

Study on the Development of Domestic Sea Transportation and Maritime Industry in the Republic of Indonesia (STRAMINDO)

FINAL REPORT

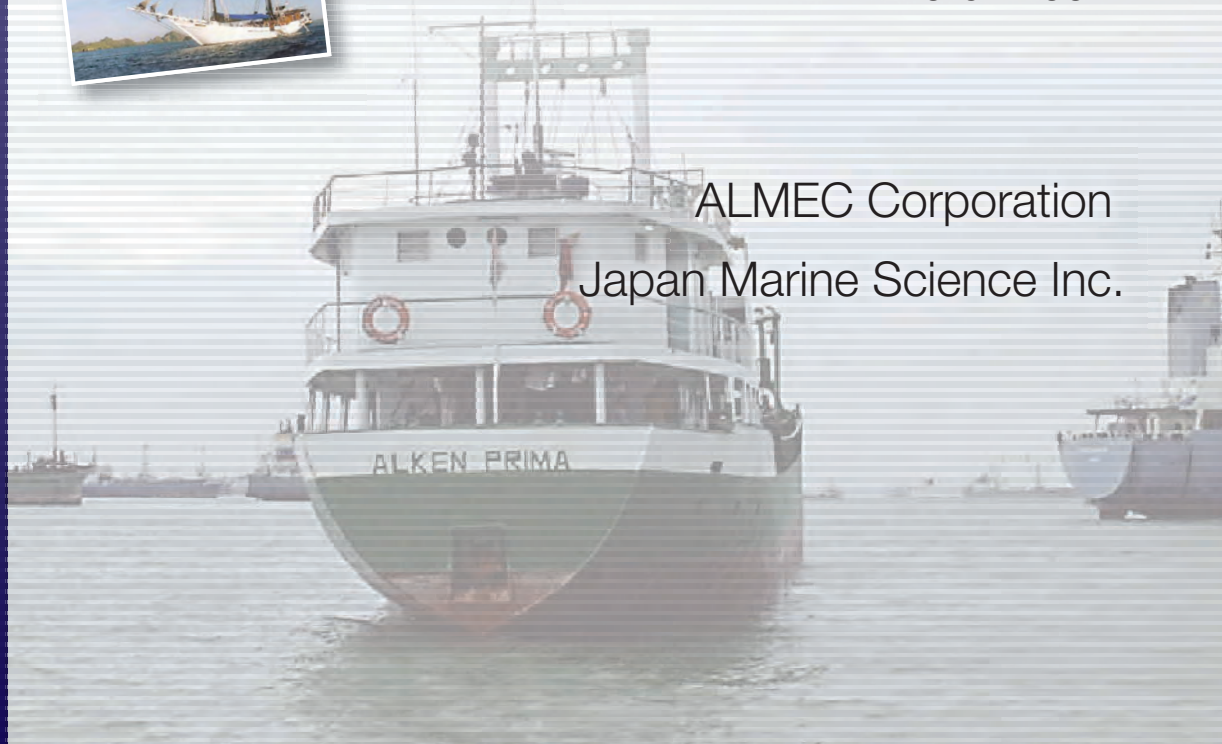
Technical Report 3 Participatory Approach in the Development of STRAMINDO Plan

March 2004

ALMEC Corporation
Japan Marine Science Inc.



STRAMINDO



JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

STRAMINDO

STUDY ON THE DEVELOPMENT OF DOMESTIC SEA TRANSPORTATION
AND MARITIME INDUSTRY IN THE REPUBLIC OF INDONESIA

TECHNICAL REPORT 3

*Participatory Approach
in the Development of STRAMINDO Plan*

March 2004

ALMEC CORPORATION
JAPAN MARINE SCIENCE INC.

COMPOSITION OF STRAMINDO REPORTS

Summary (English, Japanese and Indonesian)

Main Text

Volume 1: Sector Achievements and Issues

Volume 2: Integrated Master Plan and Action Plan

Technical Report No. 1: Maritime Traffic Database Development and
Demand Forecast

Technical Report No. 2: Social Environmental Survey on Traditional Shipping
Modernization

Technical Report No. 3: Participatory Approach in the Development of
STRAMINDO Plan

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J. Yen 115 = US\$ 1 = Indonesian Rupiah 8,600
(average in 2003)

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1. INTRODUCTION

At the beginning of the Study, participatory approach was recognized as one of essential means in formulating and disseminating the Study outputs such as the Master Plan and the Action Plan. Inception Report, submitted in December 2002, refers it as follows:

Participatory Approach in the Development of Shipping Policy

Indonesia wishes to maintain its national fleet for improving balance of payment; stable carriage of goods; enhancement of maritime safety; and, safeguarding its marine environment. There are many policy tools to strengthen national tonnage which have been used in Indonesia and/or in its neighboring countries; and, it includes modernization of management system; preferential tax and ship finance; market access control; ship registration and quality control; human resource development; and, others. To formulate the appropriate and adequate policy scheme – a broad based approach will be needed vis-à-vis a unilateral approach. The Study intends to take a participatory among shipping stakeholders in formulating Indonesian shipping policy.

As a matter of fact, participatory approach worked well in the course of the Study. Broadly the activities can be grouped into three forms:

- (1) Conduct of interview survey among industrial stakeholders;
- (2) Convening of workshops and seminars to broadly discuss shipping development issues and disseminate the Study outputs; and
- (3) Strengthening of public relations through media and project website (www.stramindo.org)

Since those activities were highly interactive, the essence of major findings and reasonable suggestion have been already incorporated into the STRAMINDO Main Report. Even so, it is worth recording the major participatory approach undertaken in the Study in order to show actual industrial views and to prove the soundness of the planning procedure of the Study.

The technical report contains two types of participatory approach records; industry interview survey results and brief reports of workshops and seminars.

2. INDUSTRY INTERVIEW SURVEYS

2.1. The First Industry Interview Survey (February 2003)

(1) The Result of Shipping Company Interview

This survey is to collect data and information from shipping companies. In some region, there are branch offices of shipping companies at port. The person from branch office can now answer the questionnaire. The questionnaire should be answered at the main office. However, for some ports, e.g. Bitung port because the main office is in Surabaya so only the branch office surveyed. In this manner, the surveyor in Surabaya has collected the data from those shipping companies.

In the regional port, ADPEL and branch of PT. PELINDO were very helpful in conducting this survey. ADPEL have arranged a meeting for all stakeholders that will be surveyed. Especially, for shipping companies and cargo owners/forwarders, ADPEL person can pushed the shipping companies and forwarders to answer the questionnaire.

Jakarta has so many samples that have to be interviewed. There are some problems related with shipping company's survey at Jakarta. PT. MCI has arranged for meeting with DGSC at INSA office. This meeting was conducted on February 6 to February 27, 2003. At the meeting was invited 108 shipping companies, but there were only 23 shipping companies attend in the meeting.

Some shipping companies did not want to answer the questionnaire because of their business was very busy. DGSC have already sent a strong letter to remain the shipping companies to answer the questionnaire, but the condition was still the same as before DGSC sent the strong letter. PT. MCI has already used the survey method like in the regional port, by using personal from ADPEL and branch of PT. PELINDO Jakarta to distribute the questionnaire and pushed them to answer the questionnaire. The result of shipping companies still cannot reach the targeted data.

