

Extractive Policies in Indonesia and Their Impact on the Environment: An Analysis of Environmental Politics and Natural Resource Governance

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ABSTRACT

The extractive sector—especially mining and energy—plays a central role in Indonesia's economy, but it is also a major source of environmental degradation. This article analyses extractive policies in Indonesia and their impact on the environment using a qualitative approach and an environmental political *ecology framework*. This study aims to evaluate the consistency of extractive policies with the principles of sustainable development and the effectiveness of environmental governance implemented by the state. Data were obtained through literature studies on national regulations, reports of international institutions, and articles from reputable journals. The results of the study show that extractive policies in Indonesia are still oriented toward economic growth and state revenue, with weak integration of environmental protection and community participation. Policy implementation often faces problems of law enforcement, conflicts of interest, and inequality in power relations between the state, corporations, and local communities. This article recommends extractive policy reforms that emphasize the principles of environmental justice, transparency, and accountability as prerequisites for sustainable development.

Keywords: *Extractive Policy, Environment, Environmental Politics, Mining, Indonesia*

INTRODUCTION

Indonesia is known as one of the countries with abundant natural resources, especially in the mineral, coal, oil, and natural gas sectors. From the New Order era to the contemporary era, the extractive sector has become the backbone of national economic development through its contribution to gross domestic product, state foreign exchange, and job creation. However, the high dependence on extractive industries also has serious consequences for environmental sustainability and community social life.

In the last two decades, the expansion of the extractive industry in Indonesia has shown an increasing trend, in line with economic liberalization, decentralization of authority, and increasing global demand for natural resource commodities. On the other hand, various reports indicate that mining activities and the exploitation of natural resources have contributed to deforestation, water and soil pollution, ecosystem damage, as well as environmental conflicts with local and indigenous peoples.

This condition raises a fundamental question about the direction of Indonesia's extractive policy: to what extent is the policy designed and implemented with environmental protection

in mind? Is the existing regulatory framework able to ensure a balance between economic interests and ecological sustainability? This article departs from the assumption that the environmental problems caused by the extractive sector are not solely caused by industrial activities, but also by the design and practice of public policies that are less responsive to the principles of sustainability.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Extractive Policy Concept

Extractive policy refers to a set of state regulations and decisions that govern the exploitation of non-renewable natural resources, such as minerals, coal, and hydrocarbons. The public policy literature places extractive policy as part of economic-political policies that are heavily influenced by the interests of the state, corporations, and global markets.

Political Ecology

The environmental political approach emphasizes that environmental degradation cannot be understood purely technically, but rather as a result of power relations, economic structures, and state policies. In the Indonesian context, this approach is relevant for analyzing how the state positions the environment in extractive policies and how its impacts are felt unevenly by certain groups of people.

Sustainable Development and Natural Resources Governance

The concept of sustainable development demands the integration of economic growth, environmental protection, and social justice. However, studies have shown a gap between Indonesia's normative commitment to sustainable development and extractive policy practices on the ground.

METHOD

Approaches and Types of Research

This research uses a qualitative approach with a policy analysis design. The qualitative approach was chosen because it allows researchers to deeply understand the dynamics of extractive policies, including power relations, stakeholder interests, and ecological implications that cannot always be quantitatively measured. The main focus of this research is on the analysis of the substance of the policy, its implementation, and its impact on the environment.

This type of research is descriptive-analytical, with the aim of not only describing the extractive policy framework in Indonesia, but also evaluating its consistency with the principles of environmental protection and sustainable development.

Object and Scope of Research

The object of the research is extractive policy in Indonesia, especially related to:

- Mineral and coal mining
- Oil and natural gas
- Governance of environmental licensing and supervision

The scope of the research includes:

- National regulations in the field of mining and environment
- Derivative policies (government regulations and ministerial regulations)
- Policy implementation at the national and regional levels
- Environmental impact caused by extractive activities

Data Collection Sources and Techniques

The data used in this study is secondary data obtained through *library research*. Data sources include:

Policy and Regulation Documents

- Extractive sector and environmental law
- Government regulations and technical policies related to licensing and AMDAL
- National development policy documents

Credible Institution Reports

- Environmental and sustainable development reports from international institutions
- Publications of research institutions and civil society organizations

Articles from reputable scientific journals

- Accredited national journals and reputable international journals
- Articles discussing environmental politics, extractivism, and natural resource governance

Sources are selected based on credibility, relevance, and novelty.

