



## Monthly Sector Report (May '26)

This month, several business sectors—including heavy equipment, mining, and used cars—are facing challenges due to the economic slowdown, global uncertainty, regulatory changes, and rising operating costs. These conditions have the potential to dampen market demand and increase business and financing risks. Nevertheless, growth opportunities remain through improved governance, the development of new energy sources, and a shift in market demand toward more efficient and sustainable technologies and products. The following is a summary of the key issues and analysts' views regarding these changes.

### A. Mining: Dynamics of the Coal Industry amidst Geopolitical Turmoil and Export Centralization Policy in 2026

In Indonesia, this sector plays a vital role in the national economy by contributing to government revenue, job creation, and the development of infrastructure and downstream industries. In their operations, mining companies are also required to adhere to the principles of occupational safety, environmental protection, and social responsibility to ensure business sustainability and harmony with local communities. However, in February 2026, war broke out between Israel and the United States against Iran, disrupting global oil and gas supplies and causing fuel prices such as LNG to skyrocket. Consequently, Asian countries turned to coal, increasing demand and driving up Indonesian coal prices. The Ministry of Energy and Mineral Resources (ESDM) and the Directorate General of Taxes (DGT) plan to make tax compliance a mandatory requirement for submitting Mining Work Plans and Budget Estimates (RKAB), targeted for implementation in 2027. Mining companies are required to submit fiscal certificates or tax compliance information to obtain RKAB approval. This will prevent unregistered or delinquent mining companies from defaulting on their obligations and increase state revenue from the mineral and coal sector.

Quoted from CNBC (May 20, 2026), the Government announced the formation of a State-Owned Enterprise (SOE) specifically for exports of several commodities, such as coal, palm oil, and ferroalloys. In response, coal prices collapsed after soaring for three consecutive days. Indonesia's policy has become a major focus for the global coal market. This weakening broke the positive trend of coal prices, which had previously strengthened by 4.4% in three consecutive days. The global coal market is highlighting the Indonesian government's policy of centralizing commodity exports.



Kinerja Harga Batu bara (US\$/ton)



Source: Refinitiv • Get the data • Created with Datawrapper

The global coal market is responding cautiously, as Indonesia is the world's largest thermal coal exporter. Market participants are concerned that new policies could reduce trade flexibility, alter pricing mechanisms, disrupt export contracts, and tighten spot supply in the Asian market. Previously, plans to cut Indonesia's coal production quota in 2026 had already caused several miners to halt spot sales due to regulatory uncertainty. This has led to thin supply liquidity and heightened concerns among buyers in Asia. Importing countries such as the Philippines, Malaysia, Thailand, and Vietnam are considered most vulnerable if Indonesian coal exports are disrupted, as they are heavily dependent on Indonesian supplies.



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(Credit Analyst)

The establishment of a special business entity under Indonesia's commodity export regulations has several impacts on the business sector, particularly mining, plantation, and commodity trading companies. These impacts can be positive or negative, depending on the company's preparedness and the regulations implemented.

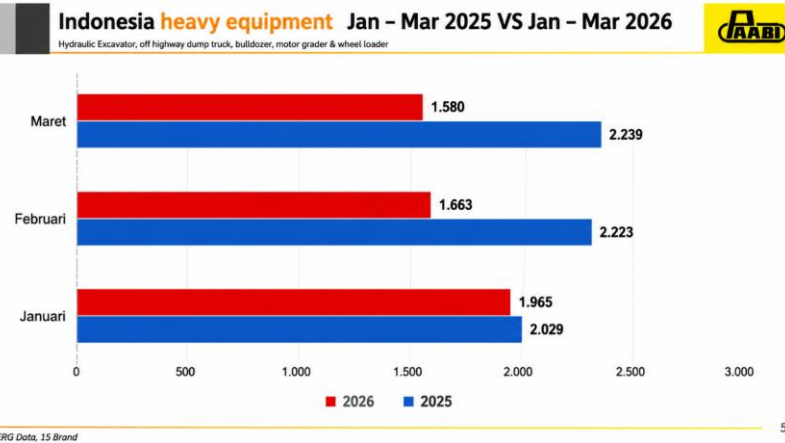
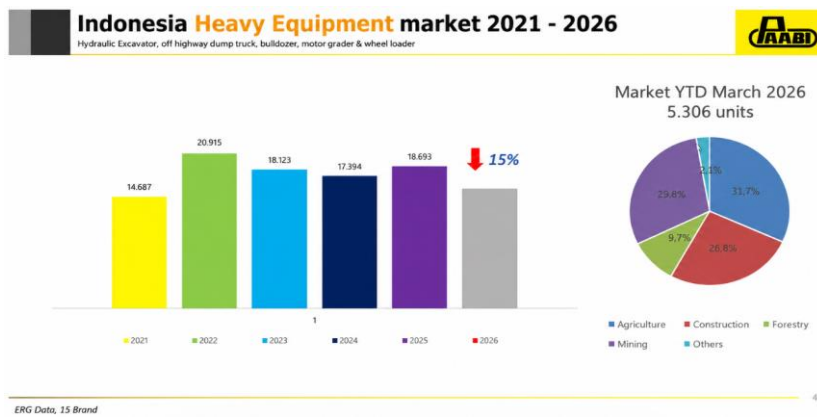
- Positive impact : Improving Good Corporate Governance, Transparency of Export Transactions, Facilitating Supervision of Export Proceeds (DHE), Increasing Company Credibility.
- Negative Impact / Risk : Compliance Costs Rise, Small Companies Struggle to Meet Requirements, Risk of Regulatory Dependence, Potential Short-Term Export Volume Decline.