Point of the result of shipping companies interviewed:

- From 167 number of companies selected, 80 companies answered the questionnaire (48% from total selected companies).
- Distribution of companies by age group indicated that the most common group (55%) is between ages 0 to 15 years old (established from 1988 until now). The number of companies decreased, as they get older.
- 88.75% of shipping company is Indonesian private company, 7.5% are state owned company and the last 3.75% are joint venture Company with foreign country.
- 50% of shipping company is servicing in freight shipping as majority service, 8.75% as agency service, 7.5% as passenger shipping service, 1.25% as bunkering service and the others of company as warehousing service, trucking service, ship rental service or combination without one-majority services.
- 60% of shipping company is inter-island shipping line, 8.75% is international shipping line, 6.25% is special shipping line and the others are pioneer shipping and service both of international and inter-island shipping.
- The number of its employees can classify company size. Medium-size companies with

less than 50 personnel or “50 to 100” are the most common (53%) in the cargo shipping industry.

- General cargo and passenger vessel operator have the strongest intention (above 50%) to increase fleet in the future. Special shipping operators, on the contrary, had low intention of adding to their existing fleet.
- Based on ranking of management Issues, the most priority of company are revenue increasing and following with cost cutting.
- Based on impediments ranking, old age of ships and lack of fund are the most impediments for shipping company.

(2) The Result of Cargo Owners/Forwarders Interview

This survey was interviewing cargo owner or forwarder. The ADPEL have arranged the meeting to conduct the survey. Trough this meeting the survey was successfully collected the data. Cargo owner/forwarder could not filled in some items of questionnaire, such as volume of cargo handling in last of 3 years, fare of cargo movement, cost of operation in the year of 2002. Cargo owner/forwarder also could not make a rank of management aspects.

At the regional port had already reached the target of samples number for this survey. At Tanjung Priok (Jakarta) port, almost all shipping companies surveyed. The realized of number of samples was very low, just only 10 % of targeted data.

Point of the result of cargo owner and forwarders interviewed:

- The questionnaire survey collected 38 samples and 32 of them showed specific characteristics of their operation.
- Forwarder Company can be categorized according to the main business such as warehousing, trucking, custom clearance, agent forwarder and manufacturer.
- Most of Forwarder Company categorized as trucking service (31.25%), followed with warehousing (25%), agent forwarder (18.75%), manufacturer (15.6%) and custom clearance (9.3%).
- Distribution of companies by age group indicated that the most common group (40%) is age between 0 to 15 years old (established from 1988 until now). Followed with age between 30 to 45 years old (25%), 15 to 30 years old (18.75%) and 45 years up (12.5%).
- 91.89% of shipping company is Indonesian private company, 8.1% is foreign private company.
- 29% of forwarder and cargo owner that surveyed is servicing in agency as core business, 24 % as warehousing service, 21 % as trucking service, 18% as custom clearance service and the others as retail, manufacturing, agriculture/mining, petroleum and others.
- Based on major cost of operation, shipping cost is the major cost for company, followed with trucking cost.
- Based on major concerns by forwarding companies, revenue and marketing increases are the major concerns for forwarding companies.

- Based on major obstacles identified by forwarders, old system in industry and lack of human resource are the major obstacle for forwarders.

(Attachment Survey Forms)

2.2. The Second Industry Interview Survey (August 2003)

The questionnaires were distributed in conformity with the list of shipping companies enclosed in 16 companies, comprising:

- 12 Shipping Companies
- 2 Forwarding
- 2 Association

The result of survey:

- 7 Shipping Companies respond to be interviewed, but not all of them fill out the questionnaires.
- 7 Shipping companies fill out the questionnaires
- 1 Forwarding company (Gotrans) was interviewed, but it does not fill out the questionnaire.
- 2 Associations, INFA and INSA were interviewed, but they do not fill out the questionnaires.

(1) The Result from Interview Survey:

INSA (Indonesian National Ship owners Association)

Is an organization of shipping companies in Indonesia that function to unite, protect and fight for its member's interest to reach its mutual objectives, to become the host at home.

The impact from economic crisis and deteriorating value of rupiah is still felt by Indonesia shipping companies, because almost all shipping companies in Indonesia obtain their incomes in the form of rupiah.

Some INSA expectations, among others are:

Additional fund is extremely required by shipping lines now.

Direct fund given to shipping lines from other country (Japan) in low interest, namely 6 % in terms of rupiah. The direct fund in the meaning as rupiah is not through the central government (Government-to-Government), but directly to INSA as the coordinator of the shipping lines.

Shipping Company

The uncovered economic condition from crisis in Indonesia and its impact is still felt by the business world, namely slack of the real sector that has caused decreasing of economic activities. Also in shipping company as one of the factors in sea transportation, very significant connecting inter insular in Indonesia and ASEAN countries.

It extremely affects to operational and financial performance, not just facing the press in

difficulty to reach the target of income from the principal business, but also the increasing of ship operating cost and other indirect costs.

Because of this, in general up to now the shipping company needs loan to increase and renew its fleet. The present condition is very difficult to get the fund, and the interest is high enough, one of the Domestic Banks gives an interest of 18 % per annum in the form of rupiah. So, most of shipping companies use their own funds for their operations.

The main priority after getting the fund is to increase its fleet by purchasing second hand ships of the 10 to 20 years old from Japan and Germany.

New ships are not the first priority, causing to some cases, among others:

- High value of investment needs a long time to return the capital.
- High investment has caused expensive ticket price, so that it is not competitive.

The increasing of operating cost was caused by, among others:

- Current bad management of the port
- The small berth of the port, so that the ship in loading and unloading needs a long waiting time (lost time and lost money)
- Less adequate existing equipments
- Sufficiency high illegal fees
- Too many institutions involved, so that it increases the costs

Some cases expected by the shipping lines in general are:

- More confirmed government regulations to avoid war of tariff that makes its small-scale company fall
- Exemption from taxes
- Decreasing of BBM (getting subsidy)

Homemade ship, viewed from its price is relatively expensive enough with its endurance less than 10 years, so that it can be concluded that the result is unsatisfactory.

GAFEKSI (Gabungan Forwarder dan Ekspedisi Indonesia)

TIFA (Trade International Forwarder Association)

TIFA is in ASEAN countries (Indonesia, Malaysia, Singapore, and Thailand) as the main organization of INFA (Indonesian Forwarders Association)

Currently INFA has a plan to establish a Distribution Center, located in Tanjung Priok (Jakarta) and Tanjung Perak (Surabaya); up to now it is a draft. While in Thailand (North West) the Distribution Center is being developed.

INFA is a forwarder association as a trucking company and has special port and loading and unloading equipment in the harbor is very minimize, especially at Benoa Port (Bali), it has just one crane in a capacity of 10 tones, so that the waiting time and loading and unloading time are too long, that have affected high cost of contingencies.

INFA also propose interconnected transportation mode among the sea port and railways and its rehabilitation, it is efficient enough to use transportation of goods by rail, viewed from the time aspect, it is never hit by traffic congestion.

INFA can obtain annual income in 1 Billion US \$ and the organization has 300 units of trucks. INFA customers are big enterprises, among others Maersk Line, Evergreen, Gesury Lloyd.

INFA propose to JICA to hold some training.

Forwarder

Forwarder growth in Indonesia shows a rapid progress, it is visible from: GOTRANS transport company.

For fund, at present forwarder has not needed yet a fund, because along this time the growth of forwarding companies use their own fund. Forwarding issues in Indonesia mostly raise, because of less disciplined government regulations in its application in the field. Moreover, the presence of illegal fees in the port extremely disturbs loading and unloading activities of goods.

PELNI (Indonesian National Shipping Company)

The main business of PT. PELNI is the operation of ships to fulfill the demand for passenger and cargo transport between the islands of the Indonesian archipelago and so to Singapore. In its Public Service Obligation (PSO) mission as the only government owned sea transport operator, primarily within the national distribution system, PT. PELNI is not only service commercial routes but also opens pioneer routes to thinly populated islands for building national integrity and unity. Income from profitable routes covers the cost of non-profit making activities.

