

Analysis of Indonesian coal export policy

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Abstract

Indonesia's coal exports play an important role in driving the country's economy and are one of its main export commodities. As one of the world's largest coal producers, Indonesia consistently contributes significantly to the global market. This research aims to provide an in-depth analysis of the export policy of coal commodities in Indonesia. The research method is qualitative, using a descriptive analysis approach. The study examines policies related to coal exports, including government regulations, trade rules, environmental regulations, and other policies that influence the Indonesian coal export process or policy changes that affect Indonesian coal exports. At the same time, it analyses the effects and implications of these policies on the export of coal commodities in Indonesia. The research uses the theory of trade liberalism as a framework to address the research objectives. The findings indicate that Indonesia's coal export policy significantly impacts the coal industry, the national economy, and international market dynamics. Although mercantilism may persist for a certain period, the dominance of liberalism, which adheres to the principles of market mechanism, has successfully surpassed the influence of mercantilism. Thus, this research contributes to a better understanding of the role of coal in Indonesia's export context and provides a basis for future policy improvements. Keyword: Export policy; coal commodity, international trade.

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1. Introduction

Coal is indeed a significant energy source for Indonesia. It has been a key axis of energy policy and industry (Arinaldo & Adiatma, 2019). Indonesia has total coal reserves of 35.1 billion tons,

of which 99.2 billion tons were identified as resources in 2022 (Juarsa et al., 2023). In 2023, Indonesian coal experienced a significant increase due to rising demand from both domestic and international markets. According to the Statistical

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Review of World Energy, Indonesia ranks seventh worldwide for the largest total coal reserves (BP, 2021). With abundant coal reserves, Indonesia is becoming a critical resource for countries that rely on coal energy to meet their industrial and power generation needs.

Coal is a key fossil fuel for power generation and a fundamental fuel for steel and cement production. As a commodity, coal is an important pillar that supports national economic growth and contributes significantly to the country's revenues and expenditures (Arinaldo et al., 2019). The coal mining subsector will contribute approximately 6.6 %, or IDR 261.71 trillion, to Indonesia's Gross Domestic Product (GDP) in 2021 (Kusnandar, 2022). This means that the coal subsector contributes approximately 39.59% of the total GDP of the mining and quarrying sector in Indonesia.

In addition to being the primary source of electricity generation, coal is a strategic and high-priority export commodity. Since 2005, Indonesia has been the world's largest producer and exporter of coal. The high coal production figures result from the increasing demand for coal in the export market. As a result, Indonesia plays a crucial role in the global coal market. The value of coal exports accounts for 15% of Indonesia's total exports. According to the Ministry of Energy and Mineral Resources, Indonesia's coal exports reached 394.08 million tons in 2023, an increase of 7.11% compared to the previous year's total of 367.94 million tons (MODI, 2024). Indonesia's coal exports account for 75% of total coal production, with the remaining portion sold on the domestic market to meet domestic demand. This percentage is regulated by Decision No. 267 of 2022 of the Minister of Energy and Mineral Resources of the Republic of Indonesia on fulfilling domestic coal demand (ESDM, 2022b).

The coal industry in Indonesia consists of several large producers and several small players with coal mines and concessions. Different regions in Indonesia have different types and amounts of coal reserves. Most coal reserves and production are concentrated on the islands of

Sumatra and Kalimantan. Regarding coal categories, data indicate that 60% of Indonesia's coal reserves are classified as low quality (below 5100 cal/g). In contrast, the remaining portion is classified as medium quality (between 5100 and 6100 cal/g) (Yulia & Chandriyanti, 2021). Low-quality coal meets domestic demand, while exported coal is mainly medium quality.

Countries in Asia, such as China, India, Japan, Hong Kong, Cambodia, the Philippines, and others, dominate the Indonesian coal export market. The hot climatic conditions largely influence this high demand in Asia, especially in Southeast Asia (CNBC Indonesia, 2023). In early 2022, there was a significant increase in coal demand from several European countries that had not imported Indonesian coal in the previous year. This was attributed to the energy crisis and the Russian-Ukrainian invasion. In terms of value, Indonesia's coal exports reached USD 28.86 billion or IDR 444.44 trillion in 2023, a significant decline from the previous year's USD 46.74 billion (Taufani, 2023). Despite the decline, the Secretary General of the Ministry of Energy and Mineral Resources (ESDM), Dadan Kusdiana, mentioned that the current coal selling prices are still profitable for companies (CNBC Indonesia, 2023). Meanwhile, from the non-tax government revenue (PNBP) perspective, the mineral and coal sector exceeded the 2023 State Budget (APBN) target as of November 2023, reaching IDR 152.16 trillion or 178% of the APBN target.

