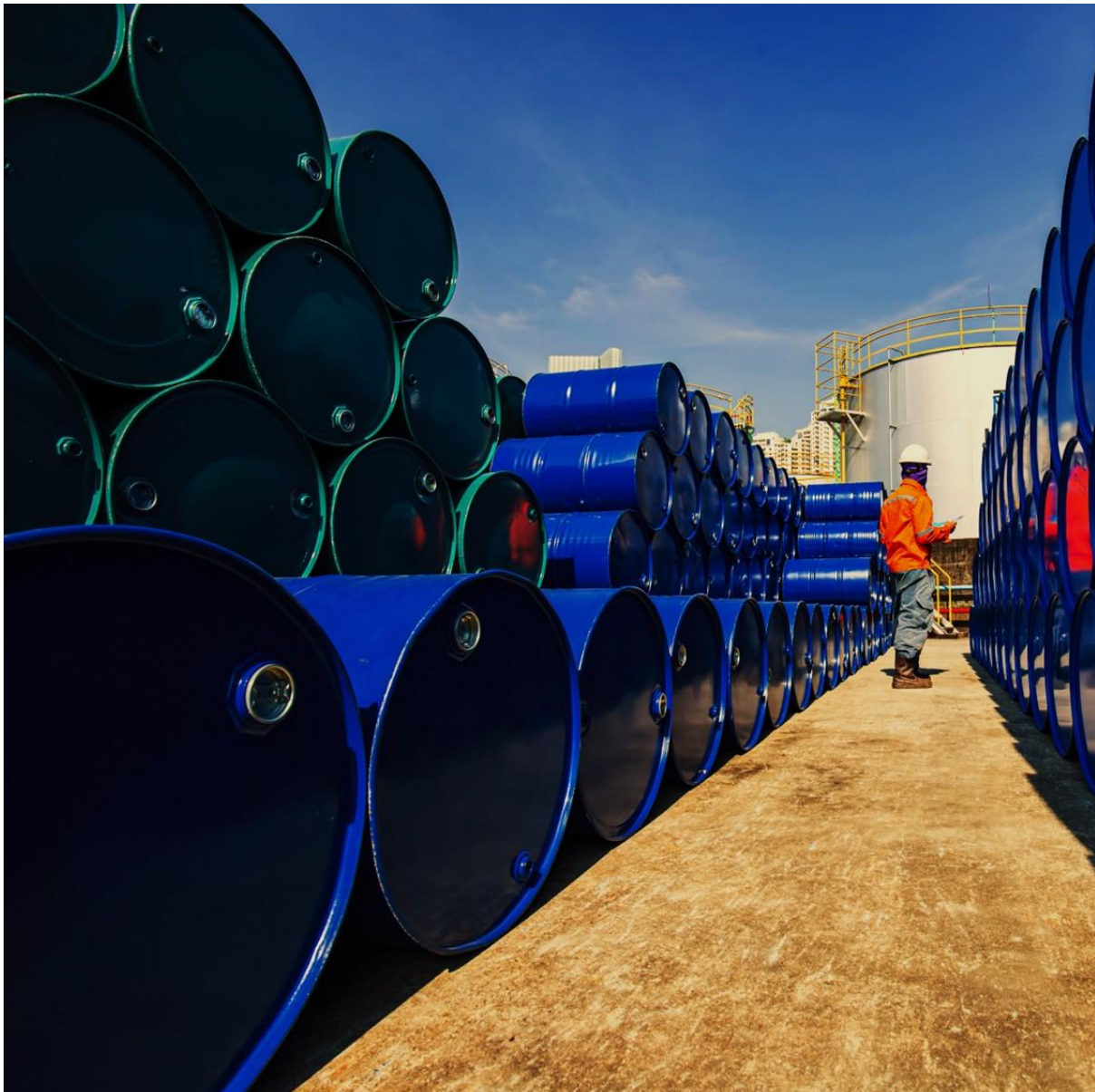


CORPORATE / M&A

Government Regulation 24/2026: Indonesia Centralises Coal, Palm Oil, and Ferro Alloys Exports Through State-Owned Enterprises



