

CHAPTER I

INTRODUCTION

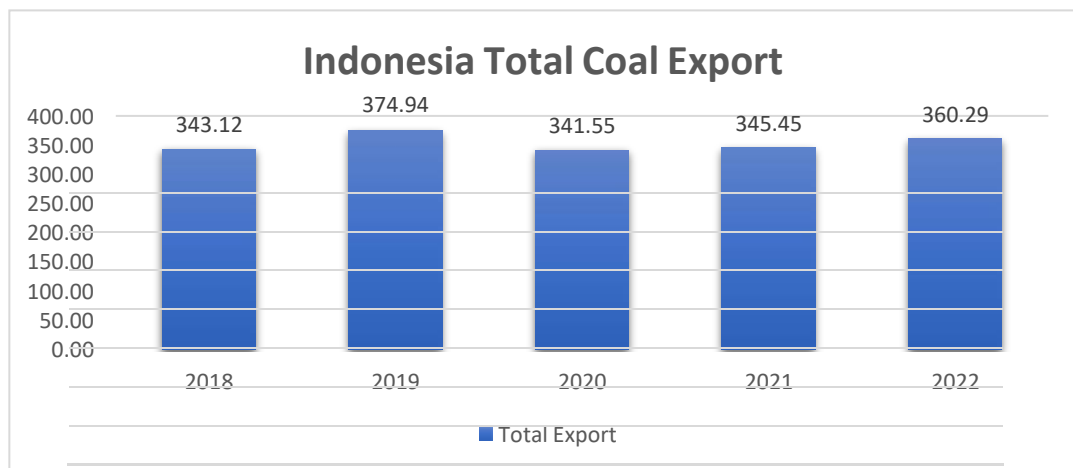
1.1 Background

Coal is one of the world's energy sources. Coal is a very complex organic chemical combination that contains carbon, oxygen, and hydrogen in a carbon chain. Coal, according to Law No. 4 of 2009 of Minerals and Coal, is a deposit of organic carbon molecules that are created naturally from plant leftovers and may burn. In another view, coal is a sedimentary rock (solid) that can burn, is of plant origin, and is brown to black in color, and has been subjected to physical and chemical processes that have increased its carbon content since its deposition (Sukandarrumidi, 1995). Coal is often known as "black gold." It is known as a black, flammable stone. This is correct since the field display reveals a stark distinction between coal and surrounding rock. Many experts define coal, and it's been given multiple meanings in various publications or references. This definition is even more precise in the industrial community, where rocks with a specified degree of quality are considered to have economic value. (Elliot & Yohe, G.R., 1981), a coal geochemist, contends that coal is a chemically and physically heterogeneous sedimentary rock comprising the primary elemental components carbon, hydrogen, and oxygen, as well as sulfur and nitrogen. Additional components, especially ash-forming inorganic compounds (dust), are scattered throughout the coal complex as discrete mineral particles. In summary, coal is a carbonate rock that is solid, brittle, dark brown to black in color, and combustible as a result of chemical and physical plant changes.

Coal is an essential energy source for the world, accounting for over 40% of global power plant fuel use (Anonymous, 2005). For ages, coal has played a significant role in not just generating energy, but also in the manufacturing of steel, cement, alumina processing centers, paper mills, chemical industries, and medicines. There are other coal byproducts such as soap, aspirin, solvents, dyes, plastics, and textiles (Anonymous, 2005).

Coal reserves in Indonesia range from Sumatra to Papua. Large basins, such as those in Aceh, South Sumatra, East Kalimantan, and South Kalimantan, are the most

typical locations for the deposits. According to the Geological Agency(2011), coal resources total 161 billion tons, with reserves of 28 billion tons. Indonesia's coal reserves account for approximately 0.6% of the world's coal reserves. Almost 25% of Indonesia's total coal production is used for internal uses, with the remaining 75% shipped abroad. In 2012, Indonesia overtook China as the world's largest coal exporter and is also the world's second largest coal production (World Coal Institute, 2005). The majority of Indonesian coal is suitable for power production. Indonesian coal has its own market throughout the globe. Some Indonesian coal is sold to China, India, Japan, Africa, Europe, and America. For internal markets, the Indonesia Coal Index or Reference Coal Price is used, however for overseas markets, Indonesia employs an internationally relevant methodology.



