



## NEW FOREIGN EXCHANGE POLICY MECHANISM FOR NATURAL RESOURCE EXPORTS IN 2025: IMPLICATIONS AND CHALLENGES

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### Abstract:

This article analyzes the new policy on the management of foreign exchange earnings from the export of natural resources (SDA) as regulated under Government Regulation Number 8 of 2025, which will be implemented starting in 2025. The policy mandates exporters to place 100% of their export foreign exchange proceeds within the national financial system for a minimum period of 12 months. The primary objectives of this regulation are to strengthen Indonesia's foreign exchange reserves, maintain the stability of the rupiah exchange rate, and reduce dependence on foreign debt. The policy applies to several strategic sectors, including mining (excluding oil and gas), plantations, forestry, and fisheries. Its implementation is expected to generate positive impacts, particularly in increasing foreign exchange reserves and fostering a more stable and conducive investment climate. However, the policy also presents challenges, especially in relation to liquidity management and cash flow constraints for exporters, particularly small and medium-sized enterprises. To support compliance, the government offers various incentives, such as competitive interest rates, tax incentives, and access to financing facilities based on export foreign exchange funds. Additionally, the reporting and supervisory mechanisms involving relevant authorities will be strengthened to ensure transparency and effectiveness. This article discusses the policy's mechanisms, implications, and challenges, and provides recommendations to support effective implementation and sustainable economic development in Indonesia.

**Keywords:** Exchange Rate Stability, Export Revenue, Natural Resources

### 1. Introduction

Natural resources (SDA) are one of the main pillars of the Indonesian economy. Our country is blessed with abundant natural resources, ranging from mining products such as coal and nickel, to various other minerals, as well as products from the plantation, forestry, and fisheries sectors. Exploitation of natural resources plays an important role in supplying the country's foreign exchange through exports. However, the management of foreign exchange from natural resource exports has faced a number of challenges that have an impact on national economic stability, especially related to foreign exchange reserves and the rupiah exchange rate.<sup>1</sup>

In the midst of the era of globalization and global economic uncertainty, maintaining the stability of the rupiah exchange rate is very important. Sharp fluctuations in the exchange rate can disrupt the investment climate, affect people's purchasing power, and potentially harm economic growth. One factor that affects exchange rate stability is the flow of foreign

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<sup>1</sup> Sekretariat Kabinet Republik Indonesia, *Government Issues New Regulation on Foreign Exchange Retention* (Jakarta: Pemerintah Republik Indonesia, 2025).

exchange in and out of the country. If foreign exchange from natural resource exports is not managed properly, this can cause volatility that has implications for the instability of the rupiah exchange rate.

So far, policies in managing foreign exchange from natural resource exports in Indonesia have been considered ineffective in maximizing benefits for the national economy. Many exporters choose to place their export proceeds outside the national financial system or convert their foreign exchange partially, so that the country's foreign exchange reserves cannot be optimal. This condition has the potential to weaken Indonesia's bargaining position in facing global economic uncertainty and volatility in the international financial market.

In response to this situation, the Indonesian government has taken a strategic step by issuing a new policy on the mechanism for managing foreign exchange from natural resource exports, which will be effective in 2025. Government Regulation Number 8 of 2025 is a legal reference that regulates the obligation of natural resource exporters to place 100% of their foreign exchange from exports in the national financial system for a minimum of 12 months in a special account. This policy is expected to strengthen the country's foreign exchange reserves, support the stability of the rupiah exchange rate, and reduce dependence on foreign debt.

This new policy is a significant change in the governance of foreign exchange from natural resource exports. Previously, exporters were only required to place part of their foreign exchange from exports, and many of them used this foreign exchange for overseas needs or investments outside the national financial system. With the obligation to place 100% of foreign exchange domestically, the government seeks to ensure that foreign exchange from natural resource exports can be optimally utilized for the benefit of national development and maintaining economic resilience.

