INDONESIAN GOVERNMENT POLICY IN INCREASING STATE REVENUE THROUGH RAW MATERIAL EXPORT PROHIBITIONS

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ABSTRACT

Purpose: To increase state income and revenues by prohibiting the export of raw materials, especially mining and mineral materials, by converting raw materials into semi-finished or finished materials so that added value can be added.

Method: This study uses normative legal research which examines the policies of the Indonesian government as outlined in Law No. 4 of 2009 concerning Minerals and Coal, which prohibits raw mining and mineral materials from being exported abroad. The research approach is through a qualitative juridical approach, namely by examining it from a legal standpoint as well as providing explanations related to the ban on the export of minerals and minerals.

Results and Conclusions: The policy of prohibiting the export of raw mining and mineral materials generates greater state income and revenue, because it gets a large added value by imposing high taxes, and also opens up employment opportunities and reduces unemployment in Indonesia.

Research implications: The Indonesian government’s policy of prohibiting the export of mineral and mineral raw materials raises pros and cons in the country, but the Indonesian government remains adamant that this policy is to increase state revenues and revenues, added value and employment. Overseas, the government's policy of banning the export of mineral and mineral raw materials is opposed by the United States and the European Union because it will harm them as importers of mineral and raw materials from Indonesia.

Originality/value: Importing countries of mining and mineral raw materials such as China, the United States and Europe have established mining and mineral raw material (Smelteer) processing companies in Indonesia.

Keywords: Policy, Indonesia, Exports, Raw Materials.

POLÍTICA DO GOVERNO INDONÉSIO EM AUMENTAR A RECEITA DO ESTADO ATRAVÉS DE PROIBIÇÕES DE EXPORTAÇÃO DE MATÉRIAS-PRIMAS

RESUMO

Objetivo: Aumentar o rendimento e as receitas do Estado, proibindo a exportação de matérias-primas, em especial de matérias-primas mineiras e minerais, através da conversão de matérias-primas em materiais semiacabados ou acabados, de modo a que possa ser acrescentado valor acrescentado.

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**Método:** Este estudio utiliza pesquisa legal normativa que examina las políticas del gobierno indonesio, conforme descrito en la Ley nº 4 de 2009 sobre Minerales y Carbón, que prohíbe la minería de materias primas y materiales minerales para ser exportados al exterior. La abordagem da investigación é através de uma abordagem jurídica qualitativa, nomeadamente analisando-a de um ponto de vista jurídico, bem como fornecendo explicações relacionadas com a proibição da exportação de minerais e minerais.

**Resultados e Conclusões:** A política de proibições de exportación de materias primas para mineración e minerales gera maior renda e receita do Estado, porque obtém um grande valor agregado pela imposición de altos impostos, aléém de abrir oportunidades de emprego e reduzir o desemprego na Indonésia.

**Implicações da pesquisa:** A política do gobierno indonesio de prohibir a exportación de materias primas y minerales gera prós e contras no país, mas o governo indonesio permanece inflexible de que essa política é aumentar as receitas do estado e emprego. No exterior, a política del gobierno de prohibir a exportación de materias primas y minerales es contestada pelos Estados Unidos e pela Unión Europeia porque vai prejudicá-los como importadores de materias primas y minerales da Indonésia.

**Originalidade/valor:** países importadores de materias primas mineras e minerales, como China, Estados Unidos e Europa, estableceram empresas de procesamiento de mineración e materias primas mineras (Smelteer) na Indonésia.

**Palavras-chave:** Política, Indonésia, Exportações, Matérias-Primas.

**POLÍTICA DEL GOBIERNO INDONESIO PARA AUMENTAR LOS INGRESOS ESTATALES MEDIANTE LA PROHIBICIÓN DE EXPORTACIÓN DE MATERIAS PRIMAS**

**RESUMEN**

**Propósito:** Aumentar los ingresos e ingresos del Estado prohibiendo la exportación de materias primas, especialmente minería y materiales minerales, mediante la conversión de materias primas en materiales semiacabados o terminados para que se pueda agregar valor agregado.

**Método:** Este estudio utiliza investigación legal normativa que examina las políticas del gobierno indonesio, como se describe en la Ley Nº 4 de 2009 sobre minerales y carbón, que prohíbe la extracción de materias primas y materiales minerales para ser exportados al extranjero. El enfoque de la investigación se basa en un enfoque jurídico cualitativo, a saber, examinarlo desde un punto de vista jurídico y proporcionar explicaciones relacionadas con la prohibición de la exportación de minerales y minerales.

