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The Impact of the Fourth Amendment to the National Mineral and Coal Law on Regional Development: An Investment Law Perspective

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Original Article

Abstract

This study examines the impact of the fourth amendment to the National Mineral and Coal Law (Minerba Law) on regional governance and its implications from an investment law perspective. Using a normative approach and qualitative analysis methods, the study identifies significant regulatory changes, particularly the centralization of mining permits, which has diminished the authority of regional governments. While this reform enhances legal certainty for investors and improves bureaucratic efficiency, it also raises concerns regarding environmental oversight, equitable distribution of economic benefits, and the protection of local community rights. The findings indicate that the reduced role of regional authorities increases the risk of uncontrolled resource exploitation and deepens social inequality. Therefore, policies that balance investment interests with socio-environmental sustainability are essential, emphasizing stronger oversight and greater regional government involvement in mining management.

Keywords: *Mining, Permit Centralization, Regional Authority, Investment Law*

Abstrak

Penelitian ini menganalisis dampak perubahan keempat UU Minerba terhadap daerah dan implikasinya dari perspektif hukum investasi. Melalui pendekatan normatif dengan metode analisis kualitatif, studi ini mengidentifikasi perubahan signifikan berupa sentralisasi perizinan pertambangan yang mengurangi kewenangan pemerintah daerah. Di satu sisi, reformasi ini meningkatkan kepastian hukum bagi investor dan efisiensi birokrasi. Di sisi lain, sentralisasi memunculkan kekhawatiran terkait pengawasan lingkungan, distribusi manfaat ekonomi, dan perlindungan hak masyarakat lokal. Penelitian mengungkap bahwa berkurangnya peran daerah berisiko meningkatkan eksploitasi tidak terkendali dan ketimpangan sosial. Diperlukan kebijakan yang menyeimbangkan kepentingan investasi dengan keberlanjutan sosial-lingkungan melalui penguatan pengawasan dan peningkatan keterlibatan pemerintah daerah dalam pengelolaan pertambangan.

Kata kunci: *Pertambangan, Sentralisasi Perizinan, Kewenangan Daerah, Hukum Investasi*

1. INTRODUCTION

The mineral and coal mining sector plays a strategic role in Indonesia's economy. As a country rich in natural resources, Indonesia has long depended on this sector as one of the key drivers of economic growth. Mining not only contributes to state revenue through taxes, royalties, and dividends but also generates employment and stimulates related industries such as manufacturing, transportation, and services. According to data from the Ministry of Energy and Mineral Resources (ESDM), the mining sector accounts for a significant portion of the national Gross Domestic Product (GDP), making it a crucial factor in economic stability and public welfare. However, despite its substantial economic benefits, the management of mineral and coal mining in Indonesia continues to face various challenges.¹ One of the primary concerns is ensuring that resource exploitation is conducted sustainably. This requires balancing economic interests with environmental conservation and public welfare.

The environmental impact of mining activities remains a pressing issue, particularly for communities living near mining sites. Ecosystem degradation, water pollution, and landscape changes are among the consequences that must be properly managed to prevent long-term harm. Therefore, strict regulations and the adoption of environmentally friendly technologies are essential for sustainable mining practices. As global demand for mineral and coal commodities rises, the Indonesian government is actively reforming regulations to enhance the sector's competitiveness. One major step in this direction has been the revision of the Mineral and Coal Mining Law (UU Minerba), aimed at fostering more transparent, efficient, and sustainability-oriented governance.

The amendments to the National Mineral and Coal Law primarily seek to provide legal certainty for investors, streamline the licensing process, and improve the efficiency of mining governance in Indonesia. Greater legal clarity is expected to attract more investment, both domestic and foreign, thereby ensuring the sector's continued growth and maximum contribution to the national economy. One of the most significant changes in the latest revision is the increased control of the central government over natural resource management. This includes a reduction in the role of regional governments in licensing and oversight processes. By centralizing authority, the national government gains greater control over mining policies, including aspects of exploration, exploitation, and environmental protection.

