

Mining in Indonesia

Now you own it, now you don't

China wants coal. But digging it up is a dirty, dangerous business

Economist

Oct 1st 2011 | JAKARTA | from the print edition

CHURCHILL MINING, a London-listed firm, announced in May 2008 that it had found 150m tonnes of coal in Indonesian Borneo. This was an underestimate. The firm now thinks there are 2.8 billion tonnes, making it the seventh-largest undeveloped reserve in the world.

Alas for Churchill, other people quickly grew interested. The Nusantara Group, a conglomerate controlled by Prabowo Subianto, a politician, had previously controlled the mining in that area. Six companies affiliated with Nusantara held licences for six blocks in the East Kutai district of East Kalimantan province, but did not explore for coal. Those six licences expired between March 2006 and March 2007, after which the district government began offering the mining area to other firms. Churchill entered the picture by acquiring a 75% stake in four new licences for the same area, which had been awarded to the Ridlatama Group, an Indonesian company.

To continue with this article please click here:

<http://www.economist.com/node/21531017>