

## Covert Corruption In Tin Trade Policy As A Form Of Threat To Environmental Security

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### Abstract

*Corruption is a major enemy of this nation that must be eradicated. The fight against various forms of corruption, from this perspective, is a dynamic within the realm of environmental security. This domain focuses on threats and risks related to the management of environmental resources, rather than threats from external aggression. It emphasizes the regulation of state resource governance to ensure that these resources are fully utilized for the welfare of the people. Public policy becomes a strategic arena that is structured to contribute to national development. However, such policies are implemented by state actors and, in practice, can be "opened up" for personal gain.*

*Article 4, paragraph (2) of Indonesian Law No. 3 of 2020 on Mineral and Coal Mining (Minerba) states that the control of mineral and coal resources lies with the State. This means that only the central government holds the authority over their governance, which in turn centralizes the potential for corruption.*

*This qualitative descriptive study aims to investigate how policy corruption becomes a threat to national security by further analyzing the tin trade governance within the mining concession area of PT Timah from 2015 to 2022. The academic findings conclude that in the case of the tin trade governance in PT Timah's mining concession from 2015 to 2022, state actors specifically officials from the Directorate General of Mineral and Coal at the Ministry of Energy and Mineral Resources (ESDM) unlawfully altered the 2019 Work and Budget Plan. These actions were carried out in collusion to benefit themselves and illegal tin mining operations, including foreign investors dominating this strategic sector. Novelty: The emphasis on asset recovery efforts as a form of impoverishment for corruptors, intended as a deterrent.*