However, the implementation of this policy also faces several challenges. Exporters need to adjust their cash flow management, because funds received from exports must be stored in a special account for a full year. This can create additional transaction costs and liquidity risks for companies, especially for small and medium enterprises that have limited capital. More complex administrative and reporting processes will also be an additional burden for exporters.<sup>2</sup>

To address these challenges, the government provides various incentives, such as competitive interest rates on foreign exchange placement accounts, tax relief, and access to financing based on foreign exchange from exports. These incentives are expected to encourage exporters to comply with the new provisions while maintaining the continuity of their businesses. In addition, the government has also prepared implementing regulations and an integrated cross-authority reporting system so that supervision and management of foreign exchange from exports can run effectively and transparently.<sup>3</sup>

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<sup>2</sup> Kompas English, "Boosting State Foreign Exchange Reserves: Exporters Must Place All Foreign Exchange Domestically," Kompas English, 2025, <https://english.kompas.com>.

<sup>3</sup> Kompas English, "Parking of Export Foreign Exchange Needs to Be Flexible so It Does Not Pressure Exporters," Kompas English, 2025, <https://english.kompas.com>.

In the context of sustainable development, this policy has very important implications. With more orderly foreign exchange management, the government can allocate resources more efficiently for sustainable infrastructure, education, and health development programs. In addition, a more stable rupiah exchange rate will create a favorable investment climate for the development of downstream industries and economic diversification, thereby reducing dependence on exports of raw natural resources that are vulnerable to fluctuations in global commodity prices.

Overall, the implementation of the new mechanism for foreign exchange policy from natural resource exports that will be effective starting in 2025 is a strategic step by the government to strengthen the foundation of the national economy. This policy not only emphasizes fiscal and monetary aspects, but also includes social and environmental dimensions through responsible and sustainable management of natural resources. Therefore, a deep understanding of the implications and challenges faced by this policy is very important for all stakeholders, from the government, business actors, to the wider community.

This article will comprehensively review the new mechanism of the foreign exchange policy for natural resource exports, the implications that arise from the implementation of this policy, the challenges that must be faced, and the strategies that can be adopted to optimize the benefits of this policy for national development and the stability of the Indonesian economy in the future..

## 2. Research Methode

This study adopts a descriptive qualitative approach to analyze the mechanism of the new natural resource export foreign exchange policy that will be implemented in 2025, as well as the implications and challenges that may be faced by the national economy. The qualitative approach was chosen so that researchers can gain a deeper understanding of this policy, the context of its implementation, and the views of various parties involved.

- Data Collection

Primary data were obtained through in-depth interviews with economists, government officials who play a role in managing export foreign exchange, and business actors in the natural resource sector. These interviews aim to explore the views, experiences, and challenges faced in implementing the new policy. In addition, secondary data were taken from official government documents, laws and regulations, policy reports, and relevant academic literature and articles related to the natural resource export foreign exchange policy.

- Data Analysis

The data that has been collected is then analyzed descriptively using literature study and content analysis techniques. Researchers conduct a review of the contents of documents and interview results to find patterns, themes, and key issues related to the policy mechanism, economic impacts, and challenges in its implementation. In addition, this analysis also compares new policies with existing policies, in order to assess the changes and implications caused. With this approach, researchers can

compile a comprehensive picture of the effectiveness and constraints of policies in the context of macro and micro economies.

- Data Validity

In an effort to ensure data validity, this study applies source triangulation techniques. This is done by comparing data from interviews, official documents, and academic literature. Researchers also re-check (member checking) with sources to ensure accuracy in data interpretation.

- Research Limitations

This study does not involve quantitative data or statistical methods, because the focus is on qualitative understanding and in-depth analysis of the policy. As a result, the results of the study are more descriptive and interpretative, which are expected to be the basis for further quantitative research on the economic impact of this policy.