Data Analysis Techniques

Data analysis is carried out through the following stages:

Data Classification

Data are grouped by theme: extractive policies, environmental governance, ecological impacts, and socio-environmental conflicts.

Content Analysis

Policy documents and literature are analyzed to identify policy orientation, normative objectives, and environmental control instruments used.

Critical Policy Analysis

The analysis was carried out by comparing policy objectives with implementation practices in the field, especially related to the effectiveness of environmental protection.

Theoretical Interpretation

The findings were analyzed using the environmental and sustainable development policy frameworks to explain the structural patterns that affect the environmental impact of extractive policies.

Extractive Policy Analysis Framework

State, Extractives, and Development Orientation

In the context of developing countries such as Indonesia, extractive policies are often positioned as the main instrument of economic development. The state plays a role as a regulator as well as a facilitator for investment in the extractive sector, with the aim of increasing state revenue and economic growth. However, this dual position often creates a conflict of interest between economic functions and environmental protection obligations.

This framework of analysis views development oriented toward extractives as placing the environment as a secondary variable, especially when policies emphasize ease of investment and accelerated licensing.

Environmental Policy in the Extractive Sector

Environmental policies in the extractive sector normatively aim to:

- Prevent environmental damage
- Control the negative impact of industrial activities
- Ensuring the sustainability of the post-mining ecosystem

However, in practice, policy instruments such as EIA, reclamation, and post-mining often face implementation constraints, weak supervision, and low compliance of business actors. This analytical framework assesses the extent to which these instruments function as a tool for environmental protection or simply administrative fulfillment.

Power Relations and Environmental Politics

The environmental policy approach is used to analyze the relationship between the state, corporations, and local communities. In many cases, extractive policies show an imbalance in power relations, where the economic interests of large actors are more dominant than the ecological and social interests of the affected communities.

This framework emphasizes that environmental degradation is not simply a technical result of extractive activities, but rather the result of political and policy decisions that marginalize environmental interests.

Environmental Impact as an Indicator of Policy Failure

Environmental impacts—such as deforestation, water pollution, and land degradation—are used as indicators to evaluate the effectiveness of extractive policies. This framework of analysis connects:

- Policy design
- Implementation in the field
- The resulting ecological consequences

Thus, policy analysis does not stop at the text of regulations, but also examines the real implications for the environment.

Sustainable Development Integration

The final analysis framework assesses the extent to which extractive policies are integrated with the principles of sustainable development. These integrations include:

- Policy consistency with environmental protection
- Public and indigenous peoples' participation
- Transparency and accountability of natural resource governance

This absence of integration is seen as the root of the continuing environmental crisis in extractive areas.

RESULTS AND DISCUSSION

Research Results

The results of the analysis of regulations and literature show that extractive policies in Indonesia still place the mining and energy sectors as the main pillars of national economic development. The regulatory framework that governs the sector is designed to encourage investment, increase state revenues, and accelerate the exploitation of strategic natural resources. This orientation is reflected in the simplification of licensing, centralization of certain authorities, and adjustments to environmental regulations to be in line with the economic growth agenda.

However, this policy orientation, which focuses on the exploitation of natural resources, has significant ecological consequences. The analysis shows an imbalance between economic interests and environmental protection, where environmental policy instruments have not functioned optimally as a mechanism for controlling extractive impacts.

Deforestation and Land Degradation Due to Extractive Activities

One of the most obvious impacts of extractive policies is increased deforestation and land degradation, particularly in areas rich in mineral and coal resources. Large-scale mining expansion often requires massive land clearing, which contributes to forest cover loss, ecosystem fragmentation, and biodiversity decline.

The results of the literature review show that mining licensing policies often ignore environmental carrying capacity. The environmental impact analysis (EIA) process is often an administrative formality, without adequate implementation oversight. As a result, open-pit mining practices leave land damage that is difficult to recover, despite normative reclamation and post-mining obligations.

This land degradation not only impacts ecological functions, but also threatens food security and the sustainability of the livelihoods of local communities that depend on natural resources.

Water and Soil Pollution

The findings of the study show that extractive policies in Indonesia have not effectively prevented water and soil pollution. Mining activities produce hazardous wastes, including heavy metals and acidic mine water, which have the potential to contaminate rivers, lakes, and groundwater sources. In many cases, weak supervision and law enforcement cause violations of environmental quality standards to go unaddressed.

Water pollution has a direct impact on the quality of life of the people around the mining area. Access to clean water is limited, while health risks increase due to exposure to hazardous substances. This condition shows that there is a gap between the objectives of environmental policies and the reality of implementation on the ground.

