

# INDONESIAN COAL MINING OUTLOOK

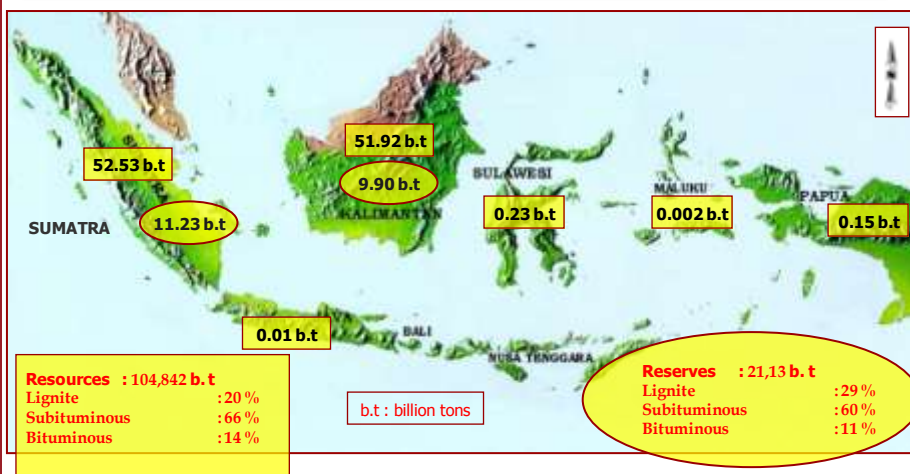
Presented at the IEA workshop "COAL MARKET'S OUTLOOK", 14 April 2011  
 ORIENTAL BAY INTERNATIONAL HOTEL, BEIJING, P.R. CHINA



BY : BOB KAMANDANU  
 CHAIRMAN OF INDONESIAN COAL MINING ASSOCIATION (ICMA)

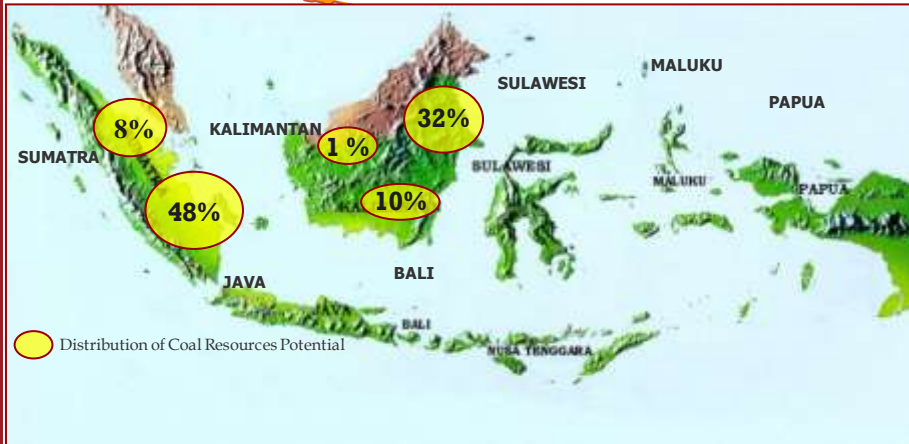


## INDONESIAN COAL MAP RESOURCES AND RESERVES



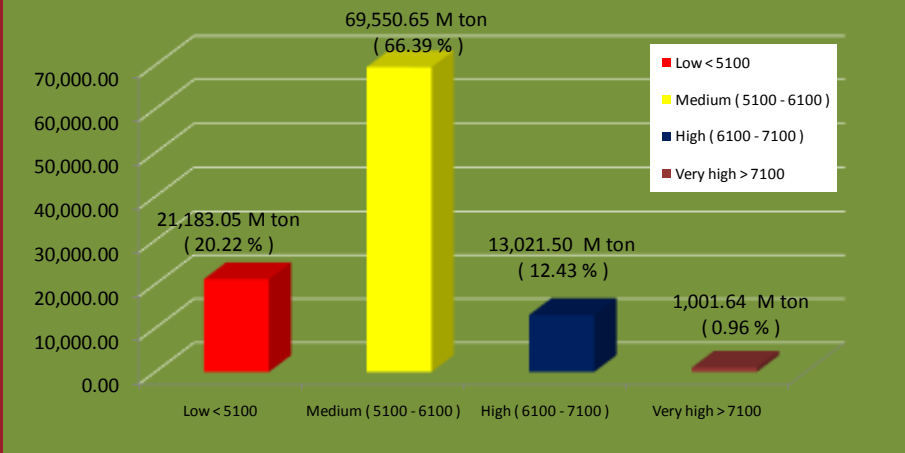
Source: Geological Agency, 2010, and other sources