**Resultados y Conclusiones:** La política de prohibición de exportación de materias primas mineras y minerales genera mayores ingresos e ingresos estatales, porque obtiene un gran valor agregado al imponer altos impuestos, y también abre oportunidades de empleo y reduce el desempleo en Indonesia.

**Implicaciones de la investigación:** La política del gobierno indonesio de prohibir la exportación de materias primas mineras y minerales plantea pros y contras en el país, pero el gobierno indonesio sigue siendo inflexible en que esta política es aumentar los ingresos y los ingresos del estado, el valor agregado y el empleo. En el extranjero, Estados Unidos y la Unión Europea se oponen a la política del gobierno de prohibir la exportación de materias primas mineras y minerales porque los perjudicará como importadores de materias primas y minerales de Indonesia.

**Originalidad/valor:** Los países importadores de materias primas mineras y minerales como China, Estados Unidos y Europa han establecido empresas de procesamiento de materias primas mineras y minerales (fundiciones) en Indonesia.

**Palabras clave:** Política, Indonesia, Exportaciones, Materias Primas.
1 INTRODUCTION

The Indonesian government has set the goals of national development which are contained in the Preamble to the 1945 Constitution, in the last paragraph, which is to make the duty of the state as the Ruler to provide protection to the entire Indonesian nation and all of Indonesia's bloodshed, to take part in taking a role in promoting public welfare, as well as educating the life of the nation, and taking an active role in efforts to implement world order and peace based on independence, eternal peace and social justice for all Indonesian people. The follow-up to the Preamble of the 1945 Constitution is regulated again in Article 33 Paragraph (3) which provides an explanation regarding everything contained within the territory of the State of Indonesia including that contained within the land and/or on land, controlled by the State and utilized for the greatest prosperity of the people, it is implied meaning that minerals and minerals are part of Indonesia's natural wealth, the availability of which is expected to provide the widest possible benefit for the prosperity of the people. (Firmansyah, 2020)

Quoting the opinion of an expert in the field of environment Emil Salim, with regard to natural resources that are found throughout Indonesia, they are divided into two things, namely natural resources that can be renewed, for example forestry, fisheries, livestock, while natural resources that cannot be renewed, for example petroleum, coal, natural gas, and others. For the results obtained from natural resources, whether renewable or not, it is the foundation for a country that still pays attention to the preservation of natural resources. (Cahyani, 2020)

The potential for natural resources in the form of minerals is scattered in more than 400 locations in Indonesia, starting from the western and eastern parts, such as copper and gold in most of Eastern Indonesia, gold producers are in the Nusa Tenggara Province, nickel is in Morowali, Kolaka, East Luwu, Soroako, all of which are within the province of Sulawesi. For the Eastern Indonesian Archipelago region it is dominated by bauxite producers, and coal producers are in the Kalimantan area and other minerals which are still scattered in various places.

In Regarding the classification of minerals, there is a legal basis that regulates that there is a rule issued by the Government together with the People's Representative Council Number 11 of 1967 which divides three groups of minerals, namely, the first mineral (including oil, coal), the second mineral (gold), iron, sand), and the last is minerals that are not included in the second category, namely minerals such as asbestos, nitrate, river stone, pumice. (Hanifah, 2002)
The minerals and coal found within the mining jurisdiction of Indonesia are considered non-renewable natural resources. These resources are considered a divine gift and play a crucial role in meeting the requirements of numerous individuals. Consequently, it is imperative for the State to exercise control over their management in order to effectively generate tangible benefits. Hence, it is imperative for mining and mineral management to contribute additional value to the domestic economy. In order to accomplish this, the administration of mineral mining must be founded on the principles of advantages, fairness, equilibrium, and congruence with the concerns of the nation and state. (B. Salinding, 2019)

Mineral and coal mining activities, distinct from geothermal, oil and gas, and groundwater mining, play a significant role in generating tangible economic progress and fostering sustainable regional development.

