KSI Research

Industry Outlook

IMPACT OF FLEXIBLE EXPORT DUTY ON INDONESIA'S GOLD & COAL COMMODITIES

Published on 17 July 2025

Reference: https://ekonomi.bisnis.com/read/20250714/44/1893047/bocoran-bea-keluar-batu-bara-emas-berlaku-fleksibel-mulai-2026.

1 Impact on Global Export Market Competitiveness

a. When Prices are High (Export Duty Applied):

- Export costs increase, making selling prices less competitive compared to rival countries (such as Australia, China, South Africa, Russia, or Canada).
- Potential buyer shift to other countries increases, especially for price-sensitive markets such as India, China, and other developing countries.

b. When Prices are Low (No Export Duty):

- Neutral or positive, as companies are not burdened by levies and can compete on price. However, when global prices are low, demand also tends to weaken.

■ **Conclusion:** Global competitiveness is threatened when prices are high—precisely when export margins should be optimal. This can suppress export volumes and reduce Indonesia's global market share. FYI, the current global coal condition is in oversupply, while the world is intensifying its transition toward green energy. Indonesian coal, which is mostly low-calorie, is increasingly losing its market, for example in China & India which have decided to reduce imports of Indonesian coal and switch to high-energy coal from Australia, Mongolia, South Africa, & Tanzania to balance supply & manage emissions.

2 Impact on Gold & Coal Exporter Issuers

Neutral–Negative, depending on business profile and target markets:

a. Negative Sentiment for Pure Export Issuers:

Issuers such as ITMG, ADRO, DSSA (coal) and MDKA (gold), which rely on exports for up to 70 – 100% of total sales, will bear additional margin pressure when prices are high, as export duties are imposed. Global competitiveness is also disrupted, creating risks of declining export volume and net profit.

Source: Issuers' Annual Reports & IDX, https://www.cnbcindonesia.com/

b. Neutral Sentiment for Downstream or Domestic-Focused Issuers:
Issuers with local sales focus or downstreaming will be more protected.

- BRMS sells its entire production to its own domestic smelter, thus the impact of export duties is very minimal.
- PTBA, although still exporting, has a domestic market obligation (DMO) portion of 53% of total 2024 sales, and 47% exports. When prices are high, PTBA's exports are still affected by the duty, but when prices are low, the impact is neutral as duties are waived.

Source: PTBA Official, Kontan

c. Positive for State Fiscal Revenue, but not for Corporate Profit:
This policy is designed to optimize state revenue, not to increase corporate profit. Therefore, while the state budget (APBN) benefits, the stock market tends to respond cautiously, especially towards exporter stocks when commodity prices are high.

3 Additional Risk for Investors

- Adds regulatory uncertainty, as the "flexible" mechanism is considered difficult to predict and increases valuation volatility.
- Investors may apply a “regulatory risk premium” to export-oriented issuers vulnerable to export duties, especially if the basis of imposition and timing are inconsistent.

■ **Conclusion:**

→ Export competitiveness could be pressured precisely when prices are high.
→ Negative sentiment tends to emerge for large exporter issuers, and more neutral for domestic or downstream players.
→ Investors need to anticipate margin fluctuations and dynamic fiscal policy risks.

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