### DISTRIBUTION OF INDOONESIAN COAL RESOURCES REPORTED IN 2007



Source : Indonesian Coal Book, 2008/2009, ICMA, July 2008

### INDONESIAN COAL RESOURCE STATUS - 2009 By Calorific Value ( adb )



Source : Indonesian Geological Agency



## PRODUCTION, EXPORT AND DOMESTIC SALES AND FUTURE FORECASTS

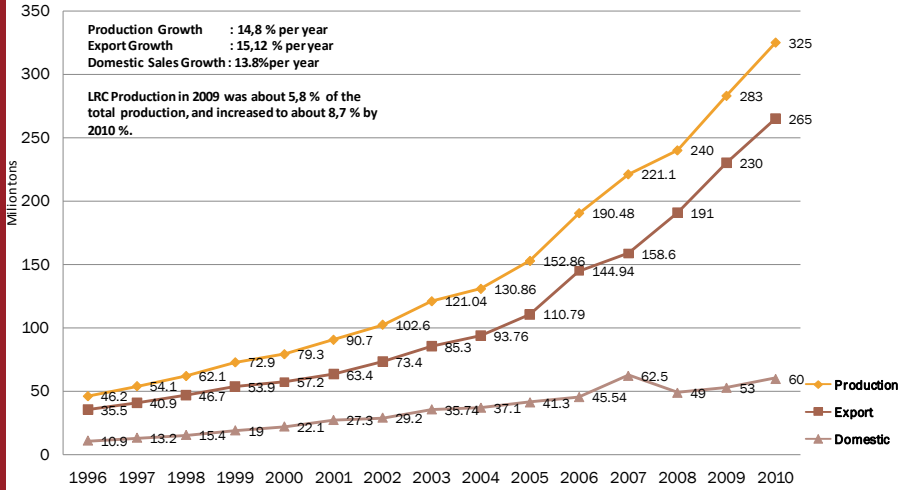
5

### INDONESIA'S THERMAL COAL PRODUCTION, EXPORT AND DOMESTIC SALES

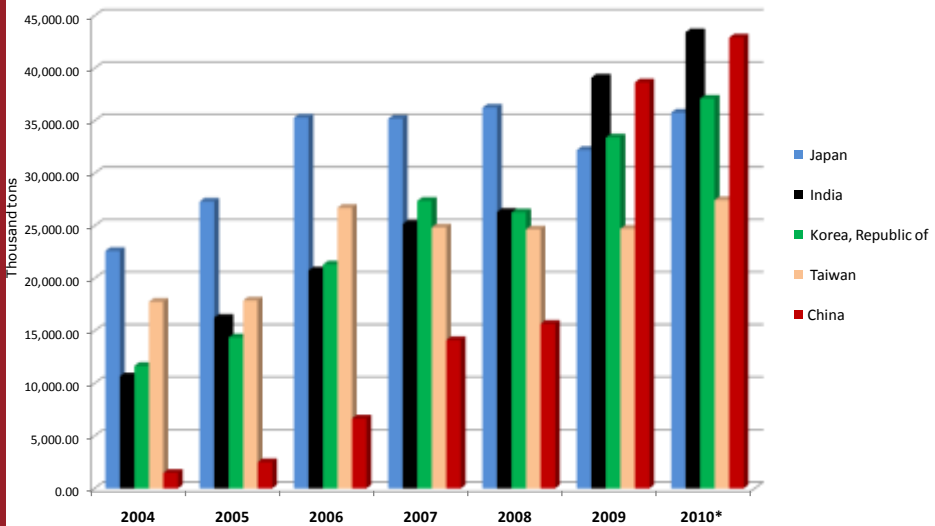
- Coal production increased by 14.8 %, from 283 million tons in 2009 to be around 325 million tons by 2010, and in 2011 is predicted to be around 335 to 350 million tons.
  - Export increased by 15.22 %, i.e. from 230 million tons to be around 265 million tons by 2010; and in 2011 is predicted to be around 270 to 285 million tons.
- Domestic sales increased about 13.21 %, i.e. from 53 million ton to be around 60 million tons by 2010. In 2011 the domestic sales is predicted to be around 63 to 69 million tons.
  - China, India, Japan, South Korea, and Taiwan are the main countries of destination of Indonesian coal export. Almost 72 % of the coal production are exported, while the rest are sold domestically;

