No.

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

COORDINATING MINISTRY FOR ECONOMIC AFFAIRS
THE REPUBLIC OF INDONESIA

THE STUDY
ON
TRADE RELATED SYSTEMS AND PROCEDURES
IN
THE REPUBLIC OF INDONESIA

FINAL REPORT

SUMMARY

March 2005

JAPAN PORT CONSULTANTS LTD., (JPC)
PACIFIC CONSULTANTS INTERNATIONAL (PCI)

ED
JR
05-036

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Preface

The Government of Japan adopted a request by the Government of Indonesia to conduct a study on trade-related systems and procedure focusing on the capital area. Japan International Cooperation Agency (JICA) was mandated to undertake the study.

A study team, consisted by Japan Port Consultants, Ltd (JPC) and Pacific Consultants International (PCI), was sent four times from February 2004 through March 2005. The team, headed by Mr. YAMASHITA Ikuhiko (JPC) held discussions with officials concerned in the Government of Indonesia, hearings from private sector, and field study including trade process time survey.

This report was compiled by the team in accordance with comments raised by steering committee members of the Government of Indonesia. It is expected that the report is utilized for further trade facilitation.

Lastly I would like to express my sincere appreciation to all those who participated in this study and hope this joint study promotes relationships between Japan and Indonesia.

March 2005

IZAWA Tadashi
Vice-President
Japan International Cooperation Agency (JICA)

LETTER OF TRANSMITTAL

March 2005

Mr. Izawa Tadashi
Japan International Cooperation Agency
Vice-President

Dear Sir

It is my great pleasure to submit herewith the Final Report of "The Study on Trade Related Systems and Procedures in The Republic of Indonesia".

The study team comprised of the Japan Port Consultants Ltd. (JPC) and Pacific Consultants International (PCI) conducted surveys in the Republic of Indonesia over the period between February 2004 and March 2005 according to the contract with the Japan International Cooperation agency (JICA).

Based on the findings derived from the surveys and the discussions and consultations with the officials of the related ministries and agencies, the study team formulated the recommendations to achieve the trade facilitation reform in the Port of Tanjung Priok and the Soekarno-Hatta International Airport together with the detailed action plan for the reform. The recommendations and the action plan emphasize not only the necessity of procedural improvements but also the importance of investments in transport infrastructures.

On behalf of the study team, I would like to express my heartfelt appreciation to the Coordinating Ministry for Economic Affairs and other authorities concerned for their cooperation, assistance and heartfelt hospitality extended to the study team.

I am also very grateful to the Japan International Cooperation Agency, the Ministry of Foreign Affaires, the Ministry of Economy, Trade and Industry and the Embassy of Japan in Indonesia for their valuable suggestions and assistance given to the team during the course of the study.

Yours faithfully,

Ikuhiko YAMASHITA
Team Leader
The Study on Trade Related Systems and Procedures
in The Republic of Indonesia

[Final Report - Summary]

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

2A1	:	Bukti Pelayanan Pemanduan / Scouting Service Receipt
2A1.1	:	Bukti Pelayanan Telepon Kapal / Vessel's Telephone Service Receipt
2A2	:	Bukti Penambatan Kapal / Ship's Berthing Receipt
2A3	:	Bukti Pengisian Air Kapal / Vessel's Water Filling Up Receipt
3PL	:	Third Party Logistics

A

AAGR	:	Annual Average Growth Rate
ACS	:	Access Control System
ACTV	:	Air Cargo Transshipment Village
ADB	:	Asian development Bank
ADPEL	:	Administrator Pelabuhan
AFACT	:	Asia Pacific Council for Trade Facilitation and Electronic Businesses
AFAM	:	Air Freight Association of Malaysia
AFTA	:	ASEAN Free Trade Area
AHTN	:	ASEAN Harmonized Tariff Nomenclature
AHTN	:	ASEAN Harmonized Tariff Nomenclature
AICO	:	ASEAN Industrial Cooperation
AIS	:	Automatic Identification System
AMCAM	:	American Chamber of Commerce
ANGKASA PURA	:	Airport & Air Traffic Service Company
AP	:	Analyzing Point
AP I/II	:	PT. (Persero) Angkasa Pura I/II
APBN	:	Anggaran Pendapatan & Belanja Negara / State Revenue & Expenditure Budget
APEC	:	Asia Pacific Economic Co-operation
API	:	Angka Pengenal Impor / Import Identification Number
APIT	:	Angka Pengenal Impor Terbatas / Limited Import Identification Number
ARR	:	Arrival
ASEAN	:	Association of Southeast Asian Nation
ASEM	:	Asia - Europe Meeting
AWB	:	Airway Bill

B

B/C	:	Bea / Cukai - Customs / Excise
B/L	:	Bill of Lading
B2B	:	Business to Business