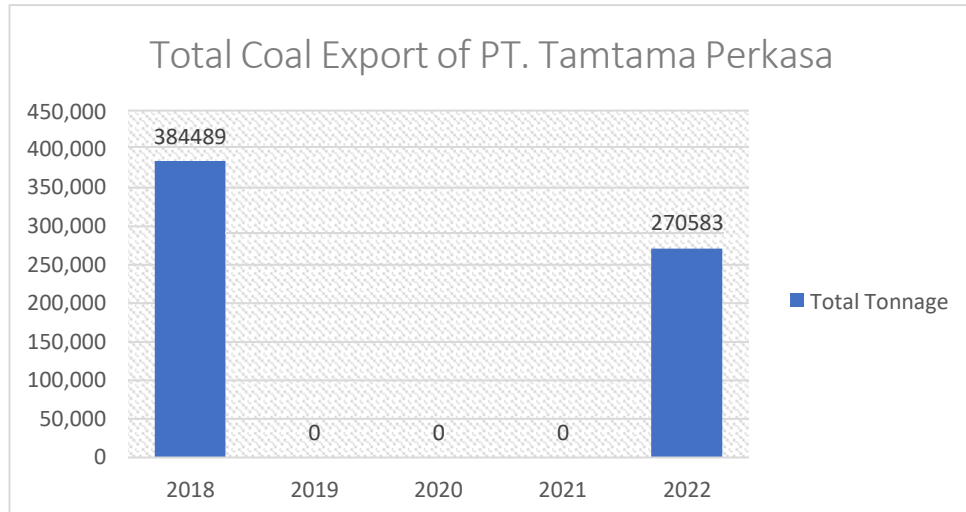
Source: (Badan Pusat Statistik, 2022)

Figure 1.1 Indonesia Total Coal Export (2018-2022)

According to the ((APBI), 2020), 2020 worldwide seaborne demand has been cut down from 980 million tons before the Covid-19 crisis to 895 million tons because to the ongoing coronavirus. Indonesia is a major producer and exporter of coal in the globe. In 2019, Indonesia was the world's second largest coal exporter, shipping 374,935,870 tons of coal worth USD 18,866 million. According to coal export data from Indonesia, Indonesia shipped the most coal to India in 2019, accounting for 25.5% of total shipments. Currently, the State Electricity Corporation uses over 70% of Indonesia's domestic coal production as fuel for power plants. Approximately 10% is used to make cement. The remainder is utilized in industrial fuel or metallurgical operations. The Indonesian government has created a national energy program to promote the use of coal for local uses while decreasing coal

exports. By 2025, Indonesian coal will account for around 33% of overall energy consumption in the country.

Tamtama is a coal mining firm in Central Kalimantan that has been producing high grade thermal coal since 2013. Tamtama has the ability to generate up to 2 million tons of coal each year. Tamtama concession area is located in Barito Utara Regency, Central Kalimantan.



Source: Processed by researcher, 2023

Figure 1.2 PT. Tamtama Perkasa Total Coal Export (2018 – 2022)

In 2018, before Covid-19, PT Tamtama’s total tonnage was 384,489 tons; in 2019, there were no export activities; and in 2020-2021, the market for coal in Tamtama was frozen, resulting in 0 tonnage. However, we can see that during the recovery period following the pandemic in 2022, total coal exports resumed and reached 270,583 tons. But due to the reason the industry just restarted, the demand for coal was not yet normal like the previous year in 2018.



Source: PT Tamtama Perkasa

Figure 1.3 Tamtama Perkasa coal site

1.2 Problem Solving

1. What is the flow chart of business process for coal in PT. Tamtama Perkasa?
2. What are the documents needed to export coal?
3. What caused the market to freeze in 2020-2021?

1.3 Purpose

The purpose of this study is to provide education about exporting coal and the process on how to export coal to other countries.

1.4 Benefit

The benefits of this research are broken down into three categories: those that help students, coal industries, and societies

For students: This research is useful in understanding how to export properly and correctly, so that it can serve as a guideline for students interested in exporting. In addition, researchers use it as one of the requirements for completing Diploma Four education in the International Business Study Program, Faculty of Economics and Business, Padjadjaran University.

For coal industries: This research intends to give information and field circumstances when exports occur, allowing coal firms to better understand what has to be regarded about their export goods.

For community: The benefits of research for the community might include providing fundamental coal information as well as providing extra insight into the processes that occur and how to address them when there are difficulties in the export process that is already running in the field.