In accordance with this objective, the government persists in its endeavours to incentivize business entities to enhance their operations and achieve significant advancements, thereby augmenting the value of Indonesia's mines and minerals to a level that can foster prosperity for its populace and shape the global mining and mineral trade landscape. The government's commendable efforts to incentivize business entities to enhance the value of mines and minerals are outlined in Law no. 4 of 2009 on Mineral and Coal Mining (Minerba). This legislation establishes the requirement to process and refine mines and minerals within a maximum period of five years from the date of its enactment on January 12, 2009. Consequently, the processing, mining, and mineral refining activities ceased in January 2014. (Febrianto, 2016)

In Indonesia, sources of state revenue can be grouped into revenues from several sectors, as follows: Taxes, Natural Resources, Customs and Excise, Retribution, Fees, Contributions, Profits from state-owned enterprises, and other sources. One of the objectives of the establishment of the state is to provide welfare for its people, increase the dignity of the people to become fully human. Likewise, the Republic of Indonesia as an independent and sovereign country has a goal in running its government. One way to make this happen is through development in all fields, both materially and spiritually evenly based on Pancasila and the 1945 Constitution. In this regard, it implies that the state or the Indonesian government has an absolute obligation to organize people's welfare. (Herman, 2019)

The development of a country necessitates various supporting factors, one of which is the presence of sufficient and dependable sources of income. In order to fund it, it is necessary to have funds. In the contemporary day, the government employs many methods to acquire funds, in addition to self-printing or borrowing. The sources of income typically encompass
several entities, including corporations, government-owned or government-controlled commodities, fines and forfeitures of public interests, inheritance rights over abandoned assets, wills, and other grants. The three categories of dues include taxation, levies, and donations. Regarding Brotodihardjo (2008), the acquisition of this revenue source holds significant importance in facilitating the operations of various tiers of government, since the absence of adequate revenue hinders the efficient functioning of government programmes. Taxation is a significant contributor to state revenue. According to Sinaga (2017), hence, it is imperative to generate governmental money, which can be obtained by taxation on Indonesia's abundant natural resources, including minerals and other resources. The Government of Indonesia has implemented a policy that prohibits the exportation of mining raw materials and minerals as a means to enhance state revenues.

**2 METHOD**

In this study the authors used normative juridical research, research that focuses on the current application of positive legal regulations in Indonesia by collecting data from literature or secondary data which includes primary regulatory material. Using the statue approach, which is a way of approaching through regulations that have something to do with research problems.

Literature study refers to the process of doing library research, which involves studying the ways of collecting data from libraries. This research focuses on exploring specific research topics using various sources of information available in libraries, such as books, Google Scholar, documents, and scientific journals. Literary study, also known as literature review, refers to a scholarly inquiry that involves a critical examination of existing knowledge, ideas, or conclusions within academic literature. Its purpose is to provide theoretical and methodological advancements that address specific issue areas. (Soekanto, 2003)

**3 RESULT AND DISCUSSION**

**3.1 REGULATIONS AND POLICIES REGARDING THE EXISTENCE OF MINES AND MINERALS IN INDONESIA**

According to the stipulations outlined in Article 33 of the 1945 Constitution, it is required that the state assumes control over the land, water, and natural resources encompassed within it, with the intention of using them for the utmost advantage of the populace. The mission
outlined in the 1945 Constitution serves as the foundation for the development of mining and energy sectors, with the aim of effectively using the abundant mineral and energy resources at hand to facilitate sustainable national progress. The mines, minerals, and coal found within Indonesia's mining jurisdiction are considered non-renewable natural resources, bestowed upon us by a divine entity, and play a crucial part in meeting the needs of numerous individuals. Hence, it is imperative for the State to exercise control over its administration in order to effectively contribute to the national economy, thereby fostering wealth and welfare for the populace in a fair and equitable manner. (Suparji, 2019)

Mining is the process of extracting economically valuable mineral resources from the Earth's crust, employing both mechanical and manual methods, both on the Earth's surface and beneath its ocean surface. The categorization of minerals into three distinct types was established by the Government of the Republic of Indonesia by Government Regulation No. 27 of 1980.

1. Group A minerals, consisting of petroleum, liquid bitumen, frozen wax, natural gas, solid bitumen, asphalt, anthracite, lignite coal, radium uranium, thorium, other radioactive minerals, nickel, cobalt, and tin, are classified as strategic minerals;
2. Group B minerals, commonly referred to as vital minerals, encompass a range of elements including iron, molybdenum, chromium, tungsten, vanadium, titan, bauxite, copper, lead, zinc, gold, platinum, silver, mercury, arsenic, antimony, bismuth, yttrium, rhenium, cerium, as well as other rare metals. Additionally, group B minerals include beryllium, corundum, zircon, power crystal, cryolite, fluor spar, barite, iodine, bromine, chlorine, and sulphur;
3. Group C minerals, also known as non-strategic and non-vital minerals. Consists of: nitral, nitrite, phosphate, rock salt (halite), asbestos, talc, mica, graphite, magnesite, yarosite, leucite, alum (alum ocher, gemstones, semi-precious stones, quartz sand, kaolin, feldspar, gypsum, bentonite, diatomaceous earth, fuller earth, pumice, trass, obsidian, marble, slate, limestone, dolomite, calcite, granite, andesite, basalt, trachite, clay, sand, as long as they do not contain group A or group B mineral elements on a significant scale from a mining economic point of view. (Junita Dan Tito Handoko & Publika, 2020).

