

PRESIDENTIAL INSTRUCTION OF THE REPUBLIC OF INDONESIA
NUMBER 2 YEAR 2006

ON
SUPPLY AND USE OF LIQUEFIED COAL AS AN ALTERNATIVE FUEL

PRESIDENT OF THE REPUBLIC OF INDONESIA

In order to accelerate supply and use of liquefied coal as an alternative fuel, hereby made instruction:

- To :
1. Coordinating Minister of Economy;
 2. Minister of Energy and Mineral Resource;
 3. Minister of Finance;
 4. State Minister of State-owned Enterprise;
 5. Minister of Transportation;
 6. Minister of Industry;
 7. Minister of Home Affairs;
 8. State Minister of Research and Technology;
 9. Governor;
 10. Regent/Mayor

For the purpose:

FIRST: Taking steps to perform acceleration on liquefied coal supply and used as an alternative fuel, as follows:

1. Coordinating Minister of Economy shall coordinate acceleration on liquefied coal supply and use as an alternative fuel.
2. Minister of Energy and Mineral Resource shall:
 - a. stipulate and perform policy upon liquefied coal supply and use as an alternative fuel, which inter alia containing guarantee on liquefied coal availability and guarantee on its smoothness and fair distribution;
 - b. stipulate incentive and tariff policy package for the development of liquefied coal as an alternative fuel in coordination with related agencies;
 - c. determine standard and quality of the alternative fuel derived from liquefied coal;
 - d. guarantee coal supply availability as the liquefied coal fuel;

- e. determine system and procedure for quality testing of the alternative fuel derived from liquefied coal;
 - f. stipulate commercial procedure of liquefied coal as an alternative fuel into commercial procedure system of Oil Fuel;
 - g. perform socialization on liquefied coal use as an alternative fuel;
 - h. encourage business players in coal mining sector to provide liquefied coal fuel.
3. Minister of Finance shall review legislation within finance sector to provide incentive and fiscal compensation for supply and use of liquefied coal as an alternative fuel.
 4. State Minister of State-owned Enterprise (BUMN) shall:
 - a. encourage State-owned Enterprise in coal mining sector to support supply of liquefied coal raw material;
 - b. encourage State-owned Enterprise in energy sector to increase the use of liquefied coal as an alternative fuel.
 5. Minister of Transportation shall encourage the improved use of liquefied coal as an alternative fuel in transportation sector.
 6. Minister of Industry shall increase domestic production development of liquefied coal raw material processing equipment and encourage businessmen to develop coal liquefaction industry.
 7. Minister of Home Affairs shall coordinate regional government and the apparatus to perform policy on then increase of supply and use of liquefied coal as an alternative fuel.
 8. State Minister of Research and Technology shall develop technology, provide recommendation on technology application in raw material processing and use of liquefied coal as an alternative fuel.
 9. Governor shall:
 - a. perform policy to increase coal supply as liquefied coal raw material in his/her region pursuant to his/her authority;

- b. perform socialization on the use of liquefied coal as an alternative fuel in his/her region;
- c. report the performance of this Instruction to Minister of Home Affairs.

10. Regent/Mayor shall:

- a. perform policy to increase coal supply as liquefied coal raw material in his/her region pursuant to his/her authority;
- b. perform socialization on the use of liquefied coal as an alternative fuel in his/her region;
- c. report the performance of this Instruction to the Governor.

SECOND: Implementing this Presidential Instruction in the best way under responsible manner and reporting the implementation result to the President in periodic

This Presidential Instruction shall be effective as of the date of promulgation.

Enacted in Jakarta
Dated January 25th, 2006

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Signed
DR. H. SUSILO BAMBANG YUDHOYONO

For true copy
Deputy to Secretary of Cabinet in Law,

Lambock V. Nahattands