The government argues that centralization is necessary to create a more favorable investment climate and prevent regulatory inconsistencies between national and

¹ Tim Perumus dan Penyempurnaan Kebijakan Mineral dan Batubara Indonesia, "Kebijakan Mineral Dan Batubara Indonesia" (Jakarta: Direktorat Pembinaan Program Mineral dan Batubara dan Direktorat Jenderal Mineral dan Batubara, 2021), <https://www.esdm.go.id/assets/media/content/content-buku-kebijakan-mineral-dan-batubara-indonesia.pdf>.

regional authorities. In the past, conflicting policies between central and local governments have often posed barriers to investment in the mining sector. More coordinated regulations are expected to improve the efficiency of licensing and supervision, ultimately supporting the sector's sustainable growth.

However, these changes have sparked controversy and criticism from various stakeholders, including local governments, indigenous communities, and environmental activists. The reduction of regional authority in mining management has raised concerns that strategic decisions regarding resource exploitation may prioritize investment interests over local community welfare and environmental sustainability. In many mining regions, local governments previously played a critical role in monitoring mining activities, mitigating environmental impacts, and advocating for the rights of affected communities. With licensing and policymaking now centralized, there are fears that oversight of mining companies may weaken, given the central government's limited capacity to effectively monitor mining operations across the country.

Additionally, policies that prioritize investment interests may increase the potential for social conflict in mining areas. The centralization of authority in mining management often reduces the involvement of local governments, which previously maintained closer relationships with local communities. As a result, the aspirations and concerns of these communities are less considered in mining-related decision-making. Local communities, including indigenous groups, frequently experience negative impacts from mining activities. Environmental degradation, water and air pollution, and the loss of agricultural land and living spaces remain persistent issues. In many cases, affected communities struggle to obtain compensation or solutions for these consequences, particularly as their access to licensing and oversight processes becomes increasingly restricted.

With the diminished role of local governments, communities have fewer opportunities to voice their interests, heightening the risk of conflict between residents, mining companies, and the government. The imbalance between investment priorities and environmental and social sustainability must be carefully managed to ensure that policies not only drive economic growth but also safeguard the well-being of affected communities. Another critical challenge is the environmental impact of large-scale mineral and coal extraction, which poses significant risks to local ecosystems. Unregulated mining activities can lead to deforestation, water contamination, and land degradation, all of which threaten biodiversity and disrupt the lives of surrounding communities. Therefore, environmental management in the mining industry must be a top priority to mitigate these negative effects.

Concerns have also been raised that reducing local governments' supervisory role could worsen environmental damage, particularly if mining companies fail to comply with sustainability standards and post-mining rehabilitation obligations. Weak oversight

may result in irresponsible exploitation, where companies prioritize profits over environmental sustainability. In reality, the long-term viability of the mining sector depends on maintaining a balance between resource extraction and ecological restoration.

In many cases, local governments have a better understanding of regional environmental conditions and are more directly engaged with communities in identifying and addressing mining-related issues. However, under the centralization policy, regional authorities have a more limited role in preserving ecosystems, potentially leading to slower and less effective responses to environmental concerns. Therefore, a strong coordination mechanism between the central government, local authorities, and mining companies is essential to ensure that environmental management remains a priority in the industry.

The amendments to the National Mineral and Coal Law thus present a complex dilemma: while these reforms aim to accelerate investment and enhance Indonesia's mining sector competitiveness in the global market, they also pose significant challenges in environmental governance, the equitable distribution of economic benefits, and the welfare of local communities. Further research is needed to thoroughly assess the impact of these changes on regional governance, both from an investment law perspective and in terms of sustainable natural resource management.

Considering these various factors, this study seeks to comprehensively analyze the impact of the fourth amendment to the National Mineral and Coal Law on regional governance, examine its implications from an investment law standpoint, and explore strategies to achieve a balance between economic growth and the protection of regional interests.

2. RESEARCH METHODOLOGY

This study is normative legal research that focuses on analyzing the fourth amendment to the National Mineral and Coal Law and its implications for investment law and regional authority. The research employs a statutory approach and policy analysis. The statutory approach involves examining the legal norms established in regulations governing the mineral and coal mining sector, particularly the fourth amendment to the National Mineral and Coal Law. Meanwhile, policy analysis is used to assess how these regulatory changes impact legal certainty for investors, regional authority in natural resource management, and the potential social and environmental consequences.