Since deteriorating value of rupiah against dollar, the target of income from business is difficult to reach, added by increasing of the ship operating cost and others cost.

The decreasing of income, excluding was caused by economic crisis was also cause by decreasing of passengers among others was caused by:

War in domestic flight tariff in 2001 up to now, so that the ticket price is relatively cheaper than the ship tariff. The result is most of the people use the plane for inter insular travel than sea transportation.

The creasing number of the fleet in operation, it should be 36 units, became 26 unit of ships.

Less conducive security in some regions has caused less mobilization of main gods and foreign ships visit, especially cruise ship and has impact to the decreasing of the ships visit with PELNI as an agent, by 14, 22 %.

At late 2001, PELNI had operated 29 units of passenger ship with total capacity 37.326 people and 22 units cargo ships with total tonnage of 37.100 DWT. In April, 1 (one) high speed ship (KFC Jetliner) was added on hire purchase. In August 1 (one) 2000 PAX-type

passenger ship (KM. Doro Londa) was added by Government capital co-investment.

The Founding BUMN gets the fund from foreign loan and Government Loan.

(2) The Result from Questionnaire Form

PT. Panurjwan

- Has 7 vessels
- Method of finance: 100% own fund
- Problem of government and domestic bank loan: high guarantee and interest rate
- Problem of domestically manufactures ships:
 - Price: expensive
 - Quality: medium level
 - Maintenance and rehabilitation easiness: depend on the position of the vessel
 - Durability and equipment durability: so far up to eight to ten years, but anyway depend on the maintenance condition itself
- Problem of Port : some of container port, especially river port (Banjarmasin, Pontianak, Palembang, Jambi etc) got many problem such as : berth, shallow draft, loading and unloading facility equipment, storage area, connecting road. All of these conditions make a difficulty for the port management.

PT. Pelayaran Bahtera Adhiguna

- Has 4 vessels, 1 unit tugboat
- Method of finance: 100% from foreign and government loan
- Problem of foreign loan:
 - Guarantee: no more government guarantee
 - Interest rate: commercial rate is not feasible
 - Collateral: only the vessel it self
 - Regulation: no government regulation for vessel investation
 - Others: time and grace period scheme
- Problem of government loan :
 - Guarantee: bigger than the vessel value (for private company)
 - Interest rate: commercial rate in not feasible
 - Collateral: beside the vessel itself, also the company asset
 - Regulation: complexity
 - Others: complexity bureaucracy
- Problem of domestic loan :
 - Guarantee: bigger than the vessel value
 - Interest rate: high/commercial rate
 - Collateral: other than the vessel itself, also the company asset
 - Regulation: complexity

- Others: many fee
- Problem of domestically manufactures ships :
 - Price: less compete / higher from standard
 - Quality: troubles
 - Maintenance and rehabilitation easiness: relative
 - Durability: no longer than 10 years
 - Equipment durability: service facility
 - Others: lack of after sales service
- Problem of Port :
 - Berth, basin area, breakwater, waterway: congestion, waterway
 - Facilities: equipment and capacity availability
 - Forwarding services: lack of labor and less forwarding responsibilities
 - Custom control and inspection: take more time
 - Transfer cargo: complexity handling and high cost
 - Storage: high cost and rough handling
 - Connecting road: crowded and mostly not for accommodate the heavy truck
 - Communication: the people who in charge mostly busy and difficult to communicate
 - Safety: extra protection necessary
 - Port management: not so good service management
- Problem of pioneers shipping :
 - Insufficient cargo and mixed cargo
 - Insufficient subsidy especially for operation cost
 - Insufficient port facilities: waterways and congestion
 - Loading and unloading shore equipment
 - Forwarding service: lack of labor and less forwarding responsibilities
 - Storage: high cost and rough handling
 - Connecting road: narrow road and usable for little truck only
 - Communication: lack of response and care
 - Safety: need more protection
 - Port management: lack of service
 - Others: crew morality

PT. Tempuran Mas

- Has 11 vessels
- Method of finance: 100% from own fund
- Problem of foreign loan:
 - Limited access and no support from regulation side
- Problem of government loan:

- As far as we know, no government loan to support shipping industry except some project i.e. Caraka/PAL etc, but not to purchase second hand ship
- Problem of domestic loan :
 - Interest rate: high
 - Collateral: problem as the ship until now could not use as a collateral
 - Regulation: no such rule/regulation yet could support i.e. mortgage law
 - Others: difficult
- Problem of domestically manufactures ships :
 - Price: no comment, but assume now build will be very expensive compare to second hand vessel
- Problem of Port :
 - Berth, basin area, breakwater, waterway: limited berth, delay the vessel with clue
 - Facilities: very limited for domestic/conventional berth – more depend on ship crane
 - Forwarding services: no acceptable
 - Custom control and inspection: no acceptable
 - Transfer cargo: from conventional to international berth take sometime to proceed the paper work
 - Storage: limited place some area and expensive
 - Safety: vary every port, unsafe: Ambon
 - Port management: improving, profit oriented make expensive, increase tariff
- Problem of pioneers shipping :
 - Insufficient cargo: always an initial problem
 - Loading and unloading: no support facilities i.e. crane, RTU, reach stacker/side
 - Storage (warehousing) for container and cargo
 - Connecting road: could not use container 20'/40'
 - Communication, safety, port management: need improvement
 - Safety: need more protection
 - Port management: lack of service
 - Others: crew morality

PT. Rimba Segara Lines

- Has 6 vessels
- Method of finance : own fund and domestic bank loan
- Problem of domestic loan :
 - Guarantee: guarantee from shareholder
 - Interest rate: still high/18 – 20%/year
 - Collateral: more than 100% from loan
 - Regulation: many procedures

- Problem of domestically manufactures ships :
 - Price: very expensive
- Problem of Port :
 - Berth, basin area, breakwater, waterway: congestion and expensive
 - Custom control and inspection: many procedures
 - Storage: expensive
 - Connecting road: traffic jam
- Problem of pioneers shipping :
 - Insufficient cargo: sometime booming, sometime poor
 - Storage: expensive
 - Connecting road: traffic jam

PT. PELNI

- Has 30 vessels
- Method of finance : foreign and government loan
- Problem of domestic loan :
 - Guarantee: high
 - Interest rate: high
- Problem of domestically manufactures ships :
 - Price: expensive
 - Durability: period is not standardized yet
- Problem of Port :
 - Berth, basin area, breakwater, waterway: especially in Tanjung Priok, the port operated by shipping company, so that is limitation for passenger ship to berth
 - Facilities: In some port, there are lacks of cargo handling equipment i.e. mobile crane etc.
 - Forwarding services: lack of truck availability in small ports
 - Storage: no storage in small ports
- Problem of pioneers shipping :
 - Forwarding service, storage, connecting road, communication, safety, and port management are problem at small port.