6

### INDONESIAN COAL PRODUCTION, EXPORT AND DOMESTIC SALES (1996-2010)



### INDONESIAN COAL EXPORT BY MAIN DESTINATION COUNTRIES



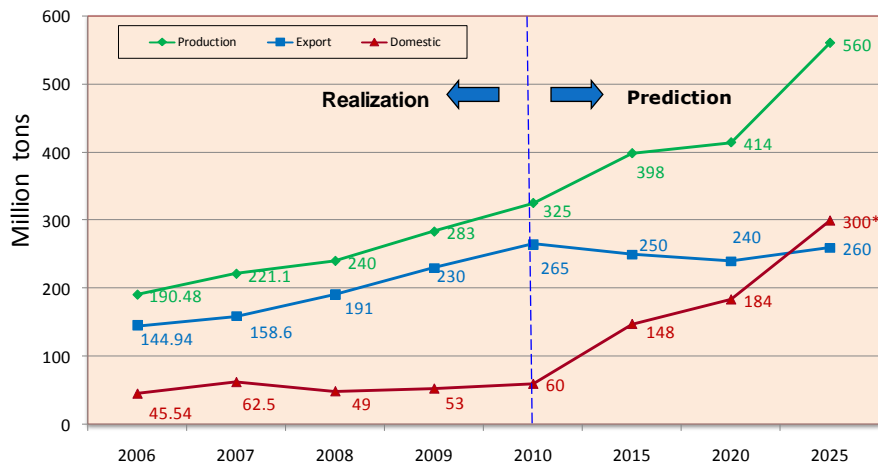
## INDONESIAN COAL EXPORT BY DESTINATION COUNTRIES (Million Tons)