By using this method, the study is expected to contribute to a comprehensive and contextual analysis of the new mechanism of foreign exchange policy from natural resource exports, as well as offer strategic recommendations to overcome implementation challenges in order to support national economic stability.

### 3. Discussion

In this article, we will thoroughly examine three main aspects related to the new mechanism of the foreign exchange policy for exports of natural resources (SDA) which will come into effect in 2025. The three aspects include: (1) The mechanism and regulation of the new policy, (2) The economic and social implications of this policy, and (3) The challenges and strategies in implementing the policy. This discussion will provide a comprehensive overview of the technical aspects, possible impacts, and solutions to overcome the various obstacles that arise.<sup>4</sup>

#### 3. 1 New Policy Mechanism and Regulation for Foreign Exchange from Natural Resource Exports

Indonesia, as a country rich in natural resources, plays an important role in the national economy through natural resource exports. However, the management of foreign exchange from exports has not been as optimal as expected. Much of the foreign exchange generated from natural resource exports is not fully integrated into the national financial system, so that the country's foreign exchange reserves are less than optimal and risk causing volatility in the rupiah exchange rate. To address this challenge, the government has issued Government Regulation Number 8 of 2025 which regulates a new mechanism for managing foreign exchange from natural resource exports. This policy will be effective starting March 1, 2025, requiring all natural resource exporters to place 100% of their foreign exchange from exports in the national financial system for a minimum of 12 months.

This policy is implemented in the mining sector (except oil and gas), plantations, forestry, and fisheries. The oil and gas sector continues to follow separate regulations. By covering these broad sectors, this policy targets key commodities that have been significant sources of

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<sup>4</sup> AHP Legal, Indonesia Updates Rules for Foreign Currency from Natural Resources Exports with New Regulation (Jakarta: AHP Legal, 2024).

foreign exchange for Indonesia, such as coal, nickel, palm oil, timber, and fishery products. Exporters are required to open a special account at a domestic bank to place all of their export proceeds. Funds deposited in the account cannot be transferred or used for a period of 12 months, except for purposes determined by the government, such as payments for raw material imports or investments that support export activities.

This mechanism is different from the previous policy which only required partial foreign exchange placement. Previously, exporters were allowed to use part of their export proceeds outside the national financial system, so that foreign exchange reserves were not managed optimally. The main objective of this policy is to strengthen the country's foreign exchange reserves as the main instrument in maintaining the stability of the rupiah exchange rate and national economic resilience. Solid foreign exchange reserves can provide protection against external pressures such as global financial market turmoil, commodity price fluctuations, and global economic uncertainty.<sup>5</sup>

Moreover, this policy aims to reduce dependence on foreign debt by maximizing the use of foreign exchange from exports to finance domestic development. Thus, this policy is a government step to strengthen national economic independence and create a stronger foundation for sustainable development.

The government also issued implementing regulations governing reporting procedures, supervision, and sanctions for exporters who do not comply with the provisions. A reporting system involving Bank Indonesia, the Ministry of Finance, the Ministry of Trade, and other relevant authorities will be built to ensure transparency and effectiveness in the management of foreign exchange from exports. Strict and systematic supervision is very important in preventing practices of avoiding obligations, such as placing funds outside the national financial system or illegal diversion of foreign exchange. With an integrated reporting system and clear sanction mechanisms, the government seeks to create transparent and accountable foreign exchange governance.

### 3. 2 Economic and Social Implications of the New Policy

The implementation of a new mechanism for managing foreign exchange from exports of natural resources has various significant implications, both from a macroeconomic and microeconomic perspective, as well as social impacts that require serious attention.

