

Gold boom, policy missteps fuel rise in deadly illegal mines

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The Jakarta Post/Jakarta

Soaring global gold prices have fueled a significant expansion in illegal mining operations across Indonesia, turning gold-rich landscapes into contested zones of profit and peril.

At the heart of this boom lies a deepening socioeconomic divide: While financiers and power brokers reap windfall gains, local communities remain trapped in poverty, bearing the brunt of environmental degradation and health hazards.

The estimated area of illegal gold mining surged from just 366 hectares in 2021 to 7,232 hectares in 2023, a nearly 20-fold increase, according to environmental group Auriga Nusantara. While figures for last year and this year are still being processed, field investigations in North Sulawesi, West Sumatra and Aceh confirmed the emergence of new illegal mining sites in all surveyed areas.

"We are witnessing a largely uncontrolled gold rush," Auriga director Timer Manurung told *The Jakarta Post* on Friday.

Environmental health organization Nexus3 Foundation has identified small-scale gold mining activities in 190 regencies across 33 of the country's 38 provinces.

The surge in illegal activity coincides with rising global gold prices, which have made informal mining increasingly attractive.

Bullion prices jumped approximately 41 percent over the past year and are up around 27 percent year-to-date, hovering near US\$3,350 per ounce as of July 2025.

With few alternatives in agriculture, fisheries or infrastructure-supported jobs, many rural Indonesians view mining as their only viable source of income. The sector has spurred informal economic growth, including the trade of toxic substances like mercury and cyanide for gold processing.

"These operations often rely

on low-grade deposits and manual techniques, making them viable in places where industrial mining is not," Nexus3 general manager Krishna Zaki told the *Post* on Thursday.

Communities that depend on illegal mining for their livelihood also see the bulk of the profits captured by a shadow economy run by financiers, chemical suppliers and local power brokers.

"Many villagers see mining as a way out of poverty, but they earn the least and face the most risk," said Aryanto Nugroho, national coordinator of Publish What You Pay (PWYP) Indonesia, to the *Post*, on Thursday.

"It is the *cukong*, the financiers behind the scenes, who benefit the most, often with political or security protection."

"Indonesia faces a major dilemma between regulating illegal mining to protect the environment, public safety and legal integrity, and safeguarding the livelihoods of people who depend on this activity," Aryanto added.

The human cost is mounting alongside the surge in activity.

On July 5, 25-year-old Willy Mandala Putra, an illegal gold miner in Bungo, Jambi, died after being buried underwater while diving at an unlicensed site in Sungai Pantai.

Just days earlier, a miner identified only as D, aged 45, died while digging at an illegal site in Tanjungsari, Bogor, West Java. He had reportedly led a group up the mountain to mine but was the only one caught in a soil collapse during excavation.

According to Aryanto, media reports indicate that at least 44 people died in illegal mining incidents across Indonesia in 2024 alone.

Fatalities were reported in regions including Solok, West Sumatra (13 deaths); Bone Bolango, Gorontalo (12); South Halmahera, North Maluku (8); and several other provinces such as East Java, Banten and Aceh.

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"The Energy and Mineral Resources Ministry is committed to ensuring fair and comprehensive law enforcement in the mining sector. This principle underlies the establishment of the Law Enforcement Directorate General [on June 25], which is a key priority for Minister [Bahlil Lahadalia]," ministry spokesperson Dwi Anggia told the *Post* on Tuesday.

She explained that the directorate general is responsible for identifying operations that fall outside designated mining zones (WIUP), detecting permitted sites exploited by unauthorized parties and addressing those operating entirely without licenses.

In the case of community-run mines, the ministry is coordinating with regional governments to obtain updated Mining Area Maps, she added.

"Artisanal mining activities occurring outside officially designated People's Mining Areas (WPR) will also be subject to legal enforcement," she said.

Calls for reform

Both Auriga and PWYP argue that government policies have failed to address the root causes of illegal mining.

While the central government has pledged to crack down on unlicensed operations, enforcement has been largely ineffective.

"We don't see illegal mines shutting down for good. They just resurface elsewhere or return in a more sophisticated form," Aryanto from PWYP said.

They also cite a lack of a clear legal framework. There are still no comprehensive designations for "no-go" zones or people's mining areas (WPR), which could provide legal pathways for community-managed mining while protecting environmentally sensitive areas.

"In the absence of fair, transparent regulation, the state has essentially ceded control," Auriga's Timer said.

Nexus3 recommends formalizing small-scale gold mining through cooperatives, zoning and long-term strategies to transition livelihoods away from high-risk mining.

Calls for reform are growing louder, with environmental groups emphasize the need for economic diversification, environmental rehabilitation and targeted enforcement against the major backers of illegal mining, not just individual miners.

"Indonesia needs to decide: will it continue to let gold define the fate of its poorest, or will it build an economy where people don't have to choose between hunger and hazard?" Aryanto concluded.

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