Several studies have researched Indonesian coal exports. However, studies that specifically focus on the policy of Indonesian coal exports are still limited. Therefore, the author wants to conduct an in-depth analysis of the various regulations and policies that affect the export of coal in Indonesia, including the regulations of the government and the regulations of the business actors. In addition, this study will also examine the impact and implications of these policies, which makes it different and more specific than previous studies. Melawati Puspita Dewi (2018) identified the impact of coal prices on Indonesian coal exports (Dewi et al., 2018). The results of this

research show that there is a significant positive correlation between coal prices and the volume of coal exports. In other words, as coal prices in the destination country increase, the volume of exports to that country also increases. Therefore, the widening gap between international and domestic prices can increase the quantity of exported commodities. Dessy Natalia and colleagues mentioned that if Indonesia's abundant coal reserves are not well managed, there is a concern that these reserves will be depleted more quickly. Therefore, the policy of export restrictions is one of the measures taken to maintain the stability of Indonesia's coal supply in the hope that energy conservation principles can be achieved and domestic energy needs can be met (Natalia, Yoesgiantoro et al., 2022). Meanwhile, Izza Azizah and Aris Soelistyo (2022) found that Indonesia's Gross Domestic Product (GDP), the population of destination countries, as well as exchange rates and inflation rates significantly influence Indonesia's coal (Azizah et al., 2022). These studies conclude that Indonesian coal plays an important role globally. To ensure that national energy needs are met, appropriate policies or regulations are needed to govern the export activities of Indonesian coal. The increase in coal prices in the global market encourages mining companies to increase production for export purposes.

In the end, government policies on Indonesia's coal exports play an important role in the global market and influence the behavior of countries. Government policies on Indonesia's coal exports not only affect global market dynamics but also play an important role in international economic and geopolitical relations, influencing the behavior of importing countries in terms of their preferences, investment, and trade decisions. The challenge, however, is how Indonesia can optimize this opportunity. While there may be economic benefits, it is important to be aware of the potential imbalance between coal exports and domestic energy needs.

2. Literature Review

The policy process refers to the steps in deciding policy options, considering various factors in the policy environment. Public policy is a complex entity, and understanding how the policy process works is done in an effort better to describe the influencing factors (Allison, 2014). On the one hand, Thomas Dye simply defines public policy as "who gets what", "why", and "what difference it makes" in politics (Dye, 2013). However, this definition is arguably too simplistic because it considers not only what policies the government adopts but also why the government adopts those policies and the consequences of those policies. This definition also applies to any government activity, from making purchases to delaying or canceling them.

The dynamics of this policy are highly complex and characterized by different forces and different processes that can either strengthen or weaken policy stability in specific cases. The process of matching ends and means in policy-making has two dimensions: technical and political. The technical dimension seeks to identify the optimal relationship between goals and means, as some means are better suited than others to address the root causes of specific problems, which are often considered and treated as examples of policy design (Howlett, Michael et al., 2020). The authors also use the theory of trade liberalism to address the research objectives. The basic concept of trade liberalism emerges as a policy strategy to reduce or even eliminate trade barriers, both tariff and non-tariff, to protect domestic industries from international competitive pressures (Ariifin, Samsul et al., 2007). The goal of trade liberalism is to advance the economy by providing economic agents with greater opportunities to engage in transactions (Carbaugh, 2010). In addition, trade liberalism helps to create a favorable investment climate by attracting investors (Afin, Yulistiono, 2008). This investment can improve infrastructure and technology, increase production quality, and enhance Indo-

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nesian products' competitiveness in the international market, thus optimizing export potential.