This research relies on legal data sources, consisting of primary and secondary data. Primary data includes the National Mineral and Coal Law and its amendments, implementing regulations such as government decrees, and official documents related to investment and mining policies in Indonesia. Secondary data is obtained from various sources, including academic journals, scholarly articles, policy reports from government

agencies and non-governmental organizations, and other relevant publications on investment law and the decentralization of authority in the mining sector.

The study employs a qualitative analytical method, which involves interpreting and comparing regulatory changes in the National Mineral and Coal Law and evaluating their impact on investment and regional authority. Additionally, the research identifies potential challenges and opportunities arising from these policy changes to provide balanced recommendations that align investment interests with environmental sustainability and the protection of local community rights.

3. RESEARCH RESULT AND DISCUSSION

3.1. Identification of Changes to the Mineral and Coal Law (UU Minerba)

The fourth amendment to the Mineral and Coal Law (UU Minerba) introduced several significant changes to Indonesia’s mining licensing regulations. One of the most notable transformations is the centralization of the licensing system under the authority of the central government. This change aims to create more uniform regulations and improve efficiency in mining sector governance.

Previously, regional governments played a significant role in issuing Mining Business Permits (IUP) at both the exploration and production stages. This decentralized system allowed regional governments to tailor licensing policies to the specific conditions of their respective areas. However, it also faced numerous challenges, including regulatory inconsistencies between regions, overlapping policies, and risks of non-transparent licensing practices. To provide a clearer overview of these changes, the following table compares the key modifications made to the National Mineral and Coal Law over time:

Table 1.
Key Amendments to the Mineral and Coal Law Over Time

No	Law	Key Amendments
1	Law No. 4 of 2009 on Mineral and Coal Mining	<ul style="list-style-type: none"> - Consists of 26 chapters and 175 articles regulating all stages of mining activities, from investigation, exploration, and feasibility studies to mining operations and post-mining reclamation. - Holders of IUPK Production Operations are required to allocate 4% of net profits to the central government and 6% to regional governments. - Revenue distribution for regional governments: a. Provincial government: 1% b. Producing district/city government: 2.5% c. Other district/city governments within the same province: 2.5%
2	Law No. 3 of 2020 (Amendment to Law No. 4 of 2009)	<ul style="list-style-type: none"> - Clarifies definitions of mining, minerals, and coal.

No	Law	Key Amendments
		<ul style="list-style-type: none"> - Introduces new regulations on mining jurisdiction, management authority, and research assignments for state-owned enterprises (BUMN) in WIUP exploration. - Strengthens the role of BUMN and licensing in the mineral and coal sectors. - Implements policy changes on environmental regulations, value-added requirements, share divestment, and mining supervision. - IUPK holders remain required to allocate 4% of net profits to the central government and 6% to regional governments. - Adjustments to regional revenue distribution: a. Provincial government: 1.5% b. Producing district/city government: 2.5% c. Other district/city governments within the same province: 2%
3	Law No. 11 of 2020 on Job Creation (Government Regulations No. 2 of 2022 & Law No. 6 of 2023)	<ul style="list-style-type: none"> - Addition of Article 128A: a. Business entities that enhance coal value-added processing may receive incentives, including reduced state revenue obligations. b. Certain business entities may qualify for 0% royalty rates. c. Further provisions will be regulated in a Government Regulation. - Amendment to Article 162: a. Any individual obstructing mining operations conducted by officially licensed permit holders (IUP, IUPK, IPR, SIPB) may face up to 1 year of imprisonment or a fine of up to IDR 100 million.

