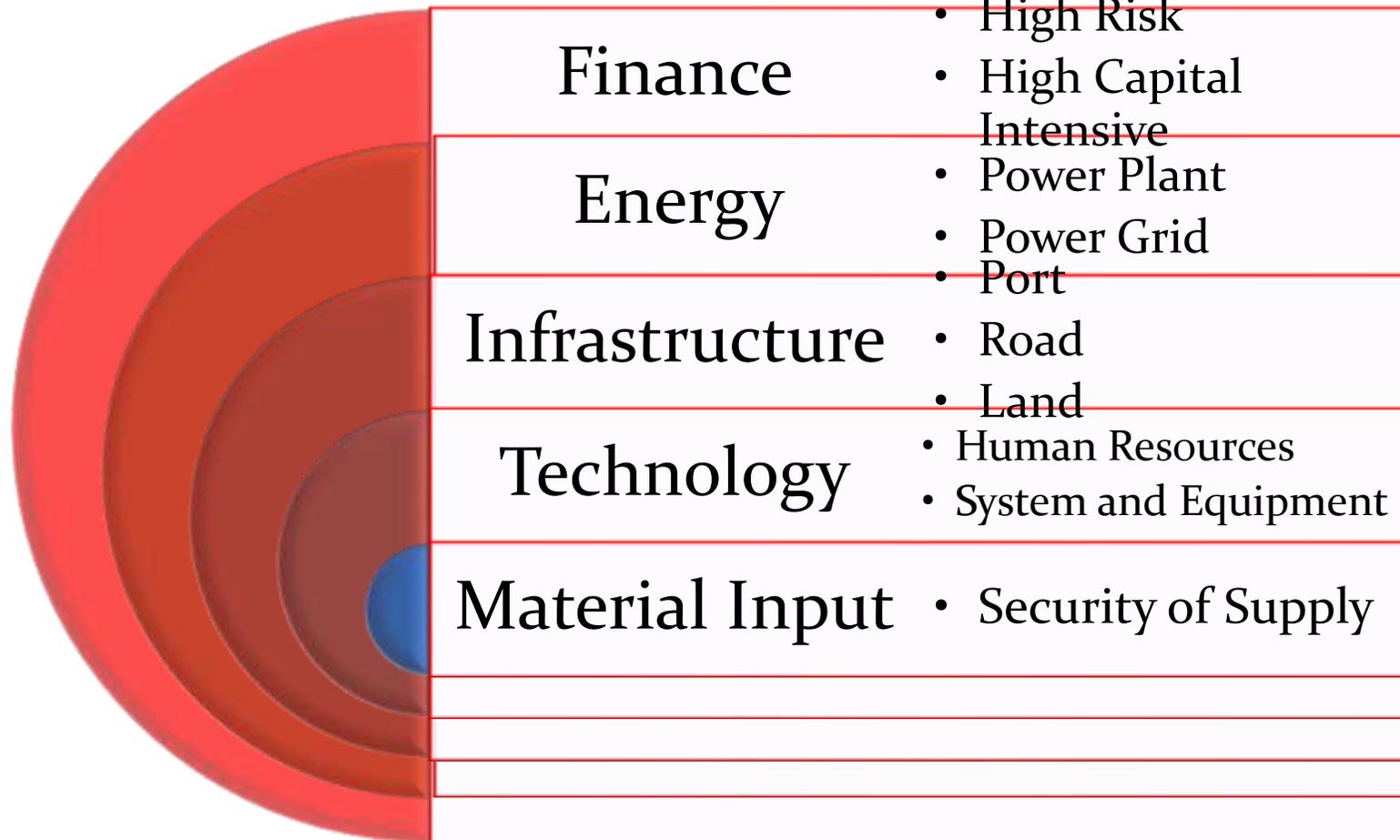
## Increase Mineral Export Value



\*) Mineral export value decrease because, concentrate Cu not exported 7 months, and Gold and Tin price decrease.

\*\*\*) Mineral export value projection

# CHALLENGES



# PROBLEM SOLVING STRATEGIES

1. Simplification of Licensing Process  
Lower barriers in starting mining business, especially in license procedures.
2. Resources-based industry approach: Development of smelter facilities close to mineral resources location.
3. Facilitating cooperation between miners and investors who build smelter facilities.
4. Engage financial institution and stock exchange to provide favourable financial scheme.
5. Develop human resources and manufacturing capacity through:
  - Training and education.
  - Improve industrial sector to provide capital goods and equipment.
6. Increasing tax incentives
  - Facility for Corporate Income Tax given by the government could be in the form of Tax Allowance (pursuant to Government Regulation of the Republic of Indonesia No.1/2007 jo.62/2008 jo.52/2011 )
  - or Tax Holiday (pursuant to Regulation of Finance Minister of the Republic of Indonesia Number 130/PMK.011/2011)

# INCENTIVE

## Fiscal Incentive

a

Income tax for investments in certain business areas and/or in certain regions (PP 52/2011 and the Ministry Decree 130/2011)

b

Exemption of import duty for machinery, goods, and raw materials for certain industries

c

Exemption of Import Duty, Value Added Tax, Income Tax, Sales Tax on Luxury Goods and other tax levies for certain industrial activities

## Non Fiscal Incentive

a

One stop service for Registration investment permit

b

Determination as Industry Vital Object

c

Electronic system for Information Service and Licensing Investment Sistem

d

Custom Non-Fiscal Facility :

- Rush Handling
- Vooruitslag
- Importer Priority Lane and Main Partner
- Prenotification

# CLOSING REMARKS

1. Indonesia's mineral law and regulations requires mineral added value.
2. Implementing added value requirements for miners is the only viable option to addressing the problems faced by Indonesia in terms of minerals extraction.
3. Indonesia invite investors to develop the potency of mineral and coal and encourages investment, especially for mineral and coal processing and refinery.



# Thank You

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