**B. Heavy Equipment: Heavy Equipment Industry Amid Global Uncertainty: Risks, Diversification, and New Growth Directions**

- Current Conditions in Key Sectors**

According to Davin Christian, Second Chairman of PAABI, Indonesia’s heavy equipment industry in 2026 faces pressure due to U.S.–Iran geopolitical tensions, weakening global commodity prices and demand, and production cuts for coal and nickel in the RKAB. These conditions are expected to cause the heavy equipment market to decline by approximately 15–20% compared to the previous year. To date, the mining sector remains the primary driver of heavy equipment demand, although demand in the mining and minerals sector has decreased by approximately 5–10% compared to the same period last year.



For heavy equipment companies, these conditions have the potential to put pressure on sales, unit utilization, and cash flow due to weakening demand, particularly from the mineral and coal sector. Meanwhile, for financing institutions, these conditions increase credit risk related to the debtors’ ability to pay in the heavy equipment and mining sectors. Therefore, stricter credit analysis, portfolio quality monitoring, and diversification of financing sectors are necessary to minimize risk.



- Sector Diversification

1. Waste-to-Energy (WtE) Program

On April 9, 2026, Danantara Indonesia established PT Daya Energi Bersih Nusantara (Denera) to develop Waste-to-Energy (WtE) projects in Indonesia. Denera itself was established on April 1, 2026, under PT Danantara Investment Management (DIM) to integrate investment, development, and operations of PSEL projects across various regions in Indonesia. The establishment of Denera reflects the government's efforts to accelerate the development of renewable energy while attracting investment for sustainable infrastructure development.

Under its business model, Denera will hold a 30% stake in each PSEL project, while the remaining 70% will be owned by a Business Entity for Development and Management (BUPP) partner. Each project is estimated to require an investment of Rp2.5–2.8 trillion, with a target of constructing 33 WtE facilities and a total investment of approximately Rp91 trillion.



2. B50 Biodiesel Program

The government plans to implement B50 fuel starting July 1, 2026—a blend of 50% palm oil-based biodiesel (FAME) and 50% diesel—as a continuation of the B40 program to reduce diesel imports and strengthen national energy security. The B50 allocation consists of 10.23 million kiloliters for the PSO sector and 9.47 million kiloliters for the non-PSO sector.

Based on trials conducted by the Ministry of Energy and Mineral Resources, the use of B50 does not have a significant negative impact on diesel engine performance. Some components even show an increase in service life, such as engine filters that can be used for up to approximately 30,000 km compared to the standard 10,000 km. Cold start engine tests in the Bromo area also yielded positive results, with a startup time of less than 1 second. The government has also conducted testing across various modes of transportation. Road tests for heavy-duty vehicles covering 40,000 km have been completed with stable results, while tests for light-duty vehicles are targeted for completion by May 2026. Additionally, storage tests for maritime and rail transport are ongoing until October 2026.



Economically, the implementation of B50 is projected to save foreign exchange of up to Rp157.28 trillion and create more than 2.2 million jobs by 2026. From an environmental perspective, the program is targeted to reduce greenhouse gas emissions by 46.72 million tons of CO<sub>2</sub>.

### 3. Green Mining Program

On May 11–13, 2026, LiuGong Indonesia participated in ICEE 2026 at JIEXPO Kemayoran, showcasing the “green mining” concept. At the exhibition, LiuGong displayed a range of **energy-efficient and electric-powered heavy equipment designed to support operational efficiency and reduce emissions in the mining sector.**

The products introduced included the 50-ton capacity L8600DE Electric Heavy Dump Truck, the 975F excavator, and the SLT-400 Solar Light Tower, which can operate for up to 12 hours using solar power and lithium batteries. This participation demonstrates LiuGong’s commitment to supporting a more sustainable transformation of the mining industry while expanding industrial collaboration at ICEE 2026.

- **Other Issues:**

1. **National Capital City (IKN) Infrastructure Project** – the project has not yet yielded rapid growth; the process has slowed down and is being implemented in phases to align with fiscal conditions, infrastructure development, and the new government’s priorities.
2. **Rupiah Volatility** – The strengthening of the U.S. dollar has both positive and negative impacts on demand for heavy equipment. On one hand, commodity exporters such as coal and nickel can generate higher revenue from exports. However, on the other hand, the prices of imported heavy equipment and spare parts become more expensive, causing businesses to delay purchasing new units and increasing financing risks.