| Country of Destination | 2004             | 2005             | 2006             | 2007             | 2008             | 2009             | 2010*            | Shares (%)    |
|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------|
| India                  | 10,674.1         | 16,255.4         | 20,742.4         | 25,179.1         | 26,327.5         | 39,109.0         | 43,432.4         | 16.70         |
| China                  | 1,473.1          | 2,503.2          | 6,656.5          | 14,122.3         | 15,673.7         | 38,657.6         | 42,931.1         | 16.51         |
| Korea, Republic of     | 11,669.3         | 14,376.6         | 21,314.1         | 27,371.5         | 26,286.8         | 33,418.3         | 37,112.3         | 14.27         |
| Japan                  | 22,612.1         | 27,312.8         | 35,295.7         | 35,198.5         | 36,259.8         | 32,217.7         | 35,779.3         | 13.76         |
| Taiwan                 | 17,765.5         | 17,895.8         | 26,723.8         | 24,863.1         | 24,669.4         | 24,723.4         | 27,456.5         | 10.56         |
| Malaysia               | 6,112.8          | 7,399.8          | 8,782.6          | 9,376.5          | 11,104.3         | 12,483.3         | 13,863.3         | 5.33          |
| Thailand               | 4,787.2          | 6,404.5          | 8,475.1          | 11,963.2         | 12,822.8         | 11,229.5         | 12,470.9         | 4.80          |
| Hongkong               | 7,367.3          | 9,408.6          | 10,985.2         | 11,235.5         | 10,497.1         | 10,714.2         | 11,898.6         | 4.58          |
| Philippines            | 3,603.1          | 3,906.1          | 5,818.2          | 6,023.5          | 6,338.0          | 7,517.9          | 8,349.0          | 3.21          |
| Italy                  | 5,198.1          | 6,285.5          | 7,637.8          | 6,193.8          | 5,592.8          | 5,796.9          | 6,437.7          | 2.48          |
| Spain                  | 2,775.7          | 3,317.0          | 4,444.9          | 4,308.6          | 4,387.4          | 4,808.3          | 5,339.8          | 2.05          |
| Netherlands            | 1,105.7          | 2,138.7          | 5,690.9          | 1,266.9          | 3,740.7          | 3,384.8          | 3,759.0          | 1.44          |
| United States          | 1,959.9          | 2,050.3          | 3,740.8          | 4,557.7          | 3,993.8          | 2,081.5          | 2,312.0          | 0.90          |
| Others                 | 8,526.0          | 9,789.8          | 17,701.0         | 14,125.7         | 13,327.6         | 7,976.3          | 8,858.1          | 3.41          |
| <b>TOTAL</b>           | <b>105,629.9</b> | <b>129,044.1</b> | <b>184,009.0</b> | <b>195,785.9</b> | <b>201,021.7</b> | <b>234,118.7</b> | <b>260,000.0</b> | <b>100.00</b> |

Source : Statistical Yearbook of Indonesia, 2009, BPS Statistics of Indonesia  
Note : \* Estimation



### THE DEVELOPMENT OF COAL PRODUCTION, EXPORT AND DOMESTIC SALES, AND ESTIMATION UP TO 2025 (based on the existing infrastructure capability)



Note:  
\*Calculated based on Government target on Primary Energy Mix (Pres. Decree No.5/2006)

## KEYS TO FUTURE DEVELOPMENT OF INDONESIAN COAL MINING INDUSTRY

### FACTS:

- Increasing pressure on conservation of Indonesian coal
- Numbers of Mining Permits (IUP) issued: 4000 to 5000 permits; companies in operation: 300 to 400 companies
- Increasing number of small mining companies without Good Mining Practices, Proper CSR Practices, and Good Corporate Governance, hence industry image's deteriorates.
- Low infrastructure capacity
- New regulations tend to limit aggressive expansion of coal mining activities, and campaigning more local/domestic consumption.
- There is more Low Rank Coal available than High Quality Coal
- Indonesia is rich of other mineral as well (Nickel, Iron Ore, Manganese, Bauxite, Aluminium, Copper, Gold, etc.)

11

## KEYS TO FUTURE DEVELOPMENT OF INDONESIAN COAL MINING INDUSTRY

### ADDRESSING THE CHALLENGES:

- Development must be expanded to be beyond conventional produce and sell of thermal coal.
- Investing in infrastructure (railways, hauling roads, etc.)
- Continuing exploration
- Investing in coal minings with sizeable operations by consolidating small IUPs (permits) to become at least 5,000 ha.
- Investing in Coal Upgrading (UBC, Lignite to semi-soft coking coal, CWM, etc.), Coal Conversion (CTL, Coal Gasification, etc.) technologies as well as CBF (Coal Blending Facilities)
- Relocating mineral processing industries such as Nickel, Manganese, iron ore smelterings, or even further to steel making closer to source of energy (coal and natural gas) by way of mine-mouth power plants (cheaper energy).

12



## ***Thank You***

**E-mail: [apbi-icma@indo.net.id](mailto:apbi-icma@indo.net.id)  
Menara Kuningan Building, 1<sup>st</sup> Floor Suite A  
Jl. H. R. Rasuna Said Blok X-7 Kav.5  
Jakarta 12940 - INDONESIA**

**Phone/Fax : 021-30015935, 30015936, 30015674  
Website : [www.apbi-icma.com](http://www.apbi-icma.com)**