Source: Summary of Analytical and Evaluative Data², and Academic Study by the The House of Representatives of the Republic of Indonesia³

With these changes, the entire mining licensing process is now under the control of the central government. This centralization is expected to streamline the licensing process, reduce bureaucratic red tape, and enhance legal certainty for investors. However, this policy also raises concerns about the diminished role of local governments in overseeing and managing the environmental and social impacts of mining, which was previously part of their authority.⁴

Strengthening central government control over natural resource management is a key aspect of the National Mineral and Coal Law revision. The policy aims to improve the effectiveness and efficiency of mining governance by creating a more coordinated regulatory system. With more centralized regulations, the government hopes to

² Tim Pusat Pemantauan Pelaksanaan Undang-Undang, "Analisis Dan Evaluasi Undang-Undang Nomor 3 Tahun 2020 Tentang Perubahan Atas Undang-Undang Nomor 4 Tahun 2009 Tentang Pertambangan, Mineral, Dan Batubara Berdasarkan Putusan Mahkamah Konstitusi," ed. Yudarana Sukarno Putra, Ira Chandra Puspita, and Nur Azizah (Jakarta: Pusat Pemantauan Pelaksanaan Undang-Undang Sekretariat Jenderal DPR RI, 2022), <https://berkas.dpr.go.id/puspanlakuu/evaluasi/evaluasi-public-95.pdf>.

³ Sekretariat Jenderal DPR RI Pusat Pemantauan Pelaksanaan Undang-Undang Badan Keahlian, "Kajian Akademik Pelaksanaan Undang-Undang Nomor 4 Tahun 2009 Tentang Pertambangan Mineral Dan Batubara Sebagaimana Telah Diubah Dengan Undang-Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja" (Jakarta: Sekretariat Jenderal DPR RI, 2022), <https://berkas.dpr.go.id/puspanlakuu/kajian/kajian-public-198.pdf>.

⁴ Jaga Melanesia, "RUU Minerba Resmi Disahkan Menjadi Undang-Undang," *Jagamelanesia.com*, 2025, <https://www.jagamelanesia.com/2025/02/19/ruu-minerba-resmi-disahkan-menjadi-undang-undang/>.

eliminate bureaucratic obstacles, expedite licensing procedures, and enhance the mining sector's global competitiveness.

One of the primary motivations behind this policy is to prevent regulatory fragmentation between the central and regional governments and reduce the risk of overlapping policies that could hinder investment.⁵ The government argues that excessive decentralization in the mining sector has led to inconsistencies in licensing policies and environmental oversight. Variations in regional regulations have frequently caused legal uncertainty for investors and slowed down industry development.⁶

As a result, the fourth amendment to the National Mineral and Coal Law further minimizes the role of regional governments in determining mining policies. Strategic decisions regarding licensing, environmental management, and regulatory oversight are now fully centralized. While this move is expected to enhance legal certainty, it also raises new concerns about how local governments can continue to monitor mining's environmental impact and safeguard the well-being of local communities.⁷

One major effect of this policy is increased legal certainty for investors. With a more centralized licensing system, investors can obtain business permits more quickly and efficiently, reducing bureaucratic hurdles that previously arose due to inconsistencies in regional regulations. As a result, the investment climate in the mining sector is expected to become more conducive and globally competitive. In addition to expediting the licensing process, centralization is also expected to provide stronger legal protections for investors. Under direct central government control, legal standards become more uniform and transparent, reducing the risks of regulatory overlap and inconsistencies that previously created uncertainty for businesses in the mining sector.

However, this policy also presents significant challenges. While investors benefit from increased legal certainty, local governments face growing restrictions in their ability to monitor mining's environmental and social impacts. Therefore, a strict oversight mechanism is essential to ensure that economic interests do not come at the expense of ecological balance and social welfare in mining regions.⁸ Moreover, the diminishing role of local governments in mining management has led to new concerns, particularly regarding environmental sustainability and community welfare. Centralized policies have stripped local governments of much of their authority in monitoring mining

⁵ Tuti Widyaningrum and Muhammad Rifqi Hamidi, "Pembaruan Hukum Pertambangan Mineral Dan Batubara Menuju Keadilan Dan Kepastian Hukum Yang Berkelanjutan Untuk Masyarakat Indonesia," *Iblam Law Review* 4, no. 3 (2024): 11–22, <https://doi.org/10.52249/ilr.v4i3.436>.

⁶ Basthotan Milka Gumilang, Sherly Oktariani, and Tari Suswinda, "Analisis Undang-Undang No.3 Tahun 2020 Yang Berpotensi Merugikan Masyarakat Dan Lingkungan Berdasarkan Prinsip Sustainable Development Goals," *Jurnal Hukum Lex Generalis* 3, no. 11 (2022): 871–891, <https://doi.org/10.56370/jhlg.v3i11.336>.