At present, the issue of trade liberalism has colored the international commodity market, including the energy sector. As a country that has adopted an open economy and ratified various regional and global economic and trade cooperation agreements, the pressure of liberalism through these cooperation agreements is not unlikely to create conflicts of interest with domestic policies and threaten national interests. Research by Triswan Suseno and Harta Haryadi explains that the government has implemented control over national coal production policies to ensure national energy needs by limiting exports (Suseno, Triswan, 2013). The findings of this research indicate that if coal exports are not controlled, there is a concern that domestic coal needs will be neglected. Trade liberalization opens up global market access for Indonesian coal exports. However, government policy control is also necessary to balance domestic supply and demand. This leads the authors to analyze the theoretical aspects of trade liberalism about the export of coal commodities in the energy sector while also explaining how trade motives and liberalization pressures can influence the direction of government policy.

3. Research Methods

This research is based on a qualitative study which is a descriptive analysis. The qualitative research method is a research method that is used for the study of natural object conditions with an emphasis on meaning rather than generalization (Abdussamad, 2021). This method is carried out by involving the subject of social phenomena in the conditions of natural objects by systematically describing and explaining facts. The explanation that the author will give to the reader will produce a description based on the events under study. The subjects of this research are the parties involved in the formulation and implementation

of coal export policies, such as the Ministry of Energy and Mineral Resources (ESDM) or coal mining companies, industry associations, and other relevant stakeholders who play a role in coal export policies. Meanwhile, the subject of this research is policies related to coal commodity export in Indonesia. This research also uses library research techniques where information, facts, and data are collected from various sources such as books, e-books, journals, e-journals, working papers, and official government reports as well as relevant articles and news. After data collection, the information is then processed and analyzed to assess its validity (Putra & Sajida, n.d.).

The literature review technique allows researchers to synthesize existing knowledge and gain deep insights into understanding the research topic. This research is based on the hypothesis that trade liberalism opens global market access for Indonesian coal exports, but the pressure of liberalization may also force the government to adjust its policies to maintain the balance of domestic supply and demand. Thus, this research will also test whether the pressure of trade liberalization has a significant impact on changing the direction of Indonesian government policy in the coal sector

4. Results and Discussion

Indonesia's Coal Export Policy

Indonesia's coal export policy plays a central role in the dynamics of the national mining industry. In addition to the crucial role of coal as a key economic resource, this study discusses the various policies implemented to regulate and manage Indonesia's coal export activities, including government regulations, linkages with international trade rules, and other policy strategies. A thorough understanding of this policy framework is essential to assess its impact on the export sector and its implications for domestic energy demand.

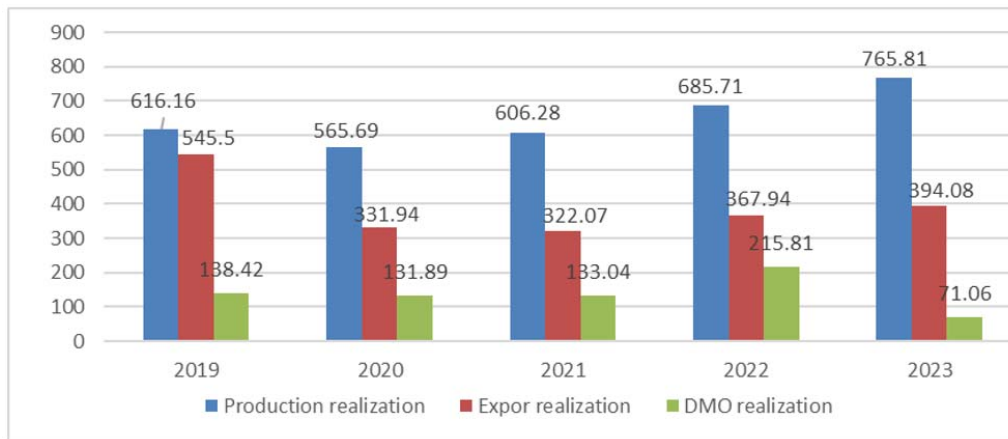


Figure 1. Realization of Coal Production, Export, and DMO in Indonesian for the years 2019-2023 (Million Tons)
 Source: Minerba One Data Indonesia (MODI), 2024.

Based on Figure 1, the realization of coal production, exports, and the fulfillment of Indonesia’s Domestic Market Obligation (DMO) have fluctuated over time. Despite the fluctuations in some previous periods, which resulted in a supply shortage for domestic needs, implementing policies has successfully brought Indonesian coal exports and production in line with established regulations. With appropriate policies and the government’s ability to manage them effectively, realization is expected to align with predetermined plans. Figure 2 displays some of the government policies and regulations related to Indonesian coal exports.