The categorization of minerals mentioned above is closely linked to the Basic Mining Law of 1967, which underscores that the classification of minerals is determined by their distinct contributions to the nation and state. Group A is a crucial mineral for the country's economy due to its significant contribution to foreign exchange earnings. Group B is a mineral
that holds significant importance in the livelihoods of several individuals, whereas group C is a mineral that is essential for industrial or construction purposes.

Presently, the most renowned mining operations involve the extraction of metal mineral commodities such as gold, copper, nickel, bauxite, and coal. Furthermore, alongside the primary mineral commodities and coal, rock commodities play a significant role in facilitating infrastructure development, particularly in the construction of road infrastructure facilities, housing, and office buildings. The language pertaining to group C minerals, as previously stipulated in Law No. 11 of 1967, has been modified in accordance with Law No. 4 of 2009. Consequently, the term "group C minerals" has been rendered obsolete and substituted with "rock." Mineral and coal mining activities, distinct from geothermal, oil and gas, and groundwater mining, play a significant role in generating tangible economic progress and fostering sustainable regional development. (Dewa et al., 2023)

Since the enactment of Law Number 4 of 2009 on January 12, 2013, pertaining to Mineral and Coal Mining, the primary focus of this legislation is to govern the downstream processing of mining products. The exportation of raw commodities, including minerals and coal, is prohibited until the year 2014. Hence, this legislation requires the establishment of smelters to facilitate the processing of domestic mining output prior to its exportation. The primary objective of the Mineral and Coal Law is to enable Indonesia to harness the economic benefits derived from mining and mineral products, thereby stimulating the country's gross domestic product and facilitating labour absorption. (Mengkuningtyas, 2020)

In accordance with the provisions outlined in the Mineral and Coal Law, the government subsequently enacted Government Regulation (PP) No. 23 of 2010, dated 1 February 2010, which pertains to the execution of Mineral and Coal Mining Business Activities. This regulation stipulates that individuals or entities holding Mining Business Permits (IUP) for production operations and Special Mining Business Permit (IUPK) for production operations are required to give precedence to the domestic requirements for minerals and/or coal. Therefore, it is imperative to restructure the process of obtaining mining business permits for non-metallic minerals and rocks in order to facilitate the growth of the local industry. Moreover, to enhance the involvement of Indonesian individuals in mineral and coal mining operations and to ensure legal assurance for those who wish to extend their Contracts of Work and Coal Mining Concession Work Agreements as Mining Business Permits, Permits (PPs) are subsequently issued. Regulation No. 24 of 2012, issued on 21 February 2012, pertains to the modifications made to Government Regulation Number 23 of 2010, which specifically addresses the execution of mineral and coal mining operations.
Moreover, to enhance the efficacy of mineral ore export controls and promote downstream industries, the government has enacted several regulations, including the Minister of Energy and Mineral Resources Regulation (Perman) No. 7 of 2012, which was subsequently modified by Permen of ESDM No. 11 of 2012, pertaining to the augmentation of mineral value through mineral processing and refining operations. Mineral Processing and Refining Activities, such as metal mineral processing and refining, non-metallic mineral processing, and rock processing, are required to meet specific processing limits in order to increase Value Added and processing obligations. (Setiawan & Horman, 2022)