PT. Mass Lines

- Has 3 vessels
- Method of finance : own fund
- Problem of government loan :
 - Guarantee: specific
 - Interest rate: high
 - Regulation: specific

- Problem of domestic loan :
 - Guarantee: DP and additional
 - Interest rate: high
 - Regulation: taxes
- Problem of Port :
 - Berth, basin area, breakwater, waterway: less berthing facilities
 - Facilities: temporarily enough
 - Forwarding services: high cost
 - Storage: less storage area
 - Connecting road: poor
 - Communication: temporarily enough
 - Safety: less
 - Port management: less
- Problem of pioneers shipping :
 - Insufficient cargo: less cargo for domestic
 - Insufficient subsidy: no subsidy from government
 - Insufficient port facilities: unsafe security / safety at port area
 - Loading and unloading: less facility
 - Forwarding service: enough
 - Storage: less
 - Connecting road: poor
 - Communication: enough
 - Safety: less
 - Port management: less

PT. Kalla Lines

- Has 4 RoRo vessels, 1 unit tanker
- Method of finance : 100% from domestic bank loan
- Problem of foreign loan :
 - Guarantee: no guarantor
- Problem of government loan :
 - Interest rate: too high
 - Regulation: the regulation does not support the national shipping
- Problem of domestic loan :
 - Guarantee: 100%
 - Interest rate: 19 – 20%
 - Collateral: too many bureaucracies
 - Others: difficult
- Problem of domestically manufactures ships :

- Equipment durability: must be imported
- Problem of Port :
 - Facilities: insufficient facilities
 - Transfer cargo: insufficient facilities
 - Storage: not integrated
 - Connecting road, communication, safety, port management are need to be improve
- Problem of pioneers shipping :
 - Insufficient cargo: remote island occasionally, no pioneer status
 - Connecting road, communication, safety, port management are need to be improve.

(Attachment Survey Forms)

3. WORKSHOPS AND SEMINARS

3.1. Introductory Workshop on the Indonesian Shipping and Shipbuilding Development, 19 December 2002, Persada Club Halim, Jakarta

A one-day workshop was carried out to discuss STRAMINDO Inception Report, to hear Philippines experiences in the development of maritime industry and to know what is expected from JICA study. The Introductory Workshop was held by JICA Study Team cooperation with Ministry of Communication and Ministry of Industry and Trade.

The Introductory Workshop was attended by JICA advisory committee, JICA Study Team, JICA Indonesia, JSPS, ESCAP, MARINA Philippines, Directorate General of Sea Communication, Directorate General of ILMEA, representatives from shipping company and observer.

Attached at the end of this section are the handout, the program and list of participants during the workshop.

Highlight of Discussion

Chairman for discussion session is Mr. Jimmy AB Nikijuluw, the Director of Sea Traffic and Transport. The presenters were Mr. Glen Cabanez from Philippine, Mr. Kumazawa the JICA Study Team leader, Mr. Masuda from ESCAP, Prof. Koyama from JICA Study Team, Mr. Baren Saragih the President Director of Indonesian National Ship-owners Association (INSA), Mrs. Chandra Motik from Department Maritime of Indonesia, Mr. Hussyen Umar Maritime Lawyer, Mr. Joeswanto Karidjodimedjo from IPERINDO.

- Question

Atjeh Suparman from PT. PELNI asked Mr. Kumazawa who is the most efficient operator for shipping company who has a lot of fleet and also asked whether the RO/RO operation would be included in the study.

Answer

Mr. Kumazawa Ken answered that the most efficient operator is local operator that have good knowledge in operating and cooperate without discrimination. Regarding RO/RO operation, he said that it would be included in the study.

- Question

Harun Al Rasyid Lubis, from ITB, asked if the study could face dynamic changes e.g. social economic and politic, and why the term of study is not divided into mid term or quarter term review.

Answer

Mr. Kumazawa Ken answered that this study is about 20 years prediction, and it could face any changes with full commitment from related side. Regarding term of review, the study had this kind of review and would be evaluated periodically.

- Question

Yanta, from MOIT, asked Mr. Kumazawa what the expanding of the study for development of Indonesian maritime industry and would the study also cover shipbuilding industry.

Answer

Mr. Kumazawa Ken said that the study area included all the territorial waters of Indonesian with particular attention to ports, seaways, other maritime transport facilities and also shipbuilding industry.

- Question

Husseyh Umar asked Mr. Koyama whether the study would concern about legal framework, because law and regulation in Indonesia was not certain and not updated which would affect shipbuilding industry in Indonesia.

Answer

Mr. Koyama said that the study would concern on legal framework of the policies and JICA Study Team had studied the policy of neighbor countries such as Singapore, Malaysia etc.

- Question

Tri Ahmady, from ITS, asked whether the scope of the study include the passengers sector and safety device that supporting shipping industry.

Answer

JICA Study Team answered that the passengers sector and safety device that supporting shipping industry are included in the study.

- The chairman explained that the maritime safety is included in the study and Indonesia had already signed an amendment about port maritime and security in diplomatic conference at London on 13 December. They are still preparing its implementation in Indonesia.

Mr. Albert Lafian, from Directorate of Guard and Rescue, said that the amendment of life safety in sea convention should be implemented not only for government but also for ship owner, ship agent, port operator and ship itself.

- Question

Mr. Joeswanto asked about the statement of Mr. Koyama's paper with the title "Modernization of Shipping Industry in Indonesia" in point C number 1-2, ship-owning aspect.

Answer

Prof. Koyama said that in modernization of shipping industry, owning vessel is not the most important thing and it is easy to charter vessel for potential shipping service.

- The comments about the discussion are summarized as follows:
 1. Prof. Kose from Japan Society for the Promotion of science (JSPS)
 - Some of work results on the situation of Indonesian shipping and shipbuilding industry are Indonesia should give more attention to management, manufacturing, planning and control, human resources, and supporting system.
 - He said that to improve the industry by started to make mega policy and having many discussions on the cooperation between shipping and shipbuilding industry.
 2. Mr. Glen Cabanez from Philippines Maritime Industry Authority
 - Philippine has promoted the bareboat-chartering scheme.
 - In Philippine Shipyard and Ship Corporation, foreign investor is allowed to get a share as much as 40 % and 60% by the Philippine but 100% of the seafarers must be Pilipino.
 - Philippine have promoted dual registration of ship, the regime close register and open register.
- The discussion closed by the chairman.



	Data Collection and Data Analysis	Mr. Adolf R. Tambunan (DGSC)
	Pioneer Shipping	Mr. A. Kadir Katerru (DGSC)
	Promotion of Shipbuilding Industry	IPERINDO
15:00 – 15:15	Coffee Break	
15:15 – 16:15	Continued	
16:15 – 16:30	Closing Speech	
	Mr. Achdiat Atmawinata (Dir. Gen. of Metal, Machinery, Electronic and Multifarious Industries)	

INTRODUCTORY WORKSHOP PARTICIPANTS

MARINA Philippines	
Mr. Arsenio F. Lingad II	Chief of Routes & Schedules Regulation Division
Mr. Atty Glenn G. Cabanez	Regional Director
Mr. Tomayuki Fukuhara	Philippines JICA
ESCAP	
Mr. Satoshi Masuda	Senior Expert
JSPS (Japan Society for the Promotion of Science)	
Mr. Kuniji Kose	JSPS Program Coordinator (Hiroshima University, Professor)
JICA Advisory Committee	
Mr. Ogura Shigeo	Leader
Mr. Nakagawa Takanori	Member
Mr. Mori Hirotsugu	JICA H.Q. Officer-in-charge
JICA Study Team	
Mr. Kumazawa Ken	Leader
Mr. Ohtake Kunihiro	Shipping Policy Expert
Mr. Yusei Sakae	Shipping Route & Shipping Assignment
Mr. Takeo Koyama	Shipping Policy Expert
JICA Expert	
Mr. Hirokazu Nishimura	Expert on Shipbuilding Industry
Mr. Y Murakami	Expert
JICA Indonesia Office	
Mr. Mano Shuhei	Assistant Resident Representative
Lis	Assistant Resident Representative
Ministry of Communication	
Ir. Tjuk Sukardiman, MSi	Director General of Sea Communication
Ir. H. Harijogi, MBA	Special Advisor to MOC
Jimmy AB Nikijuluw	Director of Sea Traffic and Transport
Capt. Albert Lapian	Director of Coast Guard
Drs. A. Kadir Kateru	Deputy Director for Domestic Shipping
Drs. Loren Situmorang	Deputy Director for Special Shipping
Ir. Abdul Azis	Deputy Director for Shipping Business Development
Ir. Adolf R. Tambunan, MSc	Deputy Director for Development of Shipping Information System
Yulius Agus Salim	Port Administrator of Tanjung Priok
Junaidi	Representative of the Directorate of Marine Safety
Zahara Saputra	Representative of the Directorate of Marine Safety
Abednego Sarungallo	Representative of the Directorate of Marine Safety
Rustam	Staff Directorate of Sea Transport
Thomas Sitorus, SE, MA	Staff Directorate of Sea Transport
Drs. Doddy Triwahyudi, MStr	Staff Directorate of Sea Transport
Drs. Bambang Wahyu	Staff Directorate of Sea Transport
Sri Lestari, SH, LLM	Staff Directorate of Sea Transport
Subagiyo	Planning Division
Nelson	Legal Division