To increase the effectiveness of implementing the coal export and coal product policy, the government has set the coal export quota at 75% of total coal production, with the remainder to be sold in the domestic market. It is allocated to holders of mining business licenses at the coal production stage, holders of special mining business licenses at the coal production stage, holders of coal mining operation production work contracts, and holders of special mining business licenses as a continuation of contract operation or contract for coal products. The setting of this percentage is officially regulated by the Minister of Energy and Mineral Resources of the Republic of Indonesia’s Decision No. 267 of 2022, which aims to establish guidelines and policies to meet domestic coal demand, including the provision

of electricity for public and self-interest, and to meet the demand for raw materials or industrial fuel (ESDM, 2022b). Setting the export limit through the Domestic Market Obligation (DMO) policy is in line with the principles stated in Article 33(3) of the 1945 Constitution, which emphasize that the use of Indonesia’s natural resources must be optimal, efficient, transparent, and equitable to provide maximum benefit for the welfare of the people.

Table 1. Government policies to Indonesia’s Coal Export

No	Government Policies	Summary
1	Decree of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number: 267.K/MB/01/MEM.B/2022	The government has set the number of coal to be exported at 75% of total coal production, with the remainder destined for the domestic market
2	Domestic Market Obligation (DMO)	Mining companies must fulfill DMO requirements by supplying coal domestically.
3	Temporary Export Ban	Temporarily banned coal exports to ensure sufficient domestic supply for PLN power plants.
4	The Minister of Trade of the Republic of Indonesia Number 52 of 2018 on conditions of export and products of coal	Establishing various requirements and procedures that coal exporters must fulfill.

Source: from various sources.

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In essence, the Domestic Market Obligation (DMO) policy was first implemented in 2009 through Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia No. 34 of 2009, prioritizing coal supply for domestic use. This regulation has been amended several times, most recently by Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia No. 17 of 2020. However, PT. PLN, as the largest consumer of coal raw materials, still faces a supply shortage. This shortage of supply situation has been recorded in several years, namely 2008, 2018, and 2021 (Fahmi et al., 2022). Therefore, it can be concluded that many coal-producing companies have not successfully met the set targets of the domestic market obligation.

The impact of insufficient domestic coal supply in 2021 prompted the Indonesian government to take decisive action. In early 2022, the Indonesian government officially implemented a one-month restriction on coal exports from 1 January to 31 January 2022 (CNBC Indonesia, 2022). This measure included an export ban for all coal mining companies. It was announced through an official press release by the Directorate General of Minerals and Coal of the Ministry of Energy and Mineral Resources No. B-1605/MB.05/DJB.B/2021 (ESDM, 2021b). The statement indicated that the coal supply to PLN Group's Steam Power Plants (PLTU) and Independent Power Producers (IPP) was in a critical condition with a severely limited coal supply. This situation could potentially disrupt the operation of PLTUs and harm the national electricity supply.

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The coal export ban has provoked serious reactions from companies and countries dependent on coal supplies from Indonesia, such as Japan, South Korea, and the Philippines (Asmsariani, 2022). In a letter sent by the Japanese ambassador to Indonesia, Kanasugi Kenji, he urged the Ministry of Energy and Mineral Resources (ESDM) to lift the coal export ban. He expressed concern that the ban could seriously impact Japan's economic activities and daily life (CNN Indonesia, 2022). Similarly, Philippine Energy Secretary Alfonso Cusi stressed the need for the Indonesian government to lift the coal export ban. Cusi argued that such a policy could potentially harm the Philippine economy, which relies heavily on coal as an energy source for power generation (Asmarni, 2022). Based on data from the Handbook of Energy and Economic Statistics of Indonesia 2021, Indonesia's coal exports to the Philippines reached 30,16 million tons in 2021, making it the third largest after exports to China and India (ESDM, 2021). The protests from these countries reflect the urgency of coal supplies to maintain economic and national security stability. It highlights the crucial role of coal in keeping a country in balance, both economically and in terms of security.