Weak Environmental Law Enforcement

One of the key findings in this study is the weak enforcement of environmental laws in the extractive sector. Although environmental regulatory frameworks are in place, the implementation of sanctions against violations is often inconsistent. In many cases, environmental violations by extractive companies are resolved through an administrative approach, without adequate ecological recovery.

The weak enforcement of this law is inseparable from the power relationship between the state and business actors. The state, which at the same time plays the role of an economic beneficiary of the extractive sector, is often in a dilemma when it comes to enforcing strict environmental regulations. As a result, environmental protection becomes subordinate to short-term economic interests.

Socio-Environmental Conflict and Marginalization of Local Communities

The results of the analysis show that extractive policies also trigger socio-environmental conflicts, especially in areas inhabited by indigenous peoples and local communities. The licensing process with minimal public participation leaves affected communities with inadequate space to voice their interests.

The conflict is often related to:

- Loss of community access to land and natural resources
- Deterioration of environmental quality
- Inequities in the distribution of economic benefits

From an environmental political perspective, this conflict reflects power inequalities, where state policies favor corporate interests over the protection of community and environmental rights.

Reclamation and Post-Mining Policy: Between Norms and Practices

Normatively, extractive policies in Indonesia require companies to carry out post-mining environmental reclamation and restoration. However, the results of the study show that the implementation of this obligation is still far from ideal. Many mine sites are abandoned without adequate recovery, leaving mine pits that are harmful to the environment and public safety.

This condition shows that there is a gap between policy design and oversight mechanisms. Reclamation policies are often not supported by a rigorous and transparent evaluation system, so that environmental restoration goals are not optimally achieved.

Discussion of Research Results

Discussion: Extractive Policy and Environmental Governance Failures

Based on the results of the analysis, it can be concluded that the environmental impact of extractive policies in Indonesia is not solely due to industrial activities, but also the result of policy governance failures. Pro-extraction policy orientation, weak law enforcement, and lack of public participation contribute to the continued environmental degradation.

These discussions reinforce the argument that extractive policy reform must include a paradigm shift in development, from the exploitation of natural resources to equitable and sustainable management. Without structural changes in policy design and implementation, the environmental damage caused by extractives will continue to recur.

CONCLUSION

This article analyses extractive policies in Indonesia and their impact on the environment through qualitative approaches and environmental policy frameworks. The main findings show that the orientation of extractive policies is still dominated by the interests of economic growth and state revenue, while environmental protection tends to be positioned as an administrative complementary instrument.

The identified environmental impacts—including deforestation, land degradation, water and soil pollution, and socio-environmental conflicts—indicate significant gaps between the policy's normative goals and its implementation practices. Environmental instruments such as EIA, reclamation, and post-mining have not functioned effectively as impact control mechanisms, especially due to weak supervision and law enforcement.

Environmental political analysis reveals that environmental degradation in the extractive sector cannot be understood solely as a technical failure, but as a result of unequal power relations between the state, corporations, and affected communities. Countries that play a dual role as regulators and economic beneficiaries are in a dilemmatic position, so environmental protection is often compromised for the sake of investment.

Thus, extractive policies in Indonesia still face structural challenges in realizing sustainable development. Without a paradigm shift and strengthening of environmental governance, extractive policies have the potential to deepen ecological crises and social injustices in the future.

Policy Recommendations

Based on the findings and analysis that have been conducted, this article proposes the following policy recommendations:

Reorientation of the Extractive Policy Paradigm

The government needs to shift its policy orientation from an exploitation approach to natural resource management based on sustainability and environmental justice. The environment must be placed as a strategic interest, not just an administrative prerequisite.

Strengthening Environmental Law Enforcement

Law enforcement against environmental violations in the extractive sector must be carried out consistently and transparently. Sanctions are not only administrative, but also include measurable ecological restoration obligations.

Reform of AMDAL and Licensing Instruments

The AMDAL process needs to be reformed to be more participatory, independent, and based on comprehensive scientific studies. The participation of local communities and indigenous peoples should be a key element in the decision-making process.

Increased Transparency and Accountability

Extractive sector governance needs to be supported by a system of transparency of licensing data, environmental compliance, and reclamation implementation. Public access to information is a prerequisite for effective social surveillance.

Strengthening the Role of Local Governments and Communities

Local governments and local communities need to be given greater space and capacity in supervising extractive activities. A community-based approach can strengthen environmental protection while minimizing social conflict.

This recommendation is expected to be a reference for the formulation of extractive policies that are more sustainable and equitable in Indonesia.

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