Indonesian Mining & Conflict
By Lian Sinclair

Mining in Indonesia is beset with conflicts over appropriate uses of natural resources and land. Conflict between mining companies with overlapping licences, conflict between mining and forestry companies, with the government over taxes, licencing and regulation and with local communities, mostly peasants and/or indigenous peoples.

Land area subject to mining licences: 23,802,531 hectares
Land area subject to mining licences for operating and producing mines: 5,254,272 hectares²
Total land area of Indonesia: 190,500,000 hectares

From 2010 until July 2017 foreign direct investment (FDI) in mining was US$28,488 million (IDR 318,944 billion) over 5,183 projects. While domestic direct investment (DDI) was US$6,063.3 million (IDR 67,883 billion) over 569 projects. In 2017, mining was second only to the Metal, Machinery and Electronics sector as a destination for FDI.³ Together, oil, gas and minerals made up 39% of exports, 28% of public revenues and 16.5% of GDP in 2012.⁴

Governance

The Director General of Minerals and Coal within the Ministry of Energy and Mineral Resources is currently conducting a ‘Clean and Clear’ (CnC) reconciliation process; checking every issued Mining Business Licence (Izin Usaha Pertambangan, IUP) for overlap with other land use categories, correct and complete exploration reports, environmental impact assessments (Analisis Mengenai Dampak Lingkungan, AMDAL), annual work plans, and compliance with rent, tax and royalty payments. A company not meeting these minimum requirements may receive a written warning, have their activities suspended or IUP revoked. A CnC certificate is a requirement to receive an export permit.

The CnC process does not mean that companies need to be free of conflict with local communities or conduct more than basic announcements and CSR programs. The CnC process is about resolving conflicts between mining companies and between miners and the government. It also provides more legal certainty to miners and acts to facilitate investment.

Indonesia’s minerba (:Mineral and Batubara/minerals and coal) and corporations law states that mining companies are required to provide Corporate Social Responsibility (CSR) or Community Development funding from their operational budget, however there is no specified minimum amount or requirements for this condition. Nevertheless, mining companies contributed 1,613 billion rupiah to community development in 2016.⁵ International governance institutions and agreements, such as the International Council on Minerals and Mining, the World Bank, the Equator Principles and the Voluntary Principles on Security and human rights also provide some regulation and guidance about how multi-national mining companies engage local communities. However, all of these standards are voluntary, vague and unenforceable.

---

¹ Internship Program at Agrarian Resource Centre, Bandung, September to December 2017
² See table on reverse for more detailed information and qualifiers about the data
³ Source: Statistic of Domestic Investment Realisation Based on Capital Investment Activity Report by Sector, Q2 2017, Badan Koordinasi Penanaman Modal,
⁴ Figures from before bans on exports were implemented, World Bank, 2015. “Indonesia Economic Quarterly: High Expectations, March 2015.” Jakarta
⁵ Director General of Minerals and Coal, 2017, Minerba Dalam Angka Tahun 2011-2016, Jakarta
Conflict
According to research by the Consortium for Agrarian Reform (Konsorsium Pembaruan Agraria, KPA), \textit{27,393.50 hectares of mining areas across 21 districts were subject to conflict with local communities in 2016}. Land grabbing, violent repression, competing models of development, corruption, compensation, human rights violations, and rent-seeking all feature as both causes and symptoms of social conflict over land uses. Communities affected by mining have practically no legal instruments they can use if they wish to resist land grabbing or mining. They can however, find their own forms of power and abundant alliances.

Case Study: Sand iron mining in Kulon Progo and how to resist
Along the south coastline of KulonProgo regency of Yogyakarta, one community faced off an attempt by an Australian mining company, the Sultan, Pakualaman and district government to appropriate their land for a new iron mine and processing facility. From 2005 there was constant, often violent conflicts over the project, until it was suspended in 2015. According to the Association of Shoreline Farmers, (Papuyuban Petani Lahan Pasisir Kulon Progo, PPLP-KP) their recipe for success consisted of:

\begin{itemize}
  \item \textit{Control of land} – cooperative, independent agricultural systems and relatively egalitarian land distribution
  \item \textit{Strong Ideology} – Self management, ‘mananam adalah melawan’ (cultivating is struggling), united front, anti-hierarchical organisation, filosofi tanah (philosophy of land)
  \item \textit{Militant tactics} – Blockades, demonstrations, celebrations, boycotting company and government meetings.
  \item \textit{Alliances} – with other peasant groups, anarchist activists, legal aid institutions (Lembaga Bantuan Hukum, LBH), international networks, artists and students
\end{itemize}

Members of PPLP-KP were jailed, their posko (posts) burnt down by preman (militia) and some leaders turned by the company working through NGOs. Nevertheless, the struggle continues. The threat remains that the project will be revived in the future. However, through the above means, the PPLP-KP held off the development of the project until the global price of iron crashed, new mining laws were introduced which disadvantage the project and the Australian company simply ran out of capital.

Detail on mining areas

<table>
<thead>
<tr>
<th>LICENCE TYPE</th>
<th>PRODUCING &amp; OPERATING</th>
<th>TOTAL (INCLUDING EXPLORATION, SUSPENDED PRODUCTION AND MINE CLOSURE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTRACT OF WORK (COW)[1]</td>
<td>625,308 ha</td>
<td>2,290,490.16 ha</td>
</tr>
<tr>
<td>COAL CONTRACT FO WORK (CCOW)[1]</td>
<td>1,126,278.49 ha</td>
<td>1,882,602 ha</td>
</tr>
<tr>
<td>MINING BUSINESS LICENCE WITH CLEAN AND CLEAR STATUS (IUP CNC)[2]</td>
<td>&lt;3,511,225.95 ha</td>
<td>&lt;19,290,490.16 ha</td>
</tr>
<tr>
<td>IUP WITH CNC STATUS CANCELLED[3]</td>
<td>??</td>
<td>??</td>
</tr>
<tr>
<td>IUP NOT YET DECLARED CLEAN AND CLEAR[4]</td>
<td>??</td>
<td>??</td>
</tr>
<tr>
<td>TOTAL:[5]</td>
<td>&gt;5,254,727 ha</td>
<td>&gt;23,802,531 ha</td>
</tr>
<tr>
<td>TOTAL LAND AREA OF INDONESIA (190,500,000HA):</td>
<td>&gt;2.19%</td>
<td>&gt;11.51%</td>
</tr>
</tbody>
</table>

Source: compiled data from various sources.
Remark:


[3] The Directorate General of Minerals and Coal does release data about the cancelation of CnC statues, however this data is not always complete with land area and is not reconcilable with the public data available on declarations of CnC status.

[4] IUPs can be granted by District, Province and National Governments, data on areas covered by IUP is inconsistent and difficult to locate, it is only once they have been ‘reconciled’ through the clean and clear process that we can access more reliable data.

[5] Because we cannot know the total areas subject to regional and provincial licences, totals should be read as a minimum area

[LS-2018]