**Nadya Citra Multasya**  
(Credit Analyst)

Overall, the heavy equipment industry in 2026 will continue to face pressures stemming from a slowdown in the mining sector, global geopolitical uncertainty, declining demand for commodities, delays in the IKN project, and volatility in the rupiah exchange rate. These conditions have the potential to dampen heavy equipment sales and increase financing risks.

However, growth opportunities remain open through the acceleration of renewable energy programs and the transition toward a sustainable industry, such as the implementation of B50, Waste-to-Energy (WtE) projects, and the adoption of green mining technologies. This indicates that demand for heavy equipment supporting energy efficiency and sustainability still holds positive prospects for the future.



### C. Used Cars: Rising Diesel Prices Hamper Sales of Used Diesel Cars

The surge in non-subsidized fuel oil (BBM) prices is starting to hit the used diesel car market in Indonesia. A number of popular models such as the Mitsubishi Pajero Sport and Toyota Fortuner diesel are starting to lose their appeal in the eyes of consumers. PT Pertamina previously officially increased the price of non-subsidized fuel sold at gas stations starting April 18 2026. Based on the company's official website, the price of Dexlite jumped to IDR 23,600 per liter from previously IDR 14,200 per liter. Meanwhile, Pertamina Dex increased to IDR 23,900 per liter from the previous IDR 14,500 per liter.

**RESMI! PER 4 MEI 2026**

# HARGA BBM TERBARU 2026

**PERTAMINA NAIKKAN HARGA BBM NON SUBSIDI**

PT Pertamina (Persero) resmi menaikkan harga Bahan Bakar Minyak (BBM) non subsidi di SPBU per 4 Mei 2026. Kenaikan berlaku untuk beberapa jenis BBM, berikut rincian lengkapnya.

BBM YANG NAIK		TIDAK MENGALAMI PERUBAHAN	
<b>PERTAMAX TURBO (RON 98)</b>	<b>DEXLITE</b>	<b>PERTAMAX (RON 92)</b>	<b>PERTAMAX GREEN 95</b>
<b>Rp 19.900</b>	<b>Rp 26.000</b>	<b>PERTALITE (RON 90)</b>	<b>SOLAR SUBSIDI</b>
per liter	per liter		
Sebelumnya Rp 19.400	Sebelumnya Rp 23.600		
<b>PERTAMINA DEX</b>			
<b>Rp 27.900</b>			
per liter			
Sebelumnya Rp 23.900			

**BERLAKU MULAI: 4 MEI 2026**  
DI SELURUH SPBU PERTAMINA

“Penyesuaian harga ini mengikuti perkembangan harga minyak dunia dan kurs rupiah. Pertamina tetap berkomitmen menyediakan energi berkualitas untuk masyarakat Indonesia.”  
– PT Pertamina (Persero)

**INFO RESMI & TERUPDATE:**  
[www.pertamina.com](http://www.pertamina.com)

The rise has not stopped. As of May 4 2026, the price of Dexlite will increase again to IDR 26,000 per liter, while Pertamina Dex will reach IDR 27,900 per liter. This drastic price increase is starting to impact the used diesel vehicle market. Founder and CEO of Otospector and used car dealer Otos.id, Jeffrey Andika, said that the decline in demand was starting to be felt in partner showrooms. Jeffrey admitted that he had not received exact figures regarding the magnitude of the decline in demand or the price correction for used diesel cars. Even so, he said complaints about the sluggish market were starting to be heard from showroom operators.

The main reason consumers buy diesel cars so far is fuel efficiency. However, the increase in non-subsidized diesel prices has changed these considerations completely. **Potential buyers currently tend to monitor government policies regarding the availability and stability of energy prices for the future.**

In the midst of weakening demand, the supply of used diesel cars from consumers is said to have not experienced a significant increase. This means that vehicle owners still tend to hold back on selling their units. Even so, dealers are said to have started taking anticipatory steps by limiting the purchase of used diesel vehicle stock so that the risk of unit build-up can be reduced. Apart from that, correcting the selling price so that vehicle units immediately change hands to consumers. The decision to reduce profit margins was



taken so that business capital would not be invested for too long in units whose interest was declining drastically.



**Riko Sanjaya**  
(Credit Analyst)

The sharp increase in non-subsidized fuel prices, especially Dexlite and Pertamina Dex, shows that the used diesel vehicle market in Indonesia is very dependent on fuel efficiency factors. When operational costs increased drastically, consumer interest in diesel cars also decreased because the economic advantages that had previously been the main attraction began to disappear. This condition not only affects people's purchasing power, but also forces used car businesses to adjust their strategies by limiting stock and reducing profit margins to avoid greater losses. If fuel prices continue to be unstable, the downward trend in demand for diesel vehicles is expected to continue and could encourage consumers to switch to vehicles that are more energy efficient or based on alternative technologies.

#### Source:

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