The pros and cons of the coal export ban have sparked debate among various coal industry stakeholders, as they are complexly linked to Indonesia's coal export policy. The Indonesian Coal Mining Association (APBI) voiced its objections and urged the Minister of Energy and Mineral Resources (ESDM) to lift the coal export ban immediately. APBI stated that the policy was considered inappropriate because coal supply to steam power plants (PLTU), which are managed by both PLN and independent power producers (IPP), depends heavily on coal sales contracts or

supplies between PLN and IPP (Syahputra, Eqqi, 2022). An official statement issued by APBI emphasized that the solution to the critical condition of coal supply in PLTU, including IPP, should first be discussed with industry players. The aim is to find a solution that meets the needs of all parties.

Given the improving coal supply and stock conditions in PLN and IPP power plants, the government has taken a policy step to reopen coal export opportunities for companies that have fulfilled their Domestic Market Obligation (DMO) obligations and have submitted a declaration agreeing to pay fines and compensation for DMO shortcomings, effective from 1 February 2022 (ESDM, 2022a). Conversely, companies that have not met their DMO obligations and have not submitted a statement agreeing to pay fines or compensation for DMO shortcomings will not be allowed to export coal. This means that while mercantilism may prevail for a while, the dominance of liberalism, which adheres to the principles of the market mechanism, has successfully outweighed the influence of mercantilism.

The export requirements policy for coal industry players refers to the Regulation of the Minister of Trade of the Republic of Indonesia No. 52 of 2018, amending the Regulation of the Minister of Trade No. 39/M-DAG/PER/7/2014 on provisions for the export of coal and coal products (Kementerian Perdagangan, 2018). This regulation stipulates that companies seeking approval to export coal and coal products must be registered as ET-Batubara. The government has explicitly imposed a coal export ban on companies without ET status, effective from 1 October 2014, aiming to regulate and supervise export activities more orderly. The requirements for obtaining ET recommendations include that holders of Coal Mining Business Work Agreements (PKP2B) and Mining Business License (IUP) must submit tax payment documents and proof of payment of royalties or non-tax government revenue (PNBP). These provisions are regulated by ESDM No. 714.K/30/DJB/2014

Article 1 outlines the procedures and requirements for obtaining recommendations as a registered coal exporter (Kementerian Perdagangan, 2014). Coal is also a commodity that must be exported using national maritime transport to promote the growth of the capacity of the national shipping industry. This policy is regulated by the Ministry of Trade Regulation No. 65 of 2020, which was implemented to support national shipping industry players to take advantage of the high demand for maritime transportation resulting from the increase in coal exports (Kementerian Perdagangan, 2020).

In implementing the provisions set out in Article 32(2) of Regulation No. 25 of 2018 of the Minister of Energy and Mineral Resources on mineral and coal mining business activities, the government has established a policy for business entities to meet domestic requirements. In urgent situations where domestic coal requirements are not met, the Director General of Minerals and Coal, on behalf of the Minister of Energy and Mineral Resources, is authorized to appoint holders of mining business licenses for the coal production operation stage, holders of special mining business license for the coal production operation stage, holders of coal mining business cooperation agreements for the production operation stage, holders of special mining business license as a continuation of contract/agreement operations for the coal commodity, or holders of coal transport and sales permits (ESDM, 2022b).

This policy includes the fulfillment of domestic coal demand, which must be reported by business entities no later than ten days after the end of each month in the format specified by the Minister of Trade. If business entities fail to pay the compensation fund within 30 (thirty) days as stipulated, they will face sanctions in the form of a ban on selling coal abroad. Suppose business entities do not fulfill their obligation to pay the compensation fund during the ban on the sale of coal abroad. In that case, they will be subject to administrative sanctions, such as temporary suspension of all production operations for a

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maximum period of 60 (sixty) days. If, during the period of administrative sanctions in the form of temporary suspension, the obligation to pay the compensation fund is not fulfilled, economic entities may be subject to administrative sanctions, such as the revocation of the mining license (IUP) or the special mining license (IUPK), or the termination of the coal mining cooperation agreement (PKP2B). In the context of failure to meet domestic coal demand, coal mining enterprises are subject to sanctions, including a ban on selling coal abroad until domestic coal demand is met.