Since 1 June 2026, exporters of designated strategic natural resources, currently comprising of coal, palm oil, and ferro alloys, have been subject to a centralised export framework under Government Regulation No. 24 of 2026 on the Governance of Exports of Strategic Natural Resource Commodities ("GR 24/2026"). Under the new framework, exports of these commodities are to be conducted through appointed state-owned enterprises ("Export SOEs") by no later than 31 December 2026, with the possibility that this deadline may be brought forward following a government evaluation.

For producers, traders, and their financiers, the commercial consequences are significant. Existing offtake arrangements with overseas buyers may need to be renegotiated, novated, or terminated, and financing structures linked to exports will require review. GR 24/2026 reflects a broader policy direction of stronger state control over strategic natural resources exports, and businesses with exposure to the affected commodities should begin assessing its operational and contractual impacts.

Key Considerations from GR 24/2026

We set out below the key features of GR 24/2026 relevant to businesses involved in strategic natural resources exports.

- **Centralisation of export activities through Export SOEs**

The most fundamental development under GR 24/2026 is that exports of designated strategic natural resources may only be carried out by the Export SOEs. While GR 24/2026 does not identify the specific SOEs to be designated, the recently established PT Danantara Sumberdaya Indonesia is expected to play a central role under this framework, potentially acting as the primary export aggregator for certain strategic natural resource commodities.

GR 24/2026 further provides that Export SOEs may act either as exporters or as sole intermediaries in export transactions, and their pricing authority will be further elaborated below. Further regulatory clarification is anticipated on the distinction between these roles and the implications arising from each.

- **Pricing authority of Export SOEs**

Under GR 24/2026, Export SOEs are authorised to determine export prices for designated strategic natural resources and to set margins within a "reasonable range." GR 24/2026 does not define what constitutes a "reasonable range," and the pricing methodology, applicable benchmarks, and any consultation, review, or appeal process are not addressed in the regulation itself. These matters are expected to be clarified through implementing regulations or operational guidance from the Export SOEs.

- **The affected commodities**

Currently, GR 24/2026 designates coal, palm oil, and ferro alloys as the initial set of strategic natural resources. The regulation characterises these commodities as vital to the broader public interest, including in supporting allocation, distribution, and stabilisation functions within the economy.

This list, however, is not the only and final list. GR 24/2026 adopts a phased approach, granting the government broad authority to expand the scope of designated commodities through coordination meetings between ministries and government institutions. Any such designation or amendment is to be governed by a regulation of the Minister of Trade.

- **Limited exemption regime**

GR 24/2026 provides a limited exemption from the requirement to export through Export SOEs, which may apply to businesses operating under government contracts involving investment, divestment, and/or domestic processing or refining obligations subject to determination at a government coordination meeting.

However, the regulation does not specify the eligibility criteria, scope of qualifying government contracts, application process, and duration or conditions of any exemption, which are expected to be clarified through implementing regulations or government practice.

- **Export requirements and mechanisms**

GR 24/2026 sets out the following timeline for the transition to the centralised export framework:

- a. **Transition to centralised export framework (1 June 2026 – 31 December 2026)**

GR 24/2026 came into effect on 1 June 2026. Under the regulation, the full implementation of the centralised export framework to be conducted by Export SOEs must occur by 31 December 2026 or earlier, if so determined by the government ("**Transition Period**").

GR 24/2026 does not prescribe detailed implementation measures or interim arrangements for business actors for the Transition Period. In particular, GR 24/2026 does not clarify whether, and to what extent, export may continue to be conducted directly by business actors pending full implementation of the requirement to export through Export SOEs. The regulation is also silent on the treatment of new export contracts entered into on or after 1 June 2026.