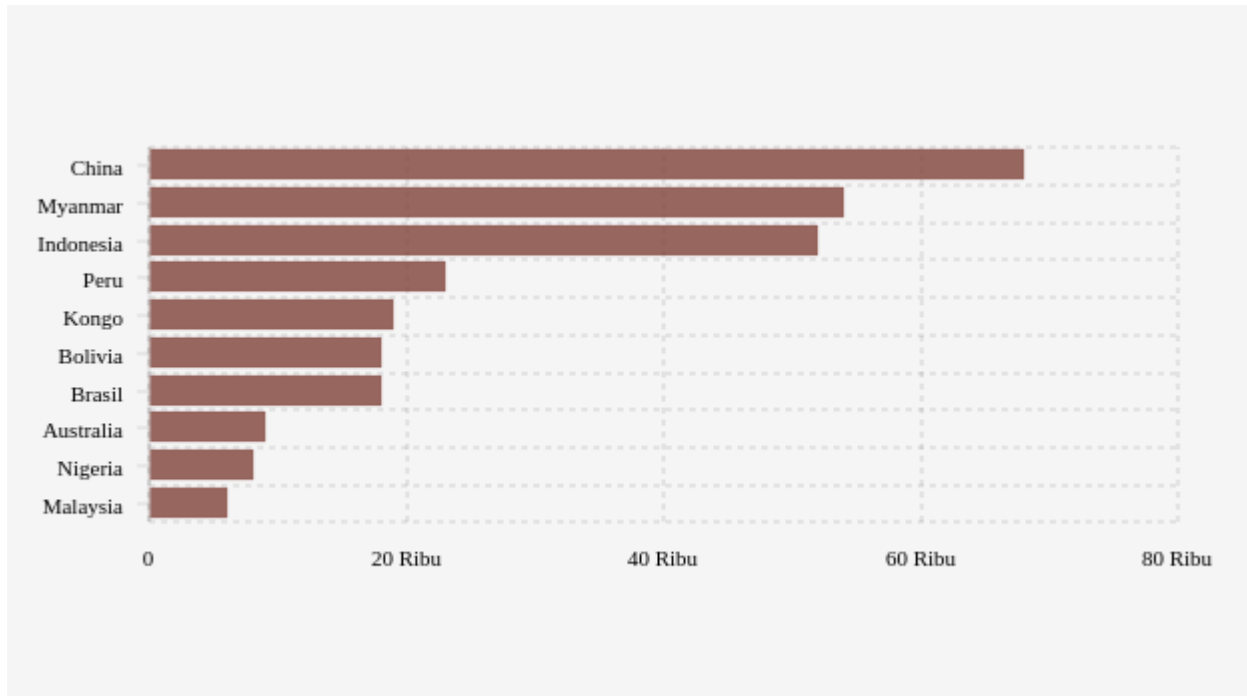
## 1. Introduction

Non-traditional security includes all matters related to threats and risks concerning natural resource management and human well-being (Buzan and Hensen, 2009). In the mining sector, or Minerba, tin is a commodity that brings both blessings and is massively corrupted among stakeholders. Allegations of covert corruption in the tin trade have now become the focus of the Attorney General's Office in its efforts to prosecute and uncover corruption in this commodity. The modus operandi involves the use of Mining Business Permits (IUP) by a small group of individuals, exploiting tin from land already under IUP concession granted to PT Timah Tbk in Bangka Belitung.

In the initial stage, this group succeeded in lobbying IUP authority holders at both central and regional levels, as well as those responsible within PT Timah Tbk. They then exploited the tin in a highly exploitative manner, disregarding mining regulations concerning environmental sustainability, SOPs, and legal provisions, resulting in severe environmental damage, damage comparable to that caused by war (Floyd, 2008; Zurlini and Muller, 2008). The exploited tin was neither properly recorded nor documented, and part of it was later resold to PT Timah Tbk. As a result, there was a discrepancy between the recorded tin output at PT Timah Tbk and Indonesia's total tin exports. This discrepancy highlights state losses due to suboptimal state revenue (CNN Indonesia, 2024; Trombetta, 2008).

Indonesia is the number one tin exporter in the world, though exports are still largely limited to tin ore. According to the Ministry of Energy and Mineral Resources (ESDM), 2024, Indonesia holds tin reserves of 800 thousand tons, or 23% of the world's tin reserves of 4.7 million tons. This makes Indonesia the second-largest tin producer after China. In addition, Indonesia is capable of producing 85 thousand tons of tin annually. The total reserve lifespan is estimated at 4.7 million tons. In 2019, Indonesia was the world's second-largest tin producer, generating 78,187 tons out of the global total of 353,554 tons. Indonesia's tin reserves reached 720 thousand tons at that time. Assuming a price of US\$30,000 per ton, the total value of Indonesia's tin reserves reaches Rp.324 trillion. This demonstrates the immense potential of Indonesia's natural wealth, which can benefit not only the country but also the world (ESDM, 2024; Aydin and Ceren, 2020).

According to Katadata (2024), Indonesia is among the world's top tin-producing countries in 2023, as shown in Table-1 below:



Source: <https://databoks.katadata.co.id/datapublish/2024/04/04/indonesia-masuk-jajaran-negara-penghasil-timah-terbesar-global-2023> Accessed on June 29, 2024, at 20:20 WIB.

From Table-1 above, it appears that Indonesia ranks third with an estimated production of 52 thousand metric tons. The International Tin Association (ITA) even states that Indonesia is a significant tin producer through PT Timah Tbk. This state-owned enterprise is one of the largest tin producers in the world and a member of the ITA. Nevertheless, the ITA also acknowledges that tin production practices in Indonesia have frequently caused environmental damage over the past few years.

## 2. Research Method

This article is part of a literature-based study using a qualitative approach, in which all data sources are obtained from references and literature related to policy corruption. The validity and reliability of the data were ensured through triangulation of interdisciplinary sources compiled by the author by cross-checking them. Secondary sources were tested for their validity and reliability. Additionally, several Focus Group Discussions (FGDs) were conducted to confirm information. By analyzing the tin trading governance case from 2015–2022 at the Ministry of Energy and Mineral Resources (ESDM) as the *das sein* of this study, the corruption *modus operandi* in ESDM policy was revealed

### 3. Results and Discussion

The large-scale global exploitation of tin has opened up opportunities for corruption through its governance and trading mechanisms. Corruption in natural resources like tin shows patterns and modes similar to common corruption practices, such as gratuities, bribery, cronyism, or conflicts of interest among stakeholders involving authority holders (Piccone, 2017; Rizal and Thamrin, 2024).