⁷ Shelvi Rusdiana, Winda Fitri, and Felysha Putri Divia, "Kontroversi Revisi Undang-Undang Minerba Terhadap Hak Asasi Manusia Masyarakat Hukum Adat," *Legalitas: Jurnal Hukum* 15, no. 2 (2023): 173–85, <http://dx.doi.org/10.33087/legalitas.v15i2.454>.

⁸ Yuwono Prianto et al., "Reformulasi Kebijakan Pertambangan Atas Kewenangan Daerah," *Jurnal Litigasi* 21, no. 1 (2020): 1–29, <https://doi.org/10.23969/litigasi.v21i1.1789>.

activities within their jurisdictions. Yet, regional governments often have a more in-depth understanding of local environmental conditions and the social consequences of mining operations.

With their reduced authority, local governments now have limited capacity to address negative environmental and social impacts. Previously, they could respond quickly to issues such as pollution, land degradation, and social conflicts. Now, they must rely entirely on central government decisions, which may delay critical interventions—especially in areas with high levels of resource exploitation.

Furthermore, the centralization of mining policies raises concerns that the exploitation of natural resources may become increasingly unchecked. With all mining decisions made at the central level, there is a risk that economic and investment interests will take precedence over environmental sustainability and the well-being of local communities. This imbalance could exacerbate environmental issues such as deforestation, water pollution, and land degradation, all of which directly impact the livelihoods of those living near mining sites.

To address these concerns, a more inclusive approach to mining governance is necessary—one in which local governments retain a role in environmental oversight and protection. Strengthening collaboration between the central government, regional authorities, and local communities is essential to ensuring that policies are not solely investment-driven but also consider social and ecological factors. This way, the mining sector can grow sustainably without compromising community welfare or environmental preservation.

Additionally, as regional authority diminishes, local communities have fewer opportunities to voice their concerns about the impacts of mining. Previously, local governments acted as intermediaries between communities and mining companies, ensuring that local interests were factored into policy decisions. However, with policy centralization, communication between communities and the government has become more difficult, often leaving their concerns unheard. In some cases, indigenous communities living in mining areas feel they have lost their ability to participate in decision-making processes that directly affect their lives. Yet, the involvement of indigenous communities is crucial to maintaining the social and environmental balance they have preserved for generations. A lack of participation risks escalating social tensions, which could ultimately lead to conflicts between local communities, the government, and mining companies.

Another significant issue is the unequal distribution of economic benefits. While investment in the mining sector has increased, the positive effects are not always felt by local communities. Infrastructure and public services in mining regions often see little improvement, while residents bear the brunt of environmental pollution and the loss of traditional livelihoods. To ensure a fairer distribution of economic benefits, policies

must be designed so that the financial gains from mining are shared equitably, including with those directly affected by mining activities.

Although the fourth amendment to the National Mineral and Coal Law provides benefits such as greater legal certainty and increased investment appeal, it also presents significant challenges for sustainable natural resource management. While policy centralization can create more consistent standards for mining permits and oversight, inadequate enforcement could lead to uncontrolled resource exploitation. This, in turn, could worsen environmental degradation, including deforestation, water contamination, and land degradation, ultimately harming local communities.

Furthermore, these regulatory changes may weaken protections for local communities. With local governments playing a diminished role, communities—particularly indigenous groups—face greater difficulty in voicing their concerns and participating in decisions that affect their lives. Without an effective mechanism for public engagement, economic inequality in mining regions could worsen, as profits primarily benefit investors and the central government while local communities bear the negative consequences.

Therefore, a more balanced governance framework is needed to ensure that regulatory reforms not only support investment but also uphold social, environmental, and community welfare considerations. The government must guarantee that mining policies allow space for local governments and communities to actively participate in resource management. By adopting a more inclusive approach, the mining sector can develop sustainably without sacrificing environmental integrity or the rights of local communities.