On a plain reading of the regulation, such contracts would be subject to the centralised framework from the outset, suggesting that these new contracts should be entered into with the Export SOEs rather than directly with overseas buyers. Operational clarity on this point is expected to emerge through implementing regulations or guidance from the designated Export SOEs.

Within three months following the enactment of GR 24/2026, the government is required to conduct an evaluation through a coordination meeting chaired by the minister responsible for coordinating economic affairs and attended by relevant ministers and heads of non-ministerial government institutions. Based on the results of this evaluation, the responsible minister may determine an earlier deadline for the implementation of exports through Export SOEs, prior to 31 December 2026.

While it is not clearly stated under GR 24/2026, a government press conference on the operational readiness of PT Danantara Sumberdaya Indonesia held on 31 May 2026 indicated that starting 1 June 2026, exporters may be required to submit export-related data and information to the Export SOEs. This suggests that data reporting may form part of the broader export control framework being implemented alongside GR 24/2026. Further regulatory clarity on the scope, procedures, and legal basis of these reporting obligations is anticipated in due course.

b. Full implementation of the centralised export requirement (from 1 January 2027, or earlier as determined by evaluation)

Following the end of the evaluation period (whether on 31 December 2026 or at an earlier date determined by the government), exports of designated strategic natural resource commodities may only be conducted through Export SOEs.

This requirement extends beyond the execution of export sales and includes the submission of, among other things, report and export documents, sales contracts, and other relevant documentation by business actors to Export SOEs. It also covers the provision of additional data and information by business actors through various government trade and monitoring systems integrated with Export SOEs, including the Customs Excise Information System and Automation (CEISA), the Indonesia National Single Window (SINSW), the Trade Information System (INATRADE), the Integrated Foreign Exchange Monitoring Information System (SiMoDIS), and the Minerba Online Monitoring System (MOMS).

GR 24/2026 also contemplates enhanced export control mechanisms, including verification or technical inspection, oversight of export logistics and insurance arrangements, and other related measures. Details on these mechanisms are anticipated to be governed through the implementing regulations.

• Treatment of pre-1 June 2026 export contracts

Under GR 24/2026, export contracts entered into prior to 1 June 2026 remain subject to evaluation by the designated Export SOEs. The criteria, process, and consequences of such evaluation are not set out in GR 24/2026 itself, with further clarification anticipated through additional implementing regulations or operational guidance from the Export SOEs. In the meantime, parties to existing offtake agreements should anticipate the possibility of review, restructuring, or novation of their arrangements as part of the migration to the Export SOE framework.

Commercial and Legal Implications

GR 24/2026 is expected to transform producers of designated strategic natural resources, currently coal, palm oil, and ferro alloys, from independent exporters to suppliers or domestic sellers within a state-controlled export chain. Under this framework, Export SOEs will play a central role either as owners or as sole intermediaries, fundamentally altering how Indonesian producers access international markets.

The involvement of Export SOEs as central intermediaries will likely require a restructuring of existing commercial arrangements, including the insertion of Export SOEs between producers and offshore buyers. This may result in a shift in counterparty exposure, from private producers with established commercial relationships to state-owned entities, which could have implications for risk allocation, credit considerations, and financing structures, particularly in long-term offtake arrangements.

Moreover, the pricing authority granted to Export SOEs is one of the most commercially significant features of GR 24/2026. By determining export prices and margins, Export SOEs will effectively control how value is distributed across the chain between producers, the Export SOE itself, and overseas buyers. This introduces an additional layer of commercial consideration for producers. First, prices and margins are no longer a matter of direct negotiation with offshore buyers. Second, existing pricing formulas in long-term offtake agreements may need to be adjusted against the Export SOE's pricing approach. The absence of detail in GR 24/2026 on pricing methodology and the parameters of "reasonable range" leaves open questions that will be material to commercial planning.