Ministry of Industry and Trade	
Yan S. Tandiele	Directorate General of ILMEA
BAPPENAS	
Drs. Petrus Sumarsono, MA	Head of Sea Transportation Affairs
Ikhwan Hakim	
INSA	
Barens Th. Saragih	General Chairman of INSA
M. Husseyn Umar	Advisor
Capt. H. Soehariyo	Advisor
IPERINDO	
Joeswanto Karidjodimedjo	Chairman of IPERINDO
Mr. Wasono	Advisor
PT. PELINDO II	
Capt. A. Syaifuddin	President Director of PT. PELINDO II
PT. PELNI	
Asep Suparman	Division Head of Agency
Husni AM	Division Head of Cargo Ship
PT. Dok Kodja Bahari (DKB)	
Tjahjono Roesdianto	Division Head of Marketing
Turseno Widodo	Sales Manager
Tris Dhieman	
Sugiyanto	
Paken Arunglabi	
BPPT	
Ir. Iskendar, MS	Director of Transport System Technology
Soegeng Hardjono	Division Head of Transportation
DMI	
Dr. Chandra Motik	
Hanindyo Wicaksono	
Forum Pemerhati Perhubungan Laut (Forum of Sea Communication Observer)	
Hidayat	Secretary I
Rusjdy Rasul	Secretary II
Others	
Prof. Dr. Agoes A. Masroeri	Head of Division (Institute Technology of Surabaya) ITS
Dr. Tri Achmadi	Research Associate (Sea Transportation Laboratory, ITS-Surabaya)
Dr. Sunaryo	Senior Lecturer (University of Indonesia)
Ir. Anton A. Sutandy	PT. Arpeni Pratama Ocean Line
Dr. Harun al-Rasyid Lubis	Chairman (Transportation Research Centre–Institute Technology of Bandung, ITB)
Jacob Suryanata	Director of Maxteer

3.2. Internal Workshop on Sectoral Issue Findings, 12 March 2003, Crystal Room, Nusantara, Nikko Hotel, Jakarta

A one-day workshop was carried out to explain the progress of the STRAMINDO project until that time and to discuss the sectoral issue findings. The Internal Workshop was held by JICA Study Team cooperation with Ministry of Communication and Ministry of Industry and Trade.

The Internal Workshop was attended by JICA Study Team, IPERINDO and INSA.

Attached at the end of this section are the handout, the program and list of participants during the workshop.

Highlight of Discussion

1. Opening Remarks and Workshop Orientation

Mr. Adolf opened the workshop and explained the objective of the meeting that was to discuss on the on-going progress of the study and enhance the result of the finding of the study so far.

Mr. Kumazawa overviewed the execution of the project done and explained study objectives that consist of two layers contain several planning issues of the project. He also explained about the workshop orientation.

2. Maritime Traffic (from Dr. Ian Espada)

Dr. Ian Espada explained the Maritime Traffic Analysis and the methodology in developing the analysis and database. He also overviewed on the maritime traffic characteristic.

Mr. Adolf suggested Dr. Ian Espada to use data that only issued by DGSC as a reliable data and to use more recent data of year 2001. He commented that passenger traffic analysis also has to consider inter-mode competition especially with air transportation and that passenger traffic is not fully derived from the standard trip generation and attraction of each location or ports, but also as assignment from government. He requested Dr. Ian Espada to underline phenomenal of Java and Kalimantan as first and second largest origin and destination of passenger that might be result in some policy set up later on. He also claimed on extremely different number of main commodities in domestic maritime compare to DGSC data.

Dr. Ian Espada explained that short distance travel seems to be more important than long distance travel, perhaps there would be needs in the market.

3. Domestic Shipping Operation (from Capt. Sakurai)

Capt. Sakurai explained the Port and Ship Survey. He reported the result of port surveys and gave overview the condition of the port surveyed.

Mr. Thomas asked about berth occupation ratio in Balikpapan, and container berth have to use floating crane due to berth availability. The whole ports are required berth.

Mr. Sakurai answered that one good method for cargo handling was container crane; it

would have more productivity rather than floating crane.

Mr. Johnson from INSA commented on the Mr. Sakurai's presentation on port survey and asked to elaborate more about the port facilities, cabotage facilities and more issues at port.

Mr. Kadir Katerru asked Mr. Sakurai to take consideration of the Custom Immigration and Quarantine existence as center of port services and to elaborate more on the number of vessel waiting for repair, cargo, berthing that easier DGSC to analyze. He also asked Mr. Sakurai's opinion on how to maintain the traditional shipping in Indonesia.

Mr. Sakurai agreed that there should be a Port Management Body exists to control everything including immigration, quarantine, and some polis matter. However, it would difficult because different ministry looks after each section. He commented that wooden ships in Indonesia are decreasing and that wooden ship is very expensive, but it still needed as transportation between small ports.

Mr. Adolf requested Mr. Sakurai to give comment on what is the level of Indonesian port services and systems compare to International. He asked Mr. Sakurai port survey result on container vessel.

4. Capacity and Management of Local Shipyards (from Mr. Nomori)

Mr. Nomori explained about Capacity and Management of Local Shipyards. He overviewed on existing condition of the shipyard regarding main facility and capacity.

Mr. Triharso requested to use the latest data from MOIT and find out the capability of shipyard manpower so that can make planning to improve the manpower.

Mr. Hidayat said that most of the shipyard that being surveyed facing the same problems, i.e., manpower, quality, etc and asked whether there are any program or plan from PT. Dumas Tanjung Perak to move the shipyard because the development of container terminal influence the shipyard activity.

Mr. Nomori answered that the shipyard has the same problems and PT. Dumas have the facility but cannot use it, so the customer are not using service from PT. Dumas instead they use service from PT. PAL.

Mr. Wing Wirjawan from IPERINDO requested to improve the skill qualification of the worker so shipyard can be improved and maybe Japan can donate a fund to develop the shipyard.

Mr. Nomori explained that the most important task is to improve the shipyard because almost all shipyards are inactive in repairing works. He also suggested to hire skillful engineer to shorten the repair term.

5. Maritime Transport Policy (from Mr. Ohtake)

Mr. Ohtake explained the Shipping Policy in narrow sense as Indonesian National Shipping Strategy in the 21st Century.

Mr. Kadir Katerru suggested that national shipping policy should also elaborate traditional shipping and maritime transport should be overviewed from two side of activities, as supporting domestic trade as well as international trade, and as an industry. He informed that the government does not regulate traditional vessel and tariff. He further informed that for international shipping the government liberalizes the foreign shipping company to carry cargo from and to Indonesia without any restriction on amount of cargo and frequency. He also informed that domestic trade facing problem in ship procurement and financial.

Mr. Ohtake suggested in using negotiation tariff system because fix tariff is not good. He suggested giving incentive and not subsidizing the ship owner.

Mr. Kemal informed that Indonesia regulation still standing in demand side and not in neutral side. He suggested making balance policy to increase our national fleet.