Tin governance and trade involve public policies that, in practice, can benefit certain groups due to direct power relations (Syauket et al., 2022). Those who hold formal authority under the law often prioritize these selected groups, granting them mandates to manage parts of the tin governance chain. These formal powers are then used to extract as much personal gain as possible (Syauket et al., Hiariej, 2019; Iqbal, 2014).

What distinguishes corruption in this sector from others is the scale of environmental destruction, which is often irreversible after mining activities have begun. Consequently, the environment suffers degradation, damage, and functional shifts. Communities in these regions experience significant disruption. This form of corruption maximizes exploitation of nature for profit while ignoring ecosystem sustainability and long-term development (Rizal and Thamrin, 2024).

Due to the centralized and opaque nature of mineral governance by the Ministry of SOEs and the Ministry of Energy and Mineral Resources (ESDM), as mandated by Law No. 3 of 2020, the potential for corruption also becomes centralized. The Indonesia Corruption Watch (ICW) reports at least three corruption vulnerabilities in the governance of mineral and coal mining (Minerba). First, the PT Timah corruption case extends bad governance practices in the extractive sector, with two ministries SOEs and ESDM failing in their responsibilities. These ministries should ideally manage Minerba for the welfare of the people and restore environmental integrity. Second, there is a need for case development to indict other actors, as corruption in mining often involves both government officials and law enforcement. Third, ICW continues to push the Attorney General's Office to include environmental damage as part of the loss calculation in the PT Timah corruption case in Bangka Belitung (Kuswara, 2020; Mahmud, 2021; Rizal and Thamrin, 2024).

In the tin exploitation business, Madril (2017) emphasizes that the trading system in this sector often involves collusion between stakeholders and authority holders to serve their own interests. Trade plans and designs are manipulated to mislead public oversight. Cases like this reveal the constant manipulation of mining trade policies in Indonesia. Despite comprehensive Minerba trade regulations, there are always legal

loopholes for government authorities to exploit.

The surge in corruption cases revealed by law enforcement seems to confirm the notion that corruption has become “a way of life” for many in society. Although this sentiment is not entirely accurate, corruption continues to haunt the nation, increasing in both quantity and complexity.

The tin trade corruption case is estimated by the Attorney General to involve Rp 271 trillion in losses, including environmental destruction caused by non-compliance with operational standards. This type of case remains rare, as few IUP misuse cases are publicly disclosed. In 2019, the Corruption Eradication Commission (KPK) exposed a corruption case in natural resource management with state losses of Rp 5.8 trillion and US\$711,000, involving the Regent of East Kotawaringin. Many similar cases likely remain hidden due to weak oversight. Contributing factors include legal uncertainty in licensing, lack of accountability systems, weak monitoring, limited public involvement, and poor internal corporate governance (Bahtiar et al., 2020; Maria, 2021).

Corruption has permeated various sectors and levels, including regional areas, involving public officials such as politicians, legislators, local leaders, and private actors (Asep N. Mulyana, 2020). Policy corruption is tied to the roles of the government and parliament as facilitators and regulators amidst expanding private sector activities in resource management. As a result, violations and corruption have shifted toward the realm of public policymaking and implementation (Kuswara, 2020).

Corruption crimes committed by state actors are often covert and collective, involving non-state actors through patronage, bribery, embezzlement, and even extortion. Society experiences the consequences indirectly. The state of the art of this research shows that such corruption constitutes a form of proxy war, where state actors as representatives of legislative, executive, or judicial branches collaborate with third parties (non state actors) such as contractors or businesses. This is clearly reflected in the tin trade case within the PT Timah mining concession area from 2015 to 2022.