Meanwhile, the types and rates of non-tax government revenue (PNBP) applicable to the Ministry of Energy and Mineral Resources have been determined by Government Regulation No. 26 of the Republic of Indonesia of 2022 (Pemerintah Pusat, 2022). According to the Ministry of Energy and Mineral Resources, the realization of PNBP revenue in the energy and mineral resources sector reached IDR 224 trillion as of October or the end of the third quarter of 2023 or 99.90% of the set target (Pribadi, 2023). One of the main contributors to the PNBP in the mineral and coal mining subsector is the increase in production fees or coal royalties due to the implementation of Government Regulation No. 26 of 2022. Therefore, despite the average decline in the coal reference price (HBA) from January to August 2023, the increase in coal royalties managed to overcome this decline.

The rapid growth of Indonesia's coal export activities today is closely linked to the high demand in the international market. In this case, the government has a role in minimizing potential negative impacts from coal export activities. The ever-increasing demand from countries such as China, India, and several others for coal as a fuel for power generation and industry is one of the main factors. However, the high demand for coal exports can lead to potential exploitation of natural resources and environmental pollution, especially in former mining areas, and emissions. The Ministry of Finance mentions that the emergence of global climate change phenomena

increases the global community's awareness of implementing sustainable green economic activities (Kementrian Keuangan, 2023). Green economy in this context refers to economic activities in which humans and nature can operate in balance, enabling the fulfillment of social, economic, and other aspects for both current and future generations (Bappenas, 2013). Therefore, the Indonesian government has implemented export policies to reduce environmental impacts through a green economy, requiring coal companies to conduct environmental impact assessments (AMDAL). In some cases, the government also encourages the empowerment of local communities to participate in environmental management and benefit from mining activities, including through Corporate Social Responsibility (CSR) programs (Golden et al., 2019).

As one of the world's largest coal exporters, Indonesia significantly contributes to global energy demand. Indonesia's coal production has far-reaching effects on the economic activities of recipient countries (Manurung et al., 2024). Therefore, any modification in the Indonesian government's coal-related policies could have a significant impact on recipient countries. This relationship indicates that Indonesia's coal export policy is influenced by domestic demand and needs to consider international implications. Companies must comply with established policies to maintain order and sustainability in Indonesia's coal mining industry. These policies aim to regulate and optimize the management of coal export activities, ensure domestic availability, control the environmental impact of coal mining, maximize benefits to communities, and ensure that export activities align with national interests and government energy and economic policies.

Impact of Indonesia's Coal Export Policy

The influence of Indonesia's coal export policy is creating a wave of change affecting the global market, domestic economic stability, and international trade dynamics. Coal export

regulations, which include principles such as the Domestic Market Obligation (DMO), have significant economic consequences and interdependencies that require careful consideration. In other words, Indonesia's coal export policy can affect regional and global industrial sectors and the trade balance between domestic needs and international market dynamics. In this regard, coal export policies significantly impact global prices and markets, as coal is a primary energy commodity used by many countries worldwide. In addition, Indonesia's coal export policy also has a significant impact on the environment. Policies that support the intensity of coal mining without being balanced by sustainable mining practices can lead to deforestation, land degradation, and damage to natural habitats.

According to the basic law of supply, the quantity of goods or services offered increases when the price rises and decreases when the price falls (Febianti, 2015). Daniel Situmeang and Arif Setiawan's research shows that Indonesia's coal exports positively impacted the coal price in 2018-2020, while coal production harms the coal price, although not significant (Situmeang et al., 2022). In other words, an increase in the international coal price positively impacts coal exports to destination countries. Therefore, if the government implements an export restriction policy, such as the Domestic Market Obligation (DMO), it can reduce the supply of coal available for export. Reducing availability on the international market can put pressure on coal prices. Export restrictions can change the coal market's balance between supply and demand. If supply falls while demand remains high, this can pressure prices.