#### a. Strengthening Foreign Exchange Reserves and Rupiah Exchange Rate Stability

One of the most striking impacts of this policy is the strengthening of Indonesia's foreign exchange reserves. With the implementation of the obligation to facilitate 100% of foreign exchange from exports into the country, the amount of foreign exchange flowing into the national financial system has increased substantially. Strong foreign exchange reserves are crucial to ensuring the stability of the rupiah exchange rate against foreign currencies. The stability of the rupiah exchange rate has a positive domino effect on the national economy. With a stable exchange rate, investor confidence increases, risks in international trade transactions are reduced, and

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<sup>5</sup> Sekretariat Kabinet Republik Indonesia, Government Regulation No. 8 of 2025 on Foreign Exchange from Natural Resources Export (Jakarta: Pemerintah Republik Indonesia, 2025).

people's purchasing power is maintained. Thus, this policy plays an important role in creating a conducive and sustainable economic climate. Furthermore, strengthening foreign exchange reserves also improves Indonesia's bargaining position in international negotiations, both in the trade and financing sectors. This is very important to face the uncertainty in the global economy and the potential for financial crises in the future.

b. Impact on Exporters' Liquidity and Cash Flow

However, on the other hand, the obligation to place foreign exchange for 12 months can potentially cause liquidity pressure for exporters, especially for small and medium enterprises (SMEs) that are highly dependent on fast cash flow for daily operational activities. Funds that are "locked" in a special account can limit their financial flexibility, which has the potential to slow down business expansion, innovation, and even threaten business continuity. Exporters need to make adjustments in financial management that are quite complex in order to be able to meet foreign exchange placement obligations without disrupting their business activities. This requires mature financial planning and an effective liquidity risk management strategy. In addition, administrative costs and banking transactions related to placing funds in a special account can also be an additional burden for exporters. Therefore, support and incentives from the government are very important so that this burden does not burden business actors.

c. Government Incentives and Support

To mitigate the negative impacts that may arise, the government provides various incentives, such as competitive interest rates for funds placed, tax relief, and access to financing based on export proceeds. These incentives are designed to encourage compliance while ensuring the sustainability of exporters' businesses. The government has also initiated mentoring and training programs for business actors, especially SMEs, to improve their financial management capacity and understanding of this new mechanism. This support is important so that the policy does not become a burden for business actors. Furthermore, the government can develop a short-term financing scheme that utilizes foreign exchange funds placed as collateral, so that exporters still have access to liquidity even though their funds are "locked". This scheme is expected to help maintain the operational continuity and business expansion of exporters.<sup>6</sup>

d. Social Impact and Sustainable Development

Better foreign exchange management opens up opportunities for the government to allocate funds more optimally in social and infrastructure development programs. With better economic stability, the government can increase investment in the education, health, and environmental sectors, which in turn will support sustainable development and improve people's welfare, especially in areas that produce natural resources. In addition, stable economic conditions also contribute to the creation of wider employment opportunities and improve people's quality of life. Thus, this policy

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<sup>6</sup> SSEK Legal Consultants, *Indonesia Natural Resources Sector – New Requirements for Depositing Foreign Exchange Export Proceeds* (Jakarta: SSEK, 2025).

not only has a positive impact on the macroeconomic aspect, but also brings significant social benefits.

e. Impact on Downstream Industries and Economic Diversification

The stability of foreign exchange and the rupiah exchange rate creates an investment climate that supports the development of downstream industries. This is very important to reduce Indonesia's dependence on exports of raw natural resources (SDA), which are often affected by global price fluctuations. With the implementation of this policy, it is hoped that there will be an acceleration in more sustainable economic diversification. The development of downstream industries will not only increase the added value of SDA products, but also has the potential to create new jobs and strengthen the foundation of the national economy. Therefore, this foreign exchange management policy acts as a catalyst in the transformation of the Indonesian economy<sup>7</sup>

### 3.3 Challenges and Strategy for Policy Implementation

Although this new policy offers various benefits, its implementation faces a number of challenges that need to be anticipated so that the policy objectives can be achieved optimally.

