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## **PRESIDENT MEETS MINING BUSINESS PEOPLE**

President Joko Widodo together with Vice President Jusuf Kalla and a number of Indonesian Ministers held a meeting with 20 mining business people, including those of coal mining. The President accommodated all the aspirations and problems complained by the mining operators starting from overlapping permits, decrease of exports, development of smelters and power plants.

## **COAL DOMINATES POWER SECTOR**

Indonesia's Vice President Jusuf Kalla admitted that the price of coal is low and it is not environmentally friendly. "In the USA 50 percent of electrical energy comes from coal, and so does in China," Kalla said. Indonesia has also developed a great number of coal-fired power plants in the country.

## **109 PROJECTS OF 35,000 MW**

The government of Indonesia determined that 109 projects will be included under the program of development of 35,000-MW power generation during a period of the years from 2015 to 2019. At mid-April PT PLN released that the project of development of power plants has been concluded in Java-Bali (18 697 MW), Sumatra (10,090 MW), Sulawesi (3,470 MW), Borneo (2,635 MW), Nusa Tenggara (670 MW), Maluku (272 MW), and Papua (220 MW).

## **L/C Suspension Varies**

Director General of Mineral and Coal R Sukyar said the suspension of the implementation of mechanism of Letter of Credit (L/C) for mining undertakings will vary. Dispensation of L/C can be granted for a period from one semester to one year.

## **Mining PNBP rises 45 percent**

In the first quarter of the year 2015 the non-tax revenues (PNBP) from the mining sector was at Rp8.7 trillion, up 45% from the same period last year at Rp6 trillion. Director of Development Program of Mineral and Coal Undertakings under the Ministry of Energy and Mineral Resources Bambang Sujatmiko said the PNBP (non-tax revenues) derived from royalties of Rp4.3 trillion, sales of mining products of Rp2.2 trillion and mining retributions of Rp1.2 trillion.

## **TO COOPERATE WITH RUSSIAN COMPANY**

Nathaniel Rothschild will invite Russian company SUEK PLC to take over 100 percent of the shares at Asia Resource Minerals PLC, the holding company of PT Berau Coal Energy Tbk. The official website of Berau reveals that SUEK plans to join with NR Holdings, an investment company owned by Nathaniel.

## **AUCTION LIMIT OF 35,000 MW**

Director of PT PLN Amin Subekti said his company expects the auction of 35,000 MW power-generation project can be completed in the year 2016. The total fund for this 5-year project will be Rp1,127 trillion, of which PLN will provide Rp512 trillion and the private sector (IPP) will provide Rp615 trillion.

## **INTEGRATED COAL MINE**

Nangroe Aceh Darussalam (NAD) eventually has the first operation of integrated coalmine. Governor of NAD Zaini Abdullah inaugurated the operation of the integrated coal mine of PT Mifa Brothers in West Aceh on Wednesday, April 22, 2015. The investment reached Rp2 trillion.

## **TO RECEIVE TAX ALLOWANCE**

Ministry of Energy and Mineral Resources said any investment in facilities like smelters in effort to increase the added values of coal will be granted a tax allowance (tax relief). It has been included in the revision of Government Regulation No.52/2011 concerning Income Tax (VAT) for Investment in certain business sector in specific region.

## **PRODUCTION DECLINES 21 PERCENT**

Director of Development and Exploitation of Coal under the Ministry of Energy and Mineral Resources Bambang Tjahjono said, in the period of January-March 2015 Indonesia's coal production was only at 97 million tons, down 21 percent from the first quarter of the year 2014 at 124 million tons. In details the export was 79 million tons and 18 million tons went to domestic market.

## **HBA down in April**

Ministry of Energy and Mineral Resources released that the coal reference price (HBA) for coal category of 6,322 calories kcal/ kg GAR in the period of April 2015 was at US\$64.48 per ton FOB Vessel. The price was down when compared to HBA in March 2015 at US\$67.76 per ton. "But the price was still higher than HBA in January and February 2015," said the Director of Development and Undertaking of Coal, Bambang Tjahjono.

## **POLICIES BECOME OBSTACLES**

The result of survey of the Indonesian Mining Institute (IMI) disclosed that the perception on the potential mineral and coal resources is still very positive. "However, the factor of unfavourable policy has greatly affected the economic feasibility of investment in the country," said Chairman of IMI Prof. Yusuf Arif. The survey was conducted on 55 mining companies in 20 regencies in Indonesia.

## **SALES INCREASE 20%**

The sales of heavy equipment of Sany Heavy Industries rose 20% in the year 2014 from the sales in the previous year. Benny Kurniajaya, Chief Executive Officer of the Jakarta International Machinery Centre, said the sales of heavy equipment to mining sector in 2014 reached 5%. The portfolio this year is expected to be similar to last year's.

## **INCENTIVE FOR MINE-MOUTH PLTU**

A number of power operators hoped the government will provide incentives for the development of mine-mouth coal-fired power plants (PLTUs) so that this power business can be more attractive. "If the return is only at 10-12 percent, it is not attractive. It can be attractive if the return is greater than 15 percent. We are now waiting for the policy from the government," said Chairman of the Indonesian Coal Mining Association (APBI-ICMA) Pandu Sjahrir.

## **EXPECTING TAX HOLIDAY**

President Director of PT Bukit Asam Tbk Milawarma said, the policy of tax holiday should be made by the government in order to stimulate the businesses of coal mining in the country amidst the currently low price of mining commodity. "Such a policy of tax holiday was ever applied in the first generation of Coal Mining Agreement (PKP2B)," he said.