Implementation Risks to Watch

Although GR 24/2026 is now in force, the practical migration of Indonesia's strategic resources export trade to the Export SOE model raises legal and commercial complexity. How the government and the designated Export SOEs sequence and execute this transition will materially affect producers, buyers, and financiers. Key issues include:

- **Novation of existing contracts**

Many long-term offtake agreements run for multiple years and contain detailed provisions on quality specifications, delivery schedules, pricing formulas, and dispute resolution. The wholesale novation that will be required under GR 24/2026 raises a range of legal and practical issues, including the requirement to obtain consent from the counterparty, the allocation and treatment of accrued rights and obligations, and the continuity of contractual performance following the transfer to Export SOEs, among others.

Additionally, contracts supporting project financing may be particularly difficult to novate without triggering defaults, security enforcement, or cross-default in related financing documents.

- **Changes to terms and conditions**

When Export SOEs assume the seller role, buyers may insist on revisiting commercial terms, including pricing, credit, and security, to reflect the new counterparty's risk profile.

- **Margin allocation across the export chain**

GR 24/2026 has not addressed the economic split between the domestic producer, Export SOE, and end-buyer. Without certainty on this, the Export SOE may face challenges in negotiations with the end-buyers, especially sophisticated international buyers.

The clarity and structure of further implementing regulations and operational guidance issued in the coming months will be important to managing these risks and preserving the value of Indonesia's existing export relationships.

Taxation

GR 24/2026 carries implications across income tax, Value-Added Tax ("**VAT**"), and non-tax state revenue (*Penerimaan Negara Bukan Pajak* or "**PNBP**").

- **Income tax**

Under the current tax regulations, coal and mineral sales prices are benchmarked against market indices. Where exporters sell below the benchmark prices, certain adjustments may be made to taxable profits. Given that one of the stated objectives of GR 24/2026 is to address under-invoicing and abusive transfer pricing practices, it remains to be seen whether the government will adjust its policies on commodity sale prices for income tax purposes.

- **VAT**

The shift from offshore end-buyers to Export SOEs as the contracting parties for sales will change the applicable VAT treatment. In general, SOEs are designated as VAT collectors under Indonesian tax law.

Accordingly, what was previously an export sale subject to 0% VAT will become a domestic sale to an Export SOE subject to the prevailing VAT rate, with the VAT collected by the Export SOE. While this change is not expected to materially affect producers' net VAT positions, as they will likely remain in a VAT overpayment position, the related VAT administration and refund processes may change.

- **PNBP**

Production royalties, which form part of PNBP for coal and minerals, are imposed by reference to benchmark prices. As with the income tax implications above, it remains to be seen whether the government will revise its policies regarding commodity pricing for PNBP purposes.

Recent reporting indicates that further tax regulations are anticipated as part of the regulatory implementation of GR 24/2026, including in respect of the VAT refund process applicable to affected producers.

What to Consider Now

While the implementing regulations of GR 24/2026 are pending, businesses with exposure to Indonesian coal, palm oil, or ferro alloy exports should be considering the following steps:

- Reviewing existing offtake and sale contracts for force majeure, change-in-law, illegality, and termination provisions;
- Identifying financing arrangements that are linked to exports, which may be affected;
- Engaging with relevant ministries, the Export SOEs, and industry associations on the substance of the forthcoming implementing regulations, particularly on pricing mechanisms and treatment of existing contracts;
- Monitoring the ongoing issuance of implementing regulations, including those addressing commodity scope and tax/refund commodity scope and mechanics, which will likely address the technical and commercial gaps left by GR 24/2026; and
- Assessing whether existing government contracts (including investment, divestment, and downstream processing or refining commitments) may potentially fall within the limited exemption regime under GR 24/2026.

Although the architecture of the new export regime is now in place, much of its commercial significance will turn on how it is implemented in practice. A number of ministerial-level implementing regulations have recently been issued, setting out more technical export procedures for the affected commodities. The continued issuance of implementing regulations, operational guidance from the designated Export SOEs, and the approach taken to existing contracts will all shape the practical impact of GR 24/2026 in the months ahead.

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