

PRESS RELEASE

JULY 2001 JAKARTA WILL BE FREE FROM LEADED GASOLINE

From 1 July 2001 Pertamina will supply unleaded gasoline to Jakarta. This statement was made in the presentation of Mr. Asyhab, Deputy Director of Downstream Department (Processing) in a meeting held by DKPP (Council of Government Commissioners for Pertamina), by inviting also KPBB (Joint Committee for Leaded Gasoline Phase-out) on Friday, 12 January 2001 at the DKPP Secretariat, Jalan Perwira 6, Central Jakarta.

Also attending the meeting were, among others, representatives of the Department of Energy and Mineral Resources, Oil and Gas Directorate, BAPEDAL, Pertamina, BAPPENAS, Walhi, ICEL, Lemkohi, Program Segar Jakartaku, LPOM of the Department of Health, GAIKINDO, PASMI and IATO.

This plan had been made after considering operational and financial aspects. The operational aspect covered technical readiness of the refineries and the availability of basic materials to produce gasoline to meet Jakarta's demand, which reached 50.31 MBCD or equal to 8,000 kiloliters per-day. To meet this demand, it is necessary to import HOMC amounting to 10 MBCD; on the contrary it is also possible to export LOMC of that amount while eliminating the use of TEL amounting to 360,059.92 liters per year. This operational aspect has an implication on the financial aspect. Assuming that HOMC supply in the international market is readily available and its price is according to Jakarta base case and the American dollar exchange rate is Rp 9,400, to produce unleaded gasoline (with octane number 88 or premium fuel kind) an additional cost is needed between Rp 71.51 and Rp 120.98 per liter (not using octane booster alternative), or between Rp 55.35 and Rp 93 per liter (using octane booster alternative).

Another assumption mentioned the price of HOMC at US\$ 36.98/BBL and that of LOMC at US\$ 25.15/BBL.

The two alternatives referred to above constitute a transitional policy towards the completion of the construction of refineries (catalytic reformer and isomerization) that produce HOMC, namely the basic material of unleaded gasoline, the process of which needs around 24 to 32 months. This construction process includes non-technical activities of the plan for catalytic reformer and isomerization construction, such as the selection of licensor agreement, financing, loan agreement and tender and contract agreement. It includes also technical activities, namely the technical construction of refineries.

To anticipate developments towards 1 July 2001, Pertamina will also make tests to reduce TEL content from 0.5 cc/USG to 0 cc from this month of January. Meanwhile, DKPP will bring the result of this meeting to the government to be

adopted as a policy on unleaded gasoline and a pricing policy in an integrated whole.

Jakarta, 12 January 2001

Ahmad Safrudin
Coordinator