Mr. Ohtake informed that 70-80% of national shipping policy is in demand side and it was difficult to change a policy.

Mr. Adolf suggested observing the unique and strategic role of maritime transport in Indonesia and not fully adopting foreign country's policy. He requested JST to touch policy on shipping operation and shipping business, not only on shipping business.

Mr. Ohtake explained about cabotage policy in United State and United State still use direct subsidy and operation subsidy.

6. Maritime Economy and Finance (from Mr. Katsurada)

Mr. Katsurada explained about Maritime Economy and Finance. He reported about Examination of Existing Conditions in Domestic Shipping Service, Identification of Development Needs, and Economic Evaluation and Financial Analysis.

Mr. Kemal asked how Indonesia could increase the share in domestic transport and improve the dockyard.

Mr. Katsurada answered that the competitiveness of Indonesian flag vessels is weaker compare to foreign flag vessels. Maritime transport capability is not sufficient in terms of Indonesian shipping company management, dockyard capability, and financial. He explained regarding dockyard development that requires a lot of time to bring up shipbuilding industries.

Mr. Nainggolan requested Mr. Katsurada to elaborate kind of interest rate and banking condition that appropriate to develop our fleet.

Mr. Katsurada explained regarding interest rate that according to interview result, the interest rate is 20% so they cannot afford to buy new vessel. In case of state companies, they can make the vessel as collateral and they can borrow from the foreign bank with low rate about 6-8%. Therefore, government should support special loan for the shipping company.

Mr. Adolf explained regarding low share of Indonesian flag vessel in liquid cargo and suggested to reduce expenses on foreign exchange. He requested to elaborate various loan schemes and systems that possible to be applied and also the guarantee system.

Mr. Katsurada explained that the system depend on market mechanism and ship management and now Indonesian shipping company do not have enough capability to build new vessels so they are chartering from abroad. He also explained that there are many types of loan schemes, i.e., loan that directly form private bank inside Indonesia, from international private bank, and ODA fund for shipping company. He added that the shipping company would be very happy if they get guarantee from the government.

7. Summary of Discussions and Closing Remarks

Mr. Wakui summarized the workshop and gave closing remarks.



PROGRAM

Wednesday, 12 March 2003

9:00 – 9:30	Opening Remarks and Workshop Orientation Mr. Adolf Tambunan Mr. Kumazawa Ken, Team Leader
9:30 – 10:30	Maritime Traffic Dr. Ian Espada (Reporter) Mr. Adolf Tambunan (First Commentator and Moderator)
10:30 - 11:00	<i>Coffee Break</i>
11:00 – 12:00	Domestic Shipping Operation Cap. Sakurai (Reporter) Cap. Jonggung Sitorus (First Commentator and Moderator)
12:00 – 13:00	<i>Lunch Break</i>
13:00 – 14:00	Capacity and Management of Local Shipyards Mr. Nomori (Reporter) Mr. Triharso – MOIT (First Commentator and Moderator)
14:00 – 15:00	Maritime Transport Policy Mr. Ohtake (Reporter) Mr. Kadir Katerru (First Commentator and Moderator) (Refer to Attachment 3.2.1)
15:00 - 15:30	<i>Coffee Break</i>
15:30 – 16:30	Maritime Economy and Finance Mr. Katsurada (Reporter) Mr. Kemal Heryandri (First Commentator and Moderator)
16:30 – 17:00	Summary of Discussions and Closing Remarks Mr. Wakui Tetsuo, Deputy Team Leader

INTERNAL WORKSHOP PARTICIPANTS

Ministry of Communication

Hidayat Mao	Directorate General of Sea Communication
Adolf R. Tambunan	Directorate General of Sea Communication
A. Kadir Katerru	Directorate General of Sea Communication
Abdul Aziz	Directorate General of Sea Communication
J. Nainggolan	Directorate General of Sea Communication
Simson Sinaga	Directorate General of Sea Communication
Jonggung Sitorus	Directorate General of Sea Communication
Udiyanto	Directorate General of Sea Communication

Syachrul Nugroho	Directorate General of Sea Communication
Bambang Wahyu	Directorate General of Sea Communication
Erwin Pangaribuan	Directorate General of Sea Communication
Jusni Ramli	Directorate General of Sea Communication
Jhony S.	Directorate General of Sea Communication
Budi Indrayanto	Directorate General of Sea Communication
Agus Wahyudi	Directorate General of Sea Communication
Robin Fajar	Directorate General of Sea Communication
Padlani	Directorate General of Sea Communication
Dwi Harmadji	Directorate General of Sea Communication
Nurkasih T.	Directorate General of Sea Communication
Ministry of Industry and Trade	
Putu Juli Ardika	Directorate General of ILMEA
Suprijati	Directorate General of ILMEA
Triharso	Directorate General of ILMEA
IPERINDO	
Wing Wirjawan	
Djoko Rukmono	
INSA	
Arthur Warokka	
Johnson	
JICA Study Team (STRAMINDO)	
Kumazawa Ken	Team Leader
Wakui Tetsuo	Deputy Team Leader
Sakurai Takashi	Member
Ohtake Kunihiro	Member
Katsurada Toshisada	Member
Okamura Naoshi	Member
Ian Espada	Member
Nomori Etsuo	Member
Watanabe Tamaoki	Member
Shirai Yuko	Member
Yamada Yasuko	Member
JICA Expert	
Nishimura Hirokazu	
Embassy of Japan	
Sakamoto Keisuke	Embassy of Japan

3.3. First Seminar on the Development Roadmap Towards Competitive Indonesian Maritime Transport, 15 July 2003, Diamond Room, Nikko Hotel, Jakarta

A one-day workshop was carried out to discuss development direction identified in the STRAMINDO progress report, and to discuss experiences of Japan and Indonesia in domestic fleet development. The First seminar was held by JICA Study Team cooperation with Ministry of Communication and Ministry of Industry and Trade.

The First Seminar was attended by JICA advisory committee, JICA Study Team, ASEAN Secretariat, Directorate General of Sea Communication, Directorate General of Metal, Machinery, Electronic and Multifarious Industries, and representatives from shipping company.

Attached at the end of this section are the handout, the program and list of participants during the workshop.

Highlight of Discussion

Morning Session

The Chairman for discussion session was Mr. Hidayat Mao Specialist Staff DGSC for International Cooperation. The presenters were Mr. Kumazawa Ken the team leader of JICA - STRAMINDO, Mr. Bernard Tai Khium Mieu Senior Officer from ASEAN Secretariat, and Mr. Uematsu Hideaki Shipping Policy Expert from JICA - STRAMINDO.

- Question by Mr. Joeswanto from IPERINDO

He asked Mr. Kumazawa about PT. PANN Multi Finance as State Owned Company. Then, he asked Mr. Bernard if there were any possibilities to form up a certain financing agreement among ASEAN countries to promote Indonesian fleet, because Indonesia as the biggest maritime country has small number of fleets compare with other ASEAN countries.

Answer

Mr. Kumazawa explained that PT. PANN was formerly established to facilitate maritime transport financial and now has been changed into multi finance. He added that this study includes ship finance and JST would consider the necessary area of public sector commitment to make public fund strategic area for shipping development.

Mr. Bernard said that in ASEAN context, shipping fund was an interesting proposal. He explained that for Malaysia case, the fund was managed by the Central Bank and ship-owners were Malaysian Company. He suggested that ASEAN should create a stable, transparent, and predictable investment regime.

- Question by Mr. Mr. Soelarto, Lecturer

He suggested JST to review the Master Plan as for upcoming 20 years. He also suggested that Indonesia should have multipurpose terminals beside container terminals, because the most favorable type of vessels for inter island are not only container vessel but also RORO vessels and multipurpose vessels.