Coal exports are a major source of foreign exchange earnings for Indonesia. The country can earn foreign exchange by selling coal on the international market, i.e., foreign currency from export earnings. These foreign exchange earnings contribute significantly to the trade balance, strengthen the country's position, and support national economic stability. Indonesia's average

annual coal export volume from 2002-2020 was 9.31%, with foreign exchange growth of 8.95% per year (Azissa, Syuluki, 2022). This means that the coal export policy significantly impacts the country's foreign exchange, as coal is one of Indonesia's main export commodities that contributes significantly to foreign exchange earnings. Foreign exchange earnings from coal exports contribute to a surplus in the trade balance. This surplus indicates that the value of exports is greater than imports, increasing foreign exchange reserves and strengthening the country's financial position. Thus, the coal export policy becomes a key element in managing the country's foreign exchange earnings and maintaining the balance of the national economy. However, the government's ban on coal exports at the beginning of 2022 has led to a decline in the country's foreign exchange earnings (DPR RI, 2022).

In addition to the impact of export policies on coal production, international coal prices, and the country's foreign exchange earnings, inappropriate coal management can have environmental consequences. Coal export policies affect the environment by determining the level of exploitation of natural resources, the mining methods used, the impact of pollution, and the damage to natural habitats caused by coal mining and transport activities. Coal mining produces hazardous metals and metalloids in high concentrations that harm the environment. The significant amount of waste generated by certain coal mining activities in coal mining areas can harm the surrounding environment if not properly managed. Inadequate waste management can harm soil, water, and air and potentially affect the quality of life of communities surrounding mining areas. Adverse impacts should be identified at the planning stage so that corrective action can be taken in advance (Goswami, 2015). In this case, the Indonesian government's coal phase-out policy positively impacts the scale of production and mining activities. If coal exports are restricted or stopped, domestic coal production can be reduced, reducing the environmental impacts of mining activities, such as defo-

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restation, land degradation, and water pollution. Ending the export policy can also be accompanied by incentives or support for investment in clean and environmentally friendly energy. This may include increased investment in renewable energy and clean technologies, which can potentially reduce the energy sector's environmental impact.

Trade liberalization has a significant impact on Indonesia's coal export policy. In the context of trade liberalization, coal is one of the commodities directly affected as it is one of the leading products in Indonesia's international trade. Trade liberalization opens up the global market, allowing coal from different countries to compete in the international market. This increases competition for Indonesian coal as it must compete with coal from other countries that also have large reserves and lower production costs. In addition, countries with stricter environmental policies may require coal to be produced to certain environmental standards. To remain competitive in the global market and meet trade requirements, Indonesia may need to adjust its coal export policy to meet higher environmental standards in both production and delivery. Trade liberalization is also changing the international trade landscape and driving changes in Indonesia's coal export policies. The Indonesian government will need to actively adjust its export policies to remain competitive in the global market and meet applicable trade requirements.

Analyzing policy impacts on Indonesia's coal exports highlights the complexity of economic, environmental, and political dynamics. Decisions on coal exports have significant implications for the foreign exchange sector, compliance with the Domestic Market Obligation (DMO), and environmental impacts. As part of economic policy, a broader perspective and holistic approach is needed to formulate balanced policies that deliver economic benefits while minimizing negative environmental impacts. Therefore, cooperation between government, mining companies, and the community is essential to

balance economic growth and environmental protection. Effective regulation, implementation of technological innovation, and awareness of environmental impacts are key factors in ensuring that the coal industry can sustainably contribute to Indonesia's development.

5. Conclusion

Coal exports play a strategic role in Indonesia's economic growth, contributing significantly to government revenues and growing the mining sector. It is important to be aware of the potential imbalance between coal exports and domestic energy demand, despite the economic benefits. The implementation of policies such as Domestic Market Obligation (DMO), temporary export restrictions or bans, and policies for companies to meet national needs are important to ensure adequate supply in the country. Export policies play a central role in regulating and monitoring coal export activities. The dynamics of Indonesian coal exports are significantly affected when coal exports are halted due to a lack of domestic supply. Therefore, any government policies and changes regarding Indonesian coal exports have far-reaching effects on recipient countries' economic activities. This also shows that while mercantilism may experience a period of temporary survival, it is the dominance of liberalism that guides and controls the market mechanism. The dominance of liberalism, with its focus on competitive free markets and innovation, has provided a strong foundation for economic growth and efficient resource allocation. With the dynamics of changing market conditions and energy needs, the possibility of policy adjustments must be considered to maintain the viability of Indonesia's coal industry. In the face of these challenges, it is important for stakeholders and policymakers to continuously monitor and evaluate existing policies to ensure that the coal industry can sustainably contribute to Indonesia's development.

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