3.2. Impact on Regions

The fourth amendment to the National Mineral and Coal Law has far-reaching effects on regional areas, influencing investment law, environmental protection, and social and economic conditions. This policy reform not only reshapes the governance of the mining sector but also introduces new challenges for local governments and communities residing near mining operations.

Investment Law Perspective

One of the primary objectives of the amendment to the National Mineral and Coal Law is to enhance investment appeal by providing greater legal certainty for investors. More structured and transparent regulations are expected to foster a business-friendly investment climate in the mining sector. With clearly defined rules, investors can operate with greater confidence, free from the risks of abrupt policy shifts or inconsistent regulations at the regional level.

The centralization of mining licenses under the authority of the central government is intended to streamline bureaucratic processes that have long hindered the sector's development. A more centralized licensing system allows for faster and more efficient issuance of mining business permits (IUP). Additionally, this reform aims to eliminate regulatory overlaps that previously resulted from discrepancies between central and regional policies⁹, thereby establishing a more integrated governance framework.

By simplifying administrative procedures, both domestic and foreign mining companies will have greater opportunities to invest in Indonesia. The regulatory stability brought by the National Mineral and Coal Law amendments is expected to attract more investment, which, in turn, could significantly contribute to national economic growth.¹⁰ However, while efforts to boost investment are underway, the challenge remains in ensuring a balance between resource exploitation, environmental protection, and safeguarding community rights.

Increased investment in the mining sector is anticipated to positively impact the national economy, particularly through higher state revenues from royalties, taxes, and dividends. The influx of investors could lead to job creation, stimulate the growth of supporting industries, and enhance mineral and coal exports.¹¹ On a macroeconomic scale, these developments have the potential to strengthen national economic stability and improve Indonesia's competitiveness in the global market.

However, this strong investor focus raises a critical question: to what extent will these economic benefits reach the mining-producing regions? With local governments now having reduced authority, they no longer possess full control over managing the economic impacts of mining investments. Mining-producing regions often bear the greatest social and environmental burdens resulting from resource extraction. If the mechanisms for revenue distribution are not properly structured, local communities may see little improvement in their welfare, while the primary beneficiaries of the mining boom remain large corporations and the central government.

The diminishing role of regional governments raises concerns that only a select few will reap the maximum benefits from this policy. Unequal distribution of mining revenues could further widen the economic disparity between the central government and regional areas, fueling public dissatisfaction and potentially sparking social conflicts in mining regions. Therefore, a more equitable and transparent policy is needed to ensure that revenues from the mining sector are fairly distributed. This would help

⁹ Henry Donald Lbn. Toruan, "Pergeseran Paradigma Hukum Investasi Pertambangan," *Jurnal Rechts Vinding: Media Pembinaan Hukum Nasional* 4, no. 2 (2015): 255–77, <http://dx.doi.org/10.33331/rechtsvinding.v4i2.23>.

¹⁰ Muslim Lobubun, *Hukum Pengelolaan Sumber Daya Alam: Studi Terhadap Sumber Daya Alam Tambang Dan Hutan Papua* (Yogyakarta: Litera, 2019).

¹¹ Rizqiani Purwaningtiyas R, Diajeng Dwi Oktaverina, and Bhim Prakoso, "Politik Hukum Investasi Pertambangan Di Indonesia," *Deposisi: Jurnal Publikasi Ilmu Hukum* 2, no. 1 (2024): 86–92, <https://doi.org/10.59581/deposisi.v2i1.2230>.

ensure that the positive economic impacts are shared across all stakeholders, particularly the communities living in and around mining areas.

Environmental Aspects

One of the most significant challenges posed by the fourth amendment to the National Mineral and Coal Law is the increasing risk of natural resource exploitation without adequate oversight. The centralization of authority in mining management has significantly reduced the role of regional governments in supervising mining activities within their jurisdictions. However, local governments have a deeper understanding of their region's environmental conditions and the direct impacts of mining operations. With their authority now limited, implementing effective monitoring mechanisms has become more challenging.

A major concern is mining companies' compliance with environmental standards and post-mining reclamation obligations. Without stringent oversight, there is a risk that companies will prioritize economic gains over ecological sustainability. Irresponsible mining practices can lead to water and air pollution, soil degradation, and disruption of ecosystems.¹² Without proper mitigation measures, formerly mined areas may become barren lands that can no longer be used productively.

