

Instruction of the President of the Republic of Indonesia Number 2 of 2006

regarding

The Supply and Utilization of Liquefied Coal as Alternative Fuel

The President of the Republic of Indonesia,

In the framework of accelerating supply and utilization of liquefied coal as Alternative Fuel, hereby instructs: (1) The Minister Coordinator of Economy; (2) The Minister of Energy and Mineral Resources; (3) The Minister of Finance; (4) The State Minister of State Enterprises; (5) The Minister of Transportation; (6) The Minister of Industry; (7) The Minister of Home Affairs; (8) The Minister of Research and Technology; (9) The Governor; (10) The Regent/Mayor.

To

Firstly : Take the following measures to accelerate the supply and utilization of liquefied coal as Alternative Fuel:

1. The Minister Coordinator of Economy is to coordinate in accelerating the implementation of supplying and utilizing liquefied coal as Alternative Fuel.
2. The Minister of Energy and Mineral Resources:
 - a. determines and executes the policy of supplying and utilizing liquefied coal as Alternative Fuel, which, among other things contains a guarantee as to the supply of liquefied coal as well as its smooth and even distribution;
 - b. determines the incentive and tariff policy package for the development of liquefied coal as Alternative Fuel by coordinating with related agencies;
 - c. determines the standard and quality of Alternative Fuel originated from liquefied coal;
 - d. guarantees the availability of coal supply as raw material for liquefied coal;
 - e. determines the system and procedure of testing the quality of Alternative Fuel, which is originated from liquefied coal;
 - f. determines the trading system of liquefied coal as Alternative Fuel into the trading system of Oil Fuel;
 - g. carries out familiarization as to the utilization of liquefied coal as Alternative Fuel;
 - h. urges the business players in the field of coal mining to supply the raw material for liquefied coal.
3. The Minister of Finance evaluates the legislative rules in the field of finance in the framework of providing incentives and fiscal relief in the supply and utilization of liquefied coal as Alternative Fuel.
4. The State Minister of State Enterprises:
 - a. urges state-owned companies engaged in coal mining to support the supply of raw material for liquefied coal;
 - b. urges state-owned companies in the field of energy to increase the use of liquefied coal as Alternative Fuel.
5. The Minister of Transportation urges the increase in the utilization of liquefied coal as Alternative Fuel in the

transportation sector.

6. The Minister of Industry enhances the development of domestic production of equipment for the processing of raw material for liquefied coal and urges entrepreneurs to develop coal liquefaction industry.
7. The Minister of Home Affairs coordinates the regional governments and their array in executing the policy of increasing supply and utilization of liquefied coal as Alternative Fuel.
8. The Minister of Research and Technology develops the technology, suggests the application of the processing technology of raw material and the utilization of liquefied coal as Alternative Fuel.
9. The Governor:
 - a. executes the policy to raise the supply of coal as raw material for liquefied coal in his/her region according to his/her competence;
 - b. familiarizes the community as to the utilization of liquefied coal as Alternative Fuel in his/her region;
 - c. reports the implementation of this instruction to the Minister of Home Affairs.
10. The Regent/Mayor:
 - a. executes the policy to raise the supply of coal as raw material for liquefied coal in his/her area according to his/her competence;
 - b. familiarizes the community as to the utilization of liquefied coal as Alternative Fuel in his/her region;
 - c. reports the implementation of this instruction to the Governor.

Secondly : To carry out this Presidential Instruction in the best possible way with full responsibility and to periodically report the result of its implementation to the President.

This Presidential Instruction becomes effective as of the date of its issuance.

Issued in Jakarta, on 25 January 2006

President of the RI

signed

Dr. H. Susilo Bambang Yudhoyono

For copy conform

Deputy Cabinet Secretary

Legal Section

signed and stamped

Lambock V. Nahattands