B3	:	Bahan Beracun & Berbahaya / Poisonous & Hazardous Material
B737	:	Boeing B737
BAPEKSTA	:	Badan Pelayanan Kemudahan dan Pengolahan Data Keuangan / Agency for Finance Data Processing and Export Facilitation Services
Bappenas	:	Badan Perencanaan Pembangunan Nasional / National Development Plan Agency
BBM	:	Bahan Bakar Minyak / Oil Fuel
BBS	:	Bahan Baku Serpih / Chip Raw Material
BBS	:	Bulletin Board System
BEI	:	PT. Bank Ekspor Indonesia Persero
BKPM	:	Badan Koordinasi Penanaman Modal / Capital Investment Coordination Board
BM	:	Bea Masuk / Import Duty
Bongkar	:	Unloading
BOP	:	Barang Operasi Perminyakan / Oil Operation Goods
BOR	:	Berth Occupancy Ratio
BP-B	:	Bay Plan Bongkar / Loading Bay Plan
BPEN	:	Badan Pengembangan Ekspor Nasional / Agency for National Export Development
BPIB	:	Balai Pengujian dan Identifikasi Barang / Office of Goods Examination and Identification
BPOM	:	Badan Pengawasan Obat dan Makanan / Agency for Food & Drug Supervision
BPPCP	:	Bukti Pembayaran Pabean, Cukai & Pajak / Customs, Excise & Tax Receipt
BPRP-In	:	Bukti Pemakaian Ruang Penumpukan Barang Masuk / Receipt Usage of Piling Up Site for Incoming Goods
BPRP-JD	:	Bukti Pemakaian Ruang Penumpukan - Jasa Dermaga / Receipt Usage of Piling Up Site – Dock Services
BPRP-Out	:	Bukti Pemakaian Ruang Penumpukan Barang Keluar / Receipt Usage of Piling Up Site for Exit Goods
BPS	:	Badan Pusat Statistik / Central Statistic Bureau
BSE	:	Booking Stack Export
BSN	:	Badan Standardisasi Nasional/ National standardization Agency
BTBMI	:	Buku Tarif Bea Masuk Indonesia / Indonesian Import Duty Tariff Book
BULOG	:	Badan Urusan Logistik (State Logistics Agency)
BUMN	:	Badan Usaha Milik Negara / State Owned Enterprise

C

CAC	:	Customs Advisory Committee
CB	:	Capacity Building
CCC	:	Code of Conduct Committee
CCTV	:	Closed Circuit Television System
CDC	:	Cargo Distribution Center
CEPT	:	Common Effective Preferential Tariff
CEPT	:	Common Effective Preferential Tariff
CFRS	:	Customs Fast Release System
CFS	:	container Freight Station
CGK	:	Cengkareng
CIF	:	Cost, Insurance & Freight
CMEA	:	Coordinating Ministry of Economic Affairs
CMS	:	Cargo Management System
CPDG	:	Competition Policy and Deregulation Group
CPO	:	Crude Palm Oil
CPO	:	Crude Palm Oil
CREADV	:	Credit Advice
CS212	:	CASA CS212
CSL	:	Crane Sequence List
CTMS	:	Container Terminal Management System
CUSCAR	:	Customs Cargo Report
CUSDEC	:	Customs Declaration
CUSREP	:	Customs Conveyance Report
CUSRES	:	Customs Report
Customs EDI	:	Customs Electronic Data Interchange
CUSVIS	:	Customs Visa
CUSVRS	:	Customs Visa Response
CVIA	:	Container Vessel Identification Advice
CY	:	Container Yard

D

DEP	:	Departure
DepHub	:	Departemen Perhubungan / Ministry of Communication / Ministry of Transportation
Depperindag	:	Departemen Perindustrian & Perindustrian / Ministry of Industry & Trade
DGAC	:	Director General of Air Communications
DGCE	:	Director General of Customs and Excise
DGLC	:	Director General of Land Communications

DG-Revenue	:	Director General Revenue
DGSC	:	Director General of Sea Communications
DG-Tax	:	Director General Tax
Direktorat LLAJ	:	Direktorat Lalu-Lintas & Angkutan Jalan / Directorate of Traffic & Road Transportation
Dirjen Hubdat	:	Direktorat Jenderal Perhubungan Darat / Directorate General of Land Communication (DGLC)
Dirjen Hubla	:	Direktorat Jenderal Perhubungan Laut / Directorate General of Sea Communication (DGSC)
Dirjen Hubud	:	Direktorat Jenderal Perhubungan Udara / Directorate General of Air Communication (DGAC)
DJA	:	Direktorat Jenderal Anggaran / Directorate General of Budget (DGB)
DJBC	:	Direktorat Jenderal Bea & Cukai / Directorate General of Customs & Excise (DGCE)
DJP	:	Direktorat Jenderal Pajak / Directorate General of Taxes