

PT CRIF STUDY: COAL BUSINESS STAYS ON HIGH-DEMAND DURING THE PANDEMIC IN INDONESIA



During the COVID-19 pandemic, the Government through the Directorate General of Mineral and Coal of the Ministry of Energy and Mineral Resources continues to encourage the coal mineral sector to continue to contribute to the interests of the nation and people of Indonesia. This sector is also experiencing a very good growth trend. Although the COVID-19 pandemic is still looming over the world situation and has restrained the mining sector at the global level, the mineral and coal mining sector in Indonesia is still able to provide optimal results.

Based on data from Mineral and Coal One Data Indonesia (MODI) of the Ministry of Energy and Mineral Resources until the end of 2020, the realization of national coal production has exceeded the target of 565.21 million tons, or 102% of the government's target of 550 million tons. From this data, the highest production occurred in March, which reached 51.79 million tons. Meanwhile, the lowest production occurred in May, namely 42.01 million tons or during the Large-Scale Social Restrictions (PSBB) were implemented by the Government. From this data, the realization of exports reached 330.76 million tons or 83.74% of the target and the realization of domestic consumption was 131.89 million tons or 85.09% of the target.

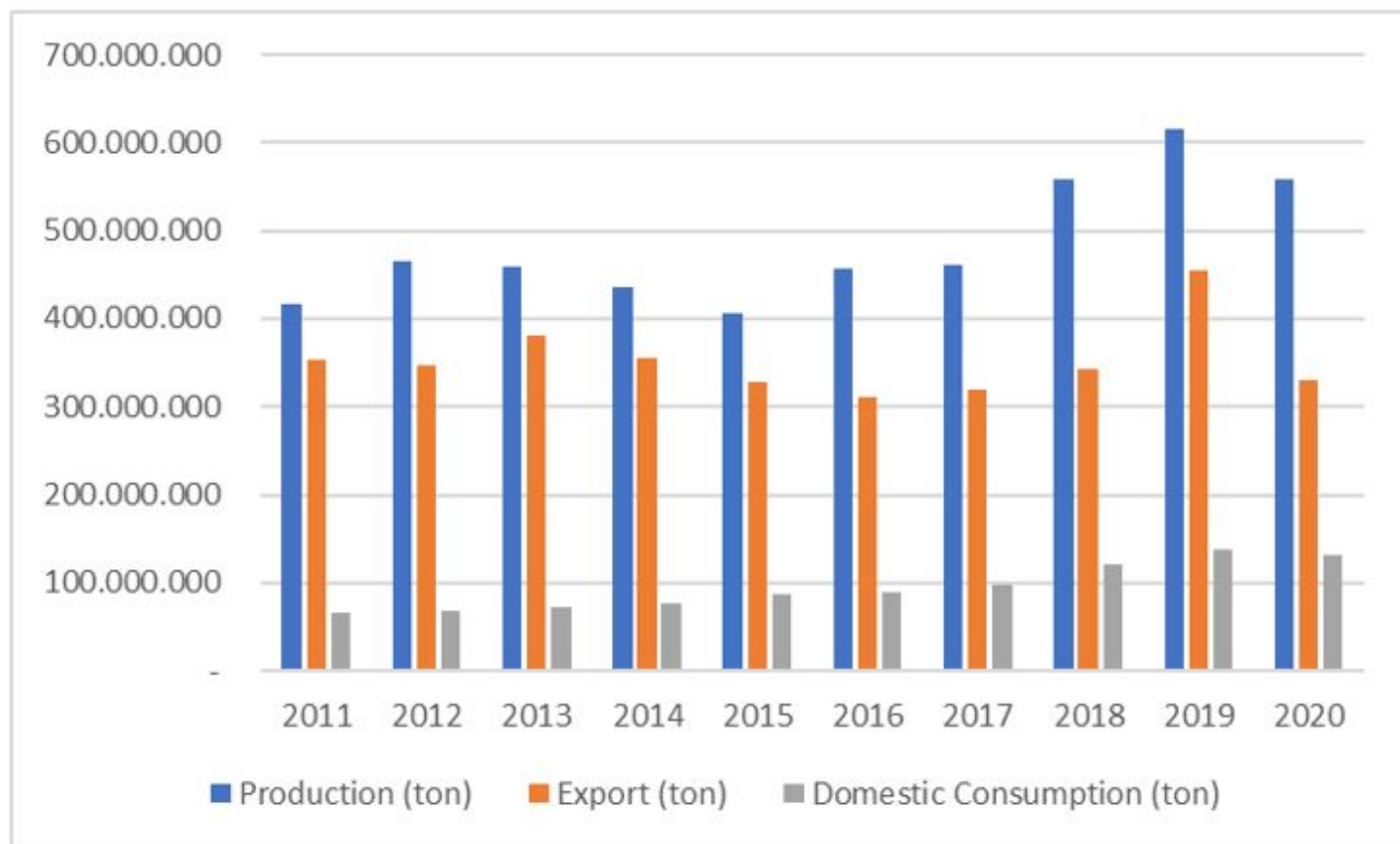


PT CRIF STUDY: COAL BUSINESS STAYS ON HIGH-DEMAND DURING THE PANDEMIC IN INDONESIA



Meanwhile, as compared to coal production in 2019, coal production in 2020 did experience a decline of 9.5% from 616.16 million tons in 2019. Then exports in 2020 also decreased to 37.4% as compared to 2019 (454, 50 million tons). Meanwhile, domestic consumption decreased to 5% from 2019 (138.42 million tons).