Excessive exploitation can also contribute to deforestation, biodiversity loss, and severe land degradation, which are difficult to restore over the long term. These environmental consequences are not only felt by nearby communities but also contribute to global challenges such as climate change and the depletion of natural resources. While regulatory reforms aim to boost investment, it is crucial for the government to ensure the presence of a robust monitoring system that maintains a balance between resource utilization and environmental conservation.¹³

Environmental pollution remains one of the primary risks associated with this policy. Mining activities often result in water, air, and soil contamination due to uncontrolled waste disposal. Hazardous mining waste can pollute local water sources, while gas and particulate emissions from mining operations can significantly reduce air quality. Without strict regulatory enforcement, these environmental impacts will become increasingly difficult to control, ultimately affecting the health and well-being of local communities.¹⁴

¹² Friskilia Darongke, Dientje Rumimpunu, and Sarah Roeroe, "Efektivitas Undang-Undang Nomor 3 Tahun 2020 Dalam Pemberian Izin Usaha Pertambangan Mineral Di Indonesia," *Lex Privatum* 10, no. 3 (2022): 1–14, <https://ejournal.unsrat.ac.id/index.php/lexprivatum/article/view/41456>.

¹³ Nur Fadilah Al Idrus, "Dampak Politik Hukum Dan Respon Masyarakat Atas Pembaharuan Undang-Undang Minerba," *Jurnal Penegakan Hukum Dan Keadilan* 3, no. 2 (2022): 114–27, <https://doi.org/10.18196/jphk.v3i2.14898>.

¹⁴ Ardianto Budi Rahmawan and Kenny Cetera, "Kajian Teori Public Trust Doctrine Dalam Kasus Lingkungan: Studi Kasus UU Minerba Baru," *Jurnal Hukum Lingkungan Indonesia* 7, no. 1 (2020): 28–47, <https://doi.org/10.38011/jhli.v7i1.178>.

The diminished role of regional governments in environmental oversight has exacerbated the risk of pollution. Previously, local governments played a critical role in monitoring environmental impacts and taking swift action against violations by mining companies. However, with their authority now weakened, enforcement efforts have become less effective, making it more difficult to hold non-compliant companies accountable. Over time, this could lead to severe ecosystem degradation and heighten the risk of ecological disasters such as floods and landslides.

The loss of local government involvement in environmental regulation may also hinder efforts to combat climate change. The mining sector is one of Indonesia's largest contributors to carbon emissions and deforestation, directly accelerating global warming. If mining activities are not managed with sustainability principles in mind, national efforts to reduce greenhouse gas emissions will be significantly undermined. Therefore, mining policies must strike a balance between encouraging investment and addressing broader environmental concerns.

Social and Economic Aspects

The social impact of the changes to the National Mineral and Coal Law is most profoundly felt by local communities, particularly indigenous groups residing near mining areas. The reduction of local government authority has limited indigenous communities' access to decision-making regarding the management of natural resources in their regions. Previously, local governments played a crucial role as intermediaries, helping indigenous communities voice their concerns about mining activities. However, with the centralization of authority, decision-making is now largely controlled by the central government, which often lacks a comprehensive understanding of the social and cultural conditions of local communities.

In many cases, indigenous groups that once had a voice in the mining licensing and oversight process have now lost the ability to object or provide recommendations regarding mining operations on their ancestral lands. This shift increases the risk of conflict between indigenous communities, mining companies, and the government. When the rights of indigenous peoples are disregarded, social inequality deepens—especially if resource exploitation proceeds without regard for their well-being.¹⁵ Additionally, the loss of participatory mechanisms weakens indigenous communities' ability to legally advocate for their rights.

Beyond participation, these changes also impact the economic sustainability of local communities. The expansion of the mining industry often displaces traditional

¹⁵ Syukron Mahal Frawansa and Anna Maria Tri Anggraini, "Kemudahan Perizinan Berusaha Pada Sektor Pertambangan Nikel Di Indonesia Pasca Berlakunya Undang-Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja," *Unes Law Review* 5, no. 4 (2023): 2318–32, <https://doi.org/10.31933/unesrev.v5i4.476>.

livelihoods such as agriculture and fisheries¹⁶, which have sustained indigenous populations for generations. With policies increasingly favoring investment interests, local communities face the risk of further marginalization and the loss of control over the natural resources they have historically managed.¹⁷ To address this, more inclusive regulations are needed to ensure that indigenous communities retain the right to manage and benefit from the natural wealth of their regions.

