

Indonesian Coal Mining Sector

SUMMARY

Indonesian coal production recorded impressive gains in 2001 as coal output jumped 20.2 percent from the previous year. One official optimistically predicted that Indonesia would become the world's third largest exporter of thermal coal in the near future after Australia and China. Indonesia's 2001 coal exports also rose 12.4 percent while domestic demand rose 22 percent. Indonesia expects to increase its coal exports in 2002 under a long-term contract agreement with the Philippine National Power Corporation (NPC) and the Philippine National Oil Corporation (PNOC) for an additional three million MT a year. State electricity utility Perusahaan Listrik Negara (PLN) is Indonesia's biggest coal consumer. End summary.

PRODUCTION GAINS CONTINUE

Indonesia's coal production grew impressively in 2001 as coal output jumped to 92.5 million metric tons (MT). This is a 20.2 percent increase from 77.0 million MT in 2000 and 73.7 million MT in 1999. Production is estimated to reach 102 million MT in 2002, 105 million MT in 2003 and 120 million MT in 2005. One official optimistically predicted that Indonesia would become the world's third largest exporter of thermal coal in the near future after Australia and China. A coal producer warned, however, that major issues such as regional autonomy and poor regulation could affect new mining development. There are no new major mining developments or project expansions currently identified or under way.

Seven companies operating under coal contracts of work (CCOW) produced 66.9 million MT in 2001 compared to 54.1 million MT in 2000. In 2000, Adaro replaced Kaltim Prima Coal (KPC) as Indonesia's largest coal producer. State coal company PT Batubara Bukit Asam (PTBA) produced 10.2 million MT, 5 percent below the 2000 level of 10.7 million MT, due to depleted reserves in one of its two mining operations in Sumatra. Table 1 provides Indonesia's coal production by company.

TABLE 1: COAL PRODUCTION (1000 MT)

Company	1999	2000	2001
1. PTBA	11,207	10,746	10,212
a. Tanjung Enim	10,116	10,008	9,653
b. Ombilin	1,091	738	559
2. Contractors (CCOW):	57,594	61,422	76,529
Kaltim Prima Coal	13,974	13,099	15,528

Adaro Indonesia	13,601	15,481	17,708
Arutmin	8,653	7,708	9,532
Kideco Jaya Agung	7,302	8,038	10,381
Berau Coal	3,261	4,877	6,750
Indominco Mandiri	3,047	3,705	4,435
Others	7,756	8,514	12,195
3. Private Mines/ Cooperatives	4,959	4,848	5,806
TOTAL	73,681	77,016	92,547

(Source: Directorate of Mineral and Coal Enterprises)

EXPORTS AND DOMESTIC SALES ALSO UP

Indonesia's 2001 coal exports rose 12.4 percent to 66.5 million MT or about 72 percent of total production. Indonesia expects to increase coal exports further in 2002 following a long-term contract agreement with the Philippine National Power Corporation (NPC) and the Philippine National Oil Corporation (PNOC) for an additional three million MT a year. Officials estimate that coal exports will reach 70 million MT in 2002 and 75 million MT in 2003. Indonesia's coal export markets range from neighboring Asian countries Taiwan, Japan, South Korea, Philippines, Hong Kong, and Thailand to Spain, the Netherlands and USA. Table 2 provides further details on Indonesia's coal exports.

Table 2: Coal Exports (1000 MT)

Company	1999	2000	2001
1. PTBA	2,240	2,147	1,895
a. Tanjung Enim	1,738	1,970	1,860
b. Ombilin	502	172	35
2. Contractors (CCOW):	48,436	51,745	60,651
Kaltim Prima Coal	13,390	12,743	15,079
Adaro Indonesia	10,048	9,671	11,446
Arutmin	7,089	9,303	9,247
Kideco Jaya Agung	6,433	6,525	7,321
Berau Coal	2,091	3,344	4,415

Indominco Mandiri	3,212	3,863	4,371
Others	6,173	6,296	8,772
3. Private Mines/ Cooperatives	4,208	5,303	3,972
TOTAL	54,884	59,190	66,518

Source: Directorate of Mineral and Coal Enterprises

DOMESTIC COAL CONSUMPTION

Domestic demand rose 22 percent to 27.2 million MT in 2001 from 22.3 million MT in 2000. Of this amount, coal contractors supplied 18.2 million MT, PTBA supplied 8.2 million MT and private mines and cooperatives supplied the balance. Power plants and the cement industry are Indonesia's major coal consumers, accounting for 77 percent of total demand. Fuel consumption for steam coal fired power plants in Indonesia is expected to increase from 14.7 million MT in 1999 to 27.8 million MT by 2005.

State electricity utility Perusahaan Listrik Negara (PLN) is the biggest individual coal consumer, utilizing 12.4 million MT of coal in 1999 and 11 million MT in 1998 to fuel its 4,330 total megawatt (MW) coal power plants. In 2000, PLN consumed 8.2 million MT of coal for its Suralaya units I-VII (3,200 MW), 2.2 million MT for Paiton units I-II (800 MW), and 4 million MT for other plants -- Bukit Asam {130MW}, Ombilin {100 MW} and Sijantang {100 MW}.

In February 2002, two 65-megawatt units of the Asam-Asam coal-fired power plant began operating in Tanah Laut regency, South Kalimantan. World Bank and Japanese government loans worth US \$221 million and another Rp 65 billion (US \$6.3 million) from the state budget financed the plant, which a subsidiary of PLN, PT Indonesia Power, owns. PT Indonesia Power plans to develop three more units to increase the plant's total capacity to 660 MW.