

Indonesia Boosts Coal Exports And Production Rises 20-Fold

Indonesia could overtake Australia as the world's biggest exporter of coal for electricity generation. "Indonesia has come from nowhere to challenge Australia as the world's largest exporter of thermal coal," says investment bank Citibank in a recent report. Indonesia's coal production has risen 20-fold since 1990 to an estimated 167 million tons in 2006 – 73 per cent of which is exported, according to Citibank. Between January and October 2006, coal exports totalled around US\$5.1 billion (€3.9 billion) about 32 per cent higher than the previous year's figures. In that period, its overall exports rose 15 per cent to US\$58.5 billion (€45.3 billion). With large potential coal reserves and growing domestic and export demand, Indonesia has the potential to capitalize on that strong market, however Indonesia's restrictive laws and perceived political risk have halted new investment and exploration by major foreign mining and energy firms. In addition, President Susilo Bambang Yudhoyono wants to reduce Indonesia's reliance on oil, and increase the role of coal, which could lead to a cap on exports, experts say.

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