Although Indonesia is the world's top tin exporter, exports are still primarily in the form of tin ore. In general, the tin production chain consists of upstream to downstream processes. The upstream phase involves exploration and mining of tin ore, followed by processing and refining into tin metal, according to standards set by Ministerial Regulation ESDM No. 1 of 2014 on Increasing Mineral Value Added Through Domestic Processing and Refining. The refined tin is then sold domestically and internationally to be further manufactured into products such as solder, tinplate, tin chemicals, cables, and more. Indonesia has a comparative advantage in the international tin market and is

a net exporter, making tin a key national export commodity (Analysis of Tin Price Formation on the Indonesian and Global Markets, 2016).

The corruption case involving tin governance in the PT Timah concession area from 2015 to 2022 serves as evidence that policy corruption functions as a proxy mechanism. It has several characteristics: it is carried out jointly by state and non-state actors, conducted covertly through centralized policies, benefits foreign interests, and causes harm to affected communities amounting to a form of economic warfare with tin as the traded commodity.

Another issue closely linked to this corruption is environmental degradation. From above, Bangka Belitung Island appears scarred with vast, water-filled craters that are no longer economically or ecologically viable. This damage leads to ecosystem degradation and increased disaster risks, endangering surrounding communities. Over the last 50 years, human intervention has caused a rise in natural disasters. In the past decade alone, more than two billion people have been affected. While climate change drives widespread flooding, heatwaves, droughts, storms, landslides, and crop failures, the microcosm of these disasters plays out in Bangka Belitung due to tin exploitation without sufficient environmental recovery, compounded by corruption of the proceeds (Anan, 2004; Brauch, 2005; Syauket, 2020).

Policy corruption in the tin sector threatens both the environment and human life in surrounding habitats. The risk of irreversible environmental destruction continues to grow and intersects with other aspects of human existence (Hiariej, 2019; Hartono, 2016). In general, the functional linkage between public policy corruption in the tin commodity (Minerba) sector can be outlined as follows:

- a. Policy Corruption Committed by State Actors (Dirjen Minerba, Ministry of ESDM) in the Tin Trade Case, 2019, Contributed to Widespread Damage.  
Post-reform era corruption is considered the main enemy of the nation. Therefore, corruption opposes the nation's core values, contradicts national interests, threatens the nation's existence, and is inconsistent with the noble values of Indonesia. As such, corruption poses a threat to the national defense and security of our country (Raden Mas Jerry Indrawan, 2017). Public policy corruption can be understood as a form of political corruption. Political corruption occurs when political decision-makers exploit their power to gain advantages in terms of power, status, or wealth. According to Zainal Arifin Mochtar (2016), there are three definitions of corruption: corruption centered on public office, market-based corruption, and corruption centered on public interest. Public policy corruption falls into the third category public interest-centered corruption. This type of corruption

is characterized by patron-client relationships, where a public official makes or influences policy decisions based on the interests of a few parties who have granted them benefits, disrupting the public interest that should underpin public policy decisions.

Rose-Ackerman (2016) states that policy corruption can be traced through the institutional or organizational positions of public officials and the parties involved in the patron client relationship. Public policy corruption is not limited to the misuse of resources; it also influences how policy processes are shaped. Law No. 3 of 2020 mandates that the control over minerals and coal, as mentioned in paragraph (1), is carried out by the Government. This means only the Central Government holds authority in mineral and coal governance. The de-autonomization or centralization of mining policy authority is a regression in resource governance, as it restricts or even eliminates access to information and public participation. Furthermore, it breeds distrust among communities and local governments toward the central government.

b. Triggers of Proxy War in Strategic Sectors, Especially Tin

According to J. Suryo Prabowo (2013), in theory, war comes in many forms, including symmetrical and asymmetrical warfare. A proxy war is one in which a third party is used to wage conflict or engage in armed struggle. A war that utilizes third parties to dismantle a nation's government is far cheaper and more effective, especially to at least destabilize a sovereign country. This type of warfare infiltrates every aspect of national life, including media control, social engineering, cultural shifts, political division, and narcotics smuggling. The third party non-state actors may include NGOs, mass organizations, community groups, or individuals (Rappler, 2017).