He said that the constraint was the depth of water at the port and accidents often happened to ferry vessels. Such accidents happened because of stability of the vessels, overloaded cargo, and weather condition or stream of the sea.

Answer

Mr. Kumazawa explained that JST have to face many problems on technical innovation that must be supported by financial aspect availability. He said that JST had talked to counterpart agency to build appraisal indicators within Master Plan for periodical review with appraisal indicators after 5 years.

Mr. Kumazawa said that the study would not propose any specific infrastructure projects. JST will give some recommendation based on user viewpoints without concrete infrastructure proposal.

- Question by Mr. Boedje Pitna, Retired Officer from DGSC

Related to ASEAN issue of Cabotage Regime, he said that Indonesia was the biggest maritime country in the world; therefore, it could not be compared to other ASEAN countries.

Answer

Mr. Uematsu said Indonesia was a very exceptional country in the world and probably 20 years later this shipping business might become borderless. Therefore, strategic application of operation of cabotage regime is very important.

- Question by Mr. Harun Al Rasyid Lubis from Bandung Institute of Technology (ITB)

He said that the real traffic or sea-borne traffic data has been collected and studied and the team was going to forecast the potential demand for 20 or 25 years Master Plan which needs mid term review. He asked whether inter modal or multimodal considerations excluded in the study.

Answer

Mr. Kumazawa explained that JST must carefully look into multimodal transport development and consider many aspects like further domestic shipping modernization and RORO passenger services in Master Plan skeleton.

- Question by Mr. Danny Tarigan from AMA

He said that for ASEAN countries, development of multimodal transport and development of non-vessel operating commune carrier could be an alternative policy to the development of national tonnage.

He asked Mr. Kumazawa clarification about the position of Indonesia in international trade of the shipping. He expressed his agreement with Mr. Uematsu that cabotage policy must be implemented in Indonesia to strengthen national fleet.

Answer

Mr. Kumazawa explained that international shipping field is out of the study scope and JST have to pay attention to Indonesian operators, which provide both international and domestic shipping services by the same business unit. Shipping operators prefer

foreign flag for ship registration. In the next report, JST would try to classify such kind mechanism and countermeasure.

- Question by Mr. Petrus Sumarsono from BAPPENAS

He asked for Mr. Kumazawa's comment on banking system in maritime-related industry, which can strengthen Indonesian national fleet and increase its share in domestic cargo.

Answer

Mr. Kumazawa said that on banking system in maritime-related industry, PT. PANN was formerly established to facilitate maritime transport financial and now has been changed into multi finance. In terms of shipping fund financier, Bank Mandiri would be needed especially for big and small fund. JST had considered Bank Rakyat Indonesia (BRI) for micro financing arrangement.

Afternoon Session

The Chairman for discussion session was Mr. Tri Ahmadi. The presenters were Mr. Kimura Nobutaka as member of JICA Advisory Committee, Mr. Oentoro Surya the president director of PT. Arpeni Pratama Ocean Line/INSA, Mr. Muspiadi from PT. PAL Indonesia.

- Question by Mr. Joeswanto from IPERINDO

He suggested Mr. Kimura Nobutaka to adopt Japan fleet financial scheme system in the master plan prepared by JICA to develop shipping industry in Indonesia and asked how to get the two-step loan.

He asked Mr. Oentoro Surya about PT. Arpeni/Berlian Laju Tanker existence in ship building industry since it has been proved that Indonesian shipyard can meet the delivery time without continuous order.

He expressed his unsatisfying regarding government monopoly through BUMN Inc., which limits shipbuilding and number of fleet owned by shipyards in Indonesia.

Answer

Mr. Kimura Nobutaka explained that Japan Government had experience in delivering two-steps loan to Philippine and now Philippine had on going second step. JBIC has already experienced to set loan especially for ship financing so if Indonesian government propose high priority to Japanese government perhaps it will not be so difficult to get this fund.

Mr. Oentoro Surya suggested PT. PAL to be commercial minded, marketing oriented, going out and asking for order. He strongly requested government to lower interest rate for investment and their political will.

Mr. Muspiadi explained that BUMN incorporated is just the beginning of the growth of the spirit of Indonesian incorporated.

- Question by Mr. M. Syawal from INSA:

He asked Mr. Kimura Nobutaka about Maritime Credit Corporation (MCC) mechanism and the study availability to meet the two-step loan system since it has been discussed in 1996 with Japanese Government that credit will be given in two steps loan only. He also asked criteria for companies who willing to get the credit.

He expressed his unsatisfying regarding difficultness to operate shipyard and maintain ships in the eastern part of Indonesia.

Answer

Mr. Kimura Nobutaka asked Indonesian Government to request for the two-step loan through master plan or implementation program.

Mr. Muspiadi explained that they have to do market research to find out whether it is possible to develop capacity toward eastern part of Indonesia. However, PT. PAL also trying to carefully develop to see the business potential of eastern part of Indonesia effected by the regional autonomy.

- Additional question from INSA:

He asked Mr. Kimura regarding possibility of shipping company to accept credit from Japanese Government through MCC with interest rate of 2.3% since current interest rate that shipping company have to pay is 7%-8% per annum in Rupiah clause. He said that no shipping company can effort such high interest rate. He asked who was called as MCC and whether it supposed to work for the government or as an independent company and what criteria for a company to get the credit from MCC.

Answer

Mr. Kimura Nobutaka explained that Philippine also had the same program and Philippine Development Bank gave 12%-15% interest rate to shipping companies. Interest rate offered by JBIC to Indonesian government is 2.3% and Indonesian government shift to MCC with 15%-17%. Indonesian government will establish MCC and private sector and INSA also have to invest capital to MCC. For that reason, it is important for INSA to join MCC committee and decide which company can lease or rent money which will be arranged by the committee including INSA member.

- Question by Mr. Nainggolan from DGSC

He asked Mr. Oentoro Surya regarding his statement of government inconsistency and political will to develop Indonesian fleet.

He asked PT. PAL regarding their statement, which mentioned that Singaporean shipping dockyard is cheaper than Indonesia

Answer

Mr. Oentoro Surya explained that according to Shipping Law No. 21 1992, it is clearly stated that shipping law should be implemented within 2 years, but so far, it has been delayed almost 7 years for President Decree No. 82 1999 and 2 years for Minister Decree No. 33. He considered it as inconsistency. He added that shipping company

would not improve if the government not implements regulation. He said that the most important thing is willingness of Indonesian government.

Mr. Muspiadi said that the progress of the shipping industry is depending on the government political will and not on market. The most important thing was government political will to arrange certain manner so all sector could be appropriate and take the benefit of integrated policies.

- Question by Mr. Adolf Tambunan from DGSC

He interested in Mr. Kimura's presentation, since history in shipping between Indonesia and Japan is rather similar so Indonesia can adopt experience of Japanese system. One key factor to be able to implement MCC is the landing institution, which keeps money and gives lower interest rate compare to commercial interest rate. He asked about the money resource because Directorate General of Sea Communication had contacted Bank of Indonesia and Bank Mandiri and they could not give low interest rate.

Answer

Mr. Kimura Nobutaka said that if Indonesian governments guarantee the risk then all private banks would like to invest in MCC.

- Question by Mr. Jaelani from Pelayaran Rakyat

He asked Mr. Kimura Nobutaka why does Japanese Government not easily give loan for traditional boat that is wooden ship since Japan and Indonesia has similarity on historical background in domestic fleet development.

He asked Mr. Oentoro Surya opinion on which should national policy on shipping be integrated with, whether it should be with maritime industry or shipper council.