Under Law Number 4 of 2009 on Mineral and Coal Mining, it is mandatory to process and refine all forms of ore/mining goods and minerals in order to obtain additional value before they may be exported. According to Article 102 of the Mineral and Coal Law, holders of IUP and IUPK must enhance the value of mineral and/or coal resources during the production, processing, and refining of minerals and coal, as well as their utilisation. The implementation of this obligation is scheduled to commence in the year 2014. Due to the implementation of the restriction policy in 2014, several commercial entities have significantly augmented their production and exports. This phenomenon occurs due to the prevailing belief among business entities that the establishment of processing and refining facilities in the mining and minerals sector incurs substantial expenses. Consequently, business actors tend to exploit the transitional period to engage in large-scale production and exportation, as they perceive such endeavours to be financially burdensome. The cost of production remains quite low. It is well acknowledged that the majority of the mining and mineral raw material market is primarily focused on exporting. However, a portion of these resources is also marketed domestically to cater to the demand for more raw materials. Domestic companies, despite sourcing their original raw materials locally, also import these materials. (Ika, 2017)

3.2 IMPACT OF THE PROHIBITION OF EXPORT OF MINING AND MINERAL RAW MATERIALS POLICY

The enactment of Law Number 4 of 2009, which pertains to Mineral and Coal Mining, poses a significant challenge for Indonesia. In 2014, a legislation was enacted to govern the downstream processing of mineral and coal mining products, while also imposing a ban on the exportation of raw materials. This legislation requires the establishment of smelters to facilitate the processing of domestic mining produce prior to its exportation. The primary goals of the
Mineral and Coal Law are commendable: to enable Indonesia to derive value from mining goods, enhance its gross domestic product, and generate employment opportunities.

The objective of the prohibition on the exportation of raw materials is not to impede trade, but rather to harness nickel resources for the advancement of the country by means of the domestic processing network. The prohibition of exporting raw materials, particularly nickel ore, is intended to address the raw material requirements of Indonesian smelters. The ban policy cannot be delayed due to the depletion of mineral riches, particularly nickel, which is irreplaceable. The implementation of Minister of Human Resources Regulation No. 11 of 2019 has resulted in significant challenges, particularly for international investors, since it has led to an increase in the selling price of nickel sourced from Indonesia. Nevertheless, the implementation of this law does not solely impede the acceleration of investment in Indonesia. The Indonesian government facilitates this possibility by offering licences and benefits to both domestic and foreign investors, hence enhancing ease. Presently, Indonesia remains in need of financial support pertaining to the establishment of smelters for refining purposes, the construction of Steam Power Plants to serve as the primary catalyst for nickel processing machinery, as well as the acquisition of expertise and training for human resources capable of effectively operating nickel processing operations. These endeavours necessitate substantial financial resources. In the context of expediting economic growth and development, the Indonesian government has implemented appropriate measures by mandating mining companies to engage in the processing of mining products and prohibiting the exportation of raw materials. These actions aim to enhance international market prices and bolster foreign exchange reserves by promoting the adoption of new renewable energy sources in the foreseeable future. (Wulandari et al., 2023)

In contrast to earlier projections, the implementation of this legislation resulted in a significant increase in mining exploitation. Prior to being prohibited, mine owners engaged in intense competition to extract as much as they could. Consequently, there was a significant increase in the production of several mining commodities. As an illustration, the production of bauxite in 2009 amounted to 783,000 metric tonnes, while in 2011 it rose to 17,634,000 metric tonnes, representing a growth of 2,150 percent. Orenickel commodities experienced a similar trend, with output rising from 5,802,000 wmt in 2009 to 15,973,000 wmt in 2011, representing a significant rise of 175 percent. (B. Salinding, 2019)

Companies in smelter building frequently encounter challenges related to bureaucracy and spatial planning;
First, bureaucracy and regulations in Indonesia often hinder the downstream process. Complicated permitting, land acquisition, and overlapping regulations are the main obstacles. For example, regulations on mine divestment make mine owners reluctant to build smelters. Mine divestment rules force mine owners to divest their shares to the government (local government, BUMN, BUMD) within 10 years. If a mine is integrated with a smelter, of course investors will lose big if the smelter with a large investment value is also divested.

Second, layout. Investments are often constrained by unclear spatial planning. There is still overlap between forestry maps, mining maps, and regional financial planning plans. This overlap, for example with other areas, is a cause of uncertainty.