The trend of modern warfare is toward invisible, shapeless, indirect wars. These pseudo-wars ensure that those with strategic interests remain uninvolved or even unidentified (Raden Mas Jerry Indrawan, 2017). This condition strongly intersects with corruption, which occurs covertly through the abuse of authority, bribery, and collusion, undermining the foundations of national life across nearly all sectors. Corruption negatively impacts Indonesia's economy. One reason for Indonesia's sluggish economic growth stagnating around 6% since the reform era is its high corruption rate.

Previous research by Aditya Firman Bahtiar et al. (2020) shows that corruption does not directly cause poverty but weakens investment and economic conditions, resulting in joblessness and poverty. Consistently, Agus Ainul Falah et al. (2018) argue that corruption and poverty do not have a direct causal relationship. The

correlation is indirect. Here, corruption emerges as a form of proxy war carried out by state actors agents of the state in legislative, executive, or judicial roles acting covertly in cooperation with foreign corporations, benefitting other countries. This policy corruption is a type of grand corruption, representing a proxy conflict.

c. Impacts of Poor Tin Governance by the Ministry of ESDM on the Public

It is no secret that illegal tin mining in Indonesia is rampant. For example, export data from all tin companies in Bangka Belitung Province in 2009, according to the Indonesian Crime Prevention Institute (LCKIBabel), shows that PT Timah exported 49,240 metric tons around 41.13% of total tin exports from Bangka Belitung from a mining concession area of 473,800 hectares or 89% of the total regional mining area (WUP). Meanwhile, PT Koba Tin exported 7,400 metric tons from a 41,680-hectare concession (8% of WUP). In contrast, a consortium of around 30 private tin companies exported 63,071 metric tons 52.69% of the total tin exports from only 16,884 hectares or 3% of WUP. These private companies are suspected of purchasing tin from illegal mining operations (Analysis of Tin Price Formation on the Indonesian and Global Markets, 2016).

4. Conclusion

Tin is one of the most economically valuable and strategic minerals globally, playing a critical role in development due to its numerous benefits. The emergence of policy corruption in the mining sector is rooted in poor governance of natural resources from upstream to downstream. This academic study concludes that in the tin trade case within the PT Timah mining concession area from 2015–2022, policy corruption occurred when state actors specifically, the Directorate General of Mineral and Coal (Dirjen Minerba) of the Ministry of ESDM unlawfully altered the 2019 Work and Budget Plan (RKAB) from an initial 30,217 metric tons to 68,300 metric tons. These actions were motivated by personal and corporate gains, exploiting forest areas and illegal tin mining, likely backed by foreign investors.

This constitutes a form of economic warfare where tin serves as the commodity. Corrupt policies benefit foreign countries that can directly purchase tin from illegal mines operated by puppet companies or directly from the community. From a security perspective, this case represents a national security threat under the environmental security sector, with dual impacts: (1) disruption of non-traditional security sectors namely economic and environmental damage and (2) threats to the welfare of the Indonesian people.



The evolution of modern political and governance processes has also transformed corruption, making its practices increasingly latent. Public policy corruption as a subset of political corruption must be addressed with vigilance by promoting transparent and accountable political and governance systems. Strategic measures to combat policy corruption in critical sectors such as tin include:

- a. Decentralizing licensing authority to governors as representatives of the central government in the regions.
- b. Digitizing the licensing process, thereby allowing governance oversight to be conducted directly by regional authorities acting on behalf of the central government.

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