a. Challenges in Managing Exporter Cash Flow

One of the main challenges faced is the liquidity burden that must be borne by exporters due to the placement of foreign exchange for 12 months. Companies need to adjust their financial management so that they do not experience disruption due to restrictions on the use of these funds. This becomes even more complicated for small and medium-sized businesses that have limited capital. In addition, uncertainty related to commodity price fluctuations and global market demand adds complexity to exporters' financial management. They must be able to anticipate this risk so that they do not face liquidity difficulties throughout the foreign exchange placement period.

b. Readiness of Infrastructure and Reporting Systems

The implementation of this policy requires an integrated and reliable reporting and supervision system. Banks and related institutions need to ensure that their information technology systems are able to process data in real time and transparently. The readiness of this infrastructure is key to success in supervision and enforcement of regulations. No less important, intensive training and socialization are needed for all related parties so that they understand the reporting procedures and obligations that must be fulfilled. This is important to minimize administrative errors that can lead to legal and operational problems.

c. Compliance and Supervision

In this case, strict law enforcement and supervision are a must so that exporters do not avoid obligations by means such as placing funds outside the national financial system or illegally diverting foreign exchange. The government needs to improve coordination between institutions and strengthen supervisory capacity. Strict and

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<sup>7</sup> Indonesia Business Post, "RI Imposes 100 Percent Domestic Retention of Export Proceeds for Key Commodities," Indonesia Business Post , 2025, <https://indonesiabusinesspost.com>.

transparent sanctions should be applied to violators to provide a deterrent effect. However, the supervisory approach must also be educational and supportive, so that exporters feel supported, not excessively burdened.

d. Government Strategy in Overcoming Challenges

The government needs to continue to communicate and collaborate with business actors to understand the obstacles faced and offer appropriate solutions. Providing attractive and flexible incentives is also an important strategy in increasing compliance. One initiative that can be taken is to develop a short-term financing scheme, where the foreign exchange funds placed can be used as collateral. Thus, exporters still have access to liquidity even though the funds are forced to be "locked". In addition, the development of a digital system that facilitates reporting and monitoring can speed up the administrative process and increase transparency.<sup>8</sup>

e. The Role of Stakeholders and Multi-Party Collaboration

The success of this policy also depends on the active role of various stakeholders, including exporter associations, banks, and supervisory institutions. Multi-party collaboration is essential to create a transparent, efficient, and sustainable foreign exchange management ecosystem. Furthermore, it is important to involve academics and research institutions in periodic evaluations of this policy. This will allow for improvements and adjustments based on valid data and analysis. With this approach, the policy is expected to remain relevant and adaptive to economic dynamics, both nationally and globally.

#### 4. Conclusion

The new mechanism for foreign exchange policy from natural resource exports that will be implemented in 2025 is a strategic step taken by the Indonesian government to strengthen national foreign exchange management while maintaining economic stability. This policy requires exporters to place 100% of foreign exchange from exports in the national financial system for a minimum of 12 months. Thus, it is expected to increase the country's foreign exchange reserves, strengthen the rupiah exchange rate, and reduce dependence on foreign debt.

The implementation of this policy is expected to bring various positive impacts, such as increasing macroeconomic resilience, increasing investor confidence, and opportunities for developing downstream industries that support economic diversification. However, challenges also arise, especially related to liquidity and cash flow for exporters, especially small and medium enterprises, as well as the need for infrastructure readiness for adequate supervision and reporting.

To overcome these challenges, the government needs to provide attractive incentives, strengthen a transparent and effective supervision system, and establish close collaboration with various stakeholders, including business actors, banks, and supervisory institutions. A

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<sup>8</sup> Otoritas Jasa Keuangan (OJK), Financial System Stability amid Global Economic Growth Divergence and Global Financial Market Uncertainty (Jakarta: OJK, 2024).

comprehensive and adaptive approach is needed so that this policy can run optimally and provide maximum benefits for sustainable economic development in Indonesia. Thus, this new mechanism for foreign exchange policy from natural resource exports will not only function as an instrument in macroeconomic management, but will also become an important basis for encouraging inclusive and sustainable economic growth in the future.

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