S&P Global
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Bulletin:

Execution Risks Lurk In Indonesia's Resource Export Plan

May 21, 2026

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*(**Editor's Note:** S&P Global Ratings believes there is a high degree of unpredictability around the duration and scale of the Middle East war and its potential effect on commodity prices, supply chains, economies, and credit conditions. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential shifts and reassess our guidance accordingly.)*

This report does not constitute a rating action.

SINGAPORE (S&P Global Ratings) May 21, 2026--Indonesia's plan to increase its control of the export of some natural resources and raise government revenue collected from this sector carries execution risks. Poor execution could hurt the sovereign's credit metrics.

The country's move to centralize the export of key commodities could be difficult to implement quickly. The abrupt policy announcement has a short implementation period (about three months), increasing the chance of execution stumbles. The result may be disruptions to trade.

Many businesses are already contending with supply-chain interruptions stemming from the war in the Middle East, as well as changes to production quotas, benchmark pricing formula, royalties, and fees. The new plan could hit Indonesian exports, squeezing government revenues and the country's balance of payments.

These factors create greater downside uncertainty to our ratings on Indonesia (BBB/Stable/A-2).

The new measure may also hurt business confidence and investor sentiment. If investors view the country's policymaking as less predictable, investment may slow, potentially affecting economic growth. Capital outflows could also pick up.

On May 20, 2026, the Indonesian government announced that a new state-owned enterprise (SOE) will be the sole exporter of certain commodities. The commodities include crude palm oil, coal, and iron alloy. Between the beginning of June 2026 and the end of August 2026, the government requires private exporters to move buyer contracts to the SOE, Danantara Sumberdaya Indonesia. Foreign buyers will then deal directly with the company for the export of affected commodities.

The government said this move would increase public revenue. It added that the current export regime results in practices such as under-invoicing and improper transfer-pricing that reduce government revenue. Under the new export regime, the government also aims to ensure that selling prices are in line with international benchmarks.

The new measure seeks to improve the government revenue base, which has been a longstanding weakness of Indonesian sovereign credit metrics. General government revenue in Indonesia has amounted to only about 15% of GDP in recent years. This is well below the revenue ratios of most sovereigns in emerging and developing Asia.

Raising the revenue ratio could boost fiscal resilience. In strained macro conditions, budget deficits may widen by less. Increases in financing costs will also affect budgetary flexibility less since interest payments will be a smaller share of government revenue. A larger revenue profile, if achieved, would mitigate the impact of credit-negative scenarios.

Related Research

- Southeast Asia Sovereigns: A Prolonged Energy Shock Would Erode External And Fiscal Buffers, April 13, 2026
- Reviving Investor Confidence Is Key For Indonesian Sovereign Support, Feb. 18, 2026
- Indonesia Ratings Affirmed At 'BBB/A-2'; Outlook Stable, July 29, 2025

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