He asked Mr. Muspiadi to explain about why Caraka Jaya and Palwobuwono were not continued, the reason why and existence of the vessels now.

He also asked Mr. Muspiadi whether PT. PAL has designed Maruta Jaya as the modernization type of traditional boat and whether they have other type of traditional shipping modernization.

Answer

Mr. Kimura Nobutaka explained that this study also covered wooden ship called Phinisi and how to promote or maintain the conditions. He asked PELRA to discuss this matter with Mr. Kumazawa and JICA Study Team for the master plan.

Mr. Oentoro Surya added that PELRA is as an input for JICA, so PELRA can choose their association to conduct some short of cooperation. He suggested PELRA to follow the latest technology but firstly finish PELRA internal problem, so PELRA can get loan from JBIC through Indonesian Ministry of Finance. He also explained regarding the integrated policy in shipping. Integrated policy in shipping comes from shipping law, shipping industry, shipyard, ship building policy, tax reform, and all integrated together as policy to boost shipping industry and shipping can not run alone without any back up from the others.

Mr. Muspiadi explained about Caraka Jaya. He said that PT. PAL did not deliver Caraka to PT. PANN at the time and 15 unit material package left had already spread out over 9 shipyards in Indonesia. This project was stop since the government let PT. PANN provide local budget or building the vessel at the time, and then later on transferred to PT. Djakarta Lloyd for the same task, but until now, there was still no decision. According to Mr. Muspiadi, it was depend on the government whether they want to step in or to wait for PT. Djakarta Lloyd to have the capability to build the vessel.

Mr. Muspiadi also explained that, PT. PAL had delivered 5 Palwobuwono vessels those are 3 of 430 TEUS and 2 of 1600 TEUS to PT. Djakarta Lloyd and they did not know where the vessels were operated. Regarding Maruta Jaya, Mr. Muspiadi added that it was a project by BPPT (Body of Technology Development and Research Center) and PT. PAL was only the ship builder, so PT. PAL delivered vessels to BPPT.

- Conclusion made by Mr. Tri Ahmadi as moderator at the end of the discussion session:
 1. Similarity of historical background in domestic fleet development between Japan and Indonesia, so some of the policies that have been done by the Japanese government could be adopted by Indonesian government to boost the maritime industry
 2. The needs of government political will that has been strongly emphasized by Mr. Oentoro Surya to boost the development of maritime industry in Indonesia.
 3. The proposed so-called MMC is a red line for industry speakers.
 4. The need for integrated policies in shipping was not only in financial institution.



PROGRAM

Tuesday, 15 July 2003

8:00 – 9:00	Registration
9:00 – 9.30	Opening Remarks Mr. Ogura Shigeo (JICA Advisory Committee) Mr. Tjuk Sukardiman (Dir. Gen. of Sea Comm.)
9:30 – 10:00	<i>Coffee Breaks</i>
10:00 – 11.00	Development Direction Identified in the STRAMINDO Progress Report Mr. Kumazawa Ken (Leader of JICA Study Team)
11:00 – 11:30	ASEAN Cooperation in Transport Mr. Bernard Tai Khium Mieu (Senior Officer, the ASEAN Secretariat) (Refer to Attachment 3.3.1)
11:30 – 12:00	Shipping Policy Alternatives in Indonesia Mr. Uematsu Hideaki (Shipping Policy Expert, JICA STRAMINDO)
12:00 – 12:30	Open Discussion (with Panelists)
12:30 – 13:30	<i>Lunch Break</i>
13:30 – 14:00	Japan's Experiences in Domestic Fleet Development Mr. Kimura Nobutaka (Member of JICA Advisory Committee) (Refer to Attachment 3.3.2)
14:00 – 14:30	Indonesia's Experiences in Domestic Fleet Development (Shipping Line's Perspective) Mr. Oentoro Surya (President Director of PT. Arpeni Pratama Ocean Line/INSA) (Refer to Attachment 3.3.3)
14:30 – 15:00	Indonesia's Experiences in Domestic Fleet Development (Shipyards' Perspective) Mr. Adwin Suryodiprojo (Presdir of PT. PAL) (Refer to Attachment 3.3.4)
15:00 – 15:30	<i>Coffee Break</i>
15:30 – 16:30	Open Discussions (with Panelists)
16:15 – 16:30	Closing Remarks Mr. Subagyo (Dir. Gen. of Metal, Machinery, Electronic and Multifarious Industries)

FIRST SEMINAR PARTICIPANTS

ASEAN Secretariat	
Bernard Tai Khium Mieu	Senior Officer
Ministry of Communication	
Tjuk Sukardiman	Directorate General of Sea Communication
Jimmy AB Nikijuluw	Directorate General of Sea Communication
Hidayat Mao	Special Staff of DGSC
Adolf R. Tambunan	Directorate General of Sea Communication
A. Kadir Katerru	Directorate General of Sea Communication
Loren Situmorang	Directorate General of Sea Communication
Abdul Azis	Directorate General of Sea Communication
J. Nainggolan	Directorate General of Sea Communication
Simson Sinaga	Directorate General of Sea Communication
Sri Lestari	Directorate General of Sea Communication
Thomas Sitorus	Directorate General of Sea Communication
M. Fadil Rochim	Directorate General of Sea Communication
Erwin Pangaribuan	Directorate General of Sea Communication
Budi Indrayanto	Directorate General of Sea Communication
Padlani	Directorate General of Sea Communication
Robin Fajar N.	Directorate General of Sea Communication
M. Simaremare	Directorate General of Sea Communication
Sri Widiastuti	Directorate General of Sea Communication
Udiyanto	Directorate General of Sea Communication
Ledia T.	Directorate General of Sea Communication
Sri Purdiati	Directorate General of Sea Communication
Magdalena Alaida	Directorate General of Sea Communication
Edward	Directorate General of Sea Communication
Soejanto	Directorate General of Sea Communication
Erman Asman	Directorate General of Sea Communication
Dwi Harmadji	Secretariat of DGSC
Nurkasih Tugatorop	Secretariat of DGSC
Chairul Dj.	Training and Education Centre of DGSC
Purnomo	Research and Development
Swastya Wibhrama	Finance Bureau
Kemal	Planning Division
Totok Lukito	Planning Division
Eko Hadi Rumecko	Planning Division
Bambang Sutrisna	Legal Division
Erwin Rosmali	Port Administrator of Tanjung Priok
Ministry of Industry and Trade	
Nugraha Jw.	Directorate General of ILMEA
Putu Juli Ardika	Directorate General of ILMEA
Suprijanto	Directorate General of ILMEA
Albert Yusuf T.	Directorate General of ILMEA
Poltak Ambarita	Directorate General of PDN
Lintong S. Hutabarat	Directorate General of IKAH
Lucky Indraswati	Directorate General of IKH
Arfin Alfian Lubis	Directorate General of IK Hulu
W. Wahyu Wijayadi	Research and Development
Dyah W. Poedjiwati	
Ministry of Finance	
Sidik B.	Ministry of Finance
Djoko Witjaksono	Ministry of Finance
Coordinator Ministry of Economy	
Tulus Hutagalung	Coordinator Ministry of Economy
Muhammad Nanang	KKPPI
Ministry of State-Owned Enterprise	
Danang SB.	Ministry of State-Owned Enterprise
Ministry of Forestry	

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Capt. A. Syaifuddin	PT. PELINDO II
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Tri Sulasih S.	PT. PAL Indonesia
Djoni Sutji	PT. Pelayaran Tempuran Emas
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Oentoro Surya	PT. Arpeni Pratama Ocean Lines
Widihardja T.	PT. Berlian Laju Tanker
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Heru Adi Jatmika	BPPT
Setyo Margo Utomo	BPPT
Triyono WS	BPPT
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