

This report is an update to our earlier [article](#) regarding the temporary coal export ban imposed by the Indonesian government from 1 January to 31 January 2022. It was noted that the basis of this prohibition was for the government to prioritise domestic coal reserves to secure and support the electricity supply in Indonesia. The changes as proposed were poorly received by the wider market.

Reports from local media outlets have indicated that the government has procured enough coal to ensure 15 days of power, a key requirement that has seen the Indonesian government permitting 75 vessels to export coal following their fulfilment of domestic market obligations (DMO). Under the DMO, coal miners are required to supply 25% of their annual production to PT PLN, the national electricity company, at a maximum price of US\$70/MT. In addition, 12 vessels that have not entirely fulfilled the DMO were permitted to load coal from coal mining companies. The permits were issued to these companies following their written undertaking to comply with the DMO in its entirety and be subject to sanction if they were proven to have breached the undertaking. Further, it is also reported that 37 vessels were also released last week to export coal after receiving permits from the Indonesian government. It is expected that Indonesia will continue to ease the export ban as it further secures its domestic coal stockpile; however, care will need to be taken by relevant counterparties to ensure that they comply with the regulations.

While the above prohibition has nearly expired, parties to coal sale contracts and shipping contracts will need remain diligent with regard to the performance of their contracts. For the time being, it is expected that parties will have to concentrate on fulfilling backlogs based on existing contracts. Depending on how the relevant contracts are structured and whether there are specific timelines, parties have to be cognisant that they could still be liable for contractual damages arising out of late performance. Such issues have to be considered in its entirety, together with the other potential legal risks, which we had highlighted in our previous report.

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