This policy shift also exacerbates economic disparities in the distribution of mining sector profits. While investment has increased, the economic benefits are not always equitably shared with local communities. Many mining regions continue to struggle with poverty and inadequate infrastructure, despite being rich in natural resources.¹⁸ Unfortunately, mining profits primarily benefit investors and the central government, while local populations remain in conditions of economic hardship.

Such inequality widens the social divide in mining areas. Affected communities often receive little to no compensation for environmental degradation and the loss of their livelihoods. In some cases, mining projects have worsened social conditions by converting agricultural land and fisheries into industrial zones, stripping communities of their primary means of subsistence. This unequal distribution of benefits can trigger social unrest, particularly when local populations feel deprived of their rightful share of mining revenues.

Without a fairer profit-sharing mechanism and better management of mining impacts, conflicts between communities, mining companies, and the government may escalate. Frustration over the mining sector's minimal contributions to local welfare can lead to project resistance, protests, or even open conflict. Therefore, a more inclusive policy framework is needed to ensure that the economic gains from mining are distributed more equitably and sustainably.

While the fourth amendment to the National Mineral and Coal Law provides legal certainty for investors and aims to drive national economic growth, its regional impact remains contentious. If not accompanied by policies that protect the environment and local communities' welfare, these changes risk exacerbating resource exploitation and deepening social inequality in mining regions. Therefore, more balanced and inclusive regulations are necessary to ensure that the benefits of this policy extend beyond the investment sector, safeguarding both community interests and environmental sustainability.

¹⁶ Desman Diri Satriawan, "Pengelolaan Usaha Pertambangan Mineral Dan Batubara Pasca Berlakunya Undang-Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja," *Jurnal Esensi Hukum* 3, no. 2 (2021): 123–33, <https://doi.org/10.35586/esensihukum.v3i2.108>.

¹⁷ Arif Firmansyah, "Konsep Bentuk Perusahaan Pertambangan Mineral Dan Batubara Dalam Perspektif Undang-Undang Dasar 1945," *Jurnal Konstitusi* 17, no. 3 (2020): 495–512, <https://doi.org/10.31078/jk1732>.

¹⁸ Fadel Maulana Podungge et al., "Mencari Keseimbangan Dalam Hukum Pertambangan: Memadukan Kepentingan Ekonomi, Sosial, Dan Lingkungan," *Jurnal Ilmiah Multidisiplin Terpadu* 8, no. 6 (2024): 39–47, <https://oaj.jurnalhst.com/index.php/jimt/article/view/2040>.

CONCLUSION

The fourth amendment to the Mineral and Coal Law (UU Minerba) has significantly impacted mining governance in Indonesia. This regulatory reform aims to enhance bureaucratic efficiency and provide legal certainty for investors by centralizing licensing authority under the central government. With greater legal clarity, it is expected that investment in the mining sector—both domestic and foreign—will increase, ultimately driving national economic growth. However, this shift also presents challenges, particularly concerning the diminished role of local governments in mining management. Previously, local governments held the authority to oversee, license, and regulate the environmental and social impacts of mining activities. With the centralization of power, concerns have emerged about weakened oversight, potentially leading to uncontrolled resource exploitation.

Moreover, the social and environmental consequences of these changes are complex. The centralization of policies may result in an unequal distribution of economic benefits, with profits flowing primarily to the central government and investors rather than local communities. Environmental issues such as land degradation, water and air pollution, and the displacement of indigenous communities present serious challenges that require careful consideration. Therefore, a more balanced policy approach is essential to ensure that these reforms benefit not only investors but also safeguard regional interests. Strengthening environmental oversight, increasing local government involvement, and striking a balance between investment growth and socio-environmental sustainability are crucial steps that must be taken to create a fair and sustainable mining sector.

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