Coal Statistics 2021 - 2020 (tons)

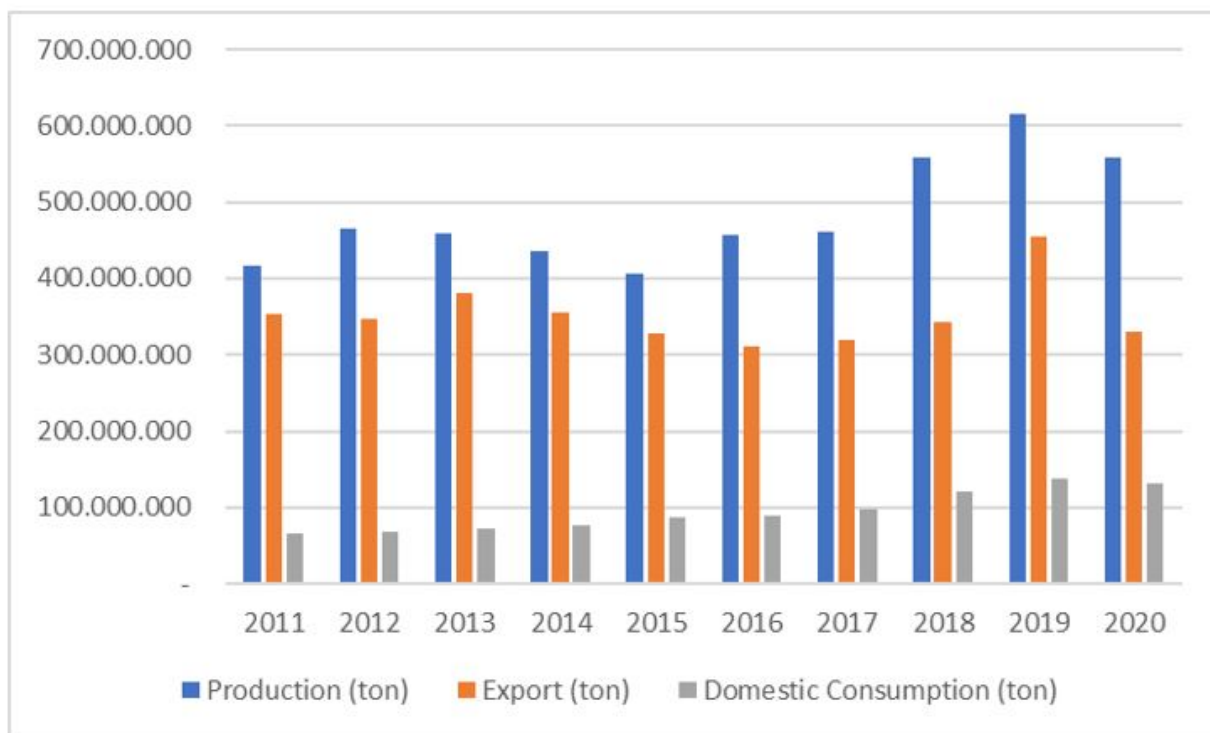


PT CRIF STUDY: COAL BUSINESS STAYS ON HIGH-DEMAND DURING THE PANDEMIC IN INDONESIA



Meanwhile, as compared to coal production in 2019, coal production in 2020 did experience a decline of 9.5% from 616.16 million tons in 2019. Then exports in 2020 also decreased to 37.4% as compared to 2019 (454, 50 million tons). Meanwhile, domestic consumption decreased to 5% from 2019 (138.42 million tons).

Coal Statistics 2021 - 2020 (tons)



Source: Ministry of Energy and Mineral Resources and BPS, data processed

PT CRIF STUDY: COAL BUSINESS STAYS ON HIGH-DEMAND DURING THE PANDEMIC IN INDONESIA



In 2021, VISI predicts coal production will reach 593.49 million tons or an increase of about 6% from the realization in 2020. Meanwhile, exports also increased by around 11% from 2020 or amounted to 366.46 million tons, and domestic consumption increased by around 8% to 141.79 million tons. These values are lower than the Government's prediction of the 2021 production target of 625 million tons and domestic consumption of 172 million tons. As for exports, the government and related associations have not been able to determine because it is closely related to the condition of consumer countries that are still affected by the pandemic. Meanwhile, in terms of prices throughout 2020 the price of coal was at the level of 60 per ton. Its value began to creep up at the end of 2020 and had touched the highest level on December 28, 2020, which was 85.50 per ton. Even in early 2021 trading, coal prices remained above the 80 per ton level. It is estimated that in 2021, the average price of coal will be at the level of 65 per tonne, higher than last year's average.



PT CRIF STUDY: COAL BUSINESS STAYS ON HIGH-DEMAND DURING THE PANDEMIC IN INDONESIA



The Role of Coal in Contribution to the National Economy.

Going forward, coal will continue to contribute to the development and strengthening of the national economy. Domestically, by 2040, it is predicted that Indonesia will need 277 million tons of coal per year. In addition to supporting the electricity sector and other processing industries, the government will also encourage downstream orders for coal to increase domestic added value.

In addition, from the mineral side, the government continues to increase the added value downstream. As of December 2020, 18 units of mineral processing and refining facilities or smelters (refining) have been completed and another 30 units are still under construction. Of the 18 smelters already in operation, 12 units are for nickel, 2 units are for bauxite, 1 unit is for iron, 2 units are for copper, and 1 unit is for manganese.

In the development plan, by 2024 Indonesia is expected to have 4 copper smelters, 31 nickel smelters, 11 bauxite smelters, 4 iron smelters, 2 manganese smelters, and 2 lead and zinc smelters. It is hoped that the presence of all these smelters can support the development of the downstream industry and further increase state revenues in the future.