Third, the availability of infrastructure. Smelters need supporting infrastructure such as electricity to run factories, roads to transport raw materials and processed products, and ports to distribute smelter products. The government failed to provide these infrastructure needs. There are still many damaged roads, inefficient ports, and difficulty getting access to electricity.(Hidayatullah, 2013)

3.3 EFFORTS TO INCREASE STATE INCOME THROUGH A PROHIBITION ON THE EXPORT OF RAW MATERIALS

Indonesia possesses abundant mineral resources, including nickel, gold, silver, bauxite, copper, and tin. However, these resources are not well managed to maximise state revenues and promote the prosperity of the Indonesian population. Presumably, the primary factor is that the majority of mining enterprises primarily engage in the upstream extraction of ore (unprocessed minerals) with minimal additional value. Indonesia has been engaged in this business for almost four decades, earning it the moniker of being a specialist in exporting raw materials.(Ika, 2017)

The mining sector in Indonesia has not effectively contributed to the augmentation of state revenue and the promotion of prosperity among its populace. The primary issue is in the government's prioritisation of the upstream sector, which yields comparatively lower levels of added value in comparison to the downstream industry. The government then implemented a shift in mining management, transitioning from upstream to downstream operations. Law Number 4 of 2009, which pertains to Minerals and Coal, outlines the proposed mining reform. Nevertheless, the execution of the project encountered various technical and budgetary obstacles.(B. Salinding, 2019)

The mineral downstream policy is a fiscal instrument aimed at generating value for minerals, boosting state income, fostering economic growth, generating employment
opportunities, and promoting the well-being of the Indonesian population in a fair and impartial manner. Hence, it is imperative to promptly address the barriers that hinder the effective execution of Law Number 4 of 2009. (Ika, 2017)

Minerals and coal, known as Minerba, found under the mining jurisdiction of Indonesia, are finite natural resources that play a crucial part in satisfying the population's requirements. Hence, it is imperative for the State to exercise control over the management in order to enhance the national economy and promote the prosperity of the Indonesian people, as mandated by the constitution. The mining of minerals and coal has a significant role in generating increased value for state revenues, encompassing both tax and non-tax streams such as royalties and land rent. (Saptono, 2014)

Law No. 4 of 2009, which pertains to Minerals and Coal, encompasses the aforementioned tax regulations. Two articles, specifically article 1 and article 128, govern this matter. According to Article 1, mining encompasses various stages of activity within the research, management, and exploitation of minerals or coal. These stages include general investigation, exploration, feasibility study, construction, mining, processing and refining, transportation and sales, as well as post-mining activities. According to Article 128, individuals who possess IUP or IUPK are obligated to remit state and regional income. The planned source of state revenue encompasses both tax revenue and non-tax state revenue. The tax income under consideration comprises of government-imposed taxes that are governed by rules and regulations pertaining to taxation, customs, and excise. Non-tax state revenue encompasses several sources, including fixed fees, exploration fees, output fees, and remuneration for information data. According to statutory regulations, regional income encompasses several sources such as regional taxes, regional levies, and other legally generated incomes. (Anggraini, 2023)

State revenue refers to the financial resources generated by a state, which serves as a means of financing various state operations and requirements within the context of state development. State revenue, sometimes known as government revenue, encompasses many sources such as taxes, levies, state company profits, fines, and community donations. Taxes are individuals' financial contributions to the government's treasury, as mandated by legislation, which can be enforced without any corresponding benefits that can be immediately demonstrated. These funds are allocated towards covering public expenditures. State revenue in this scenario is derived from both tax and non-tax sources. (Ibnu Samsi, 1994)

The government will utilise the tax revenue to fund a range of governmental initiatives. Taxation serves as the primary means of government expenditure in highly developed nations,
with a portion allocated towards government administration and the remaining portion allocated towards development endeavours. The government allocates funds towards the remuneration of public servants, supports the educational and healthcare systems of the populace, covers military expenses, and provides financial support for diverse forms of essential infrastructure. These expenses will result in an augmentation of budgetary allocations and a rise in the overall level of economic activity within the state. (Ibnu Syamsi, 1994)

4 CONCLUSION

The Indonesian government has implemented a strategy aimed at augmenting state revenues and income by imposing a prohibition on the exportation of raw materials, particularly mining and mineral resources, as stipulated in Law Number 4 of 2009 pertaining to Minerals and Coal. The rationale behind this limitation is to enhance the value-added aspects of mining and mineral products through the transformation of raw materials into semi-finished or finished goods, hence facilitating their exportation. The Indonesian government holds the viewpoint that the processing of raw mining and mineral materials in the country will result in a transformation of the export of mining and mineral materials. Previously, these materials were in the raw material form, but they have now transitioned into semi-finished or finished goods. Transitioning from the raw material stage to the production of semi-finished or finished goods will enhance the value of these products, leading to an increase in state revenue. Additionally, it will generate employment opportunities within the country and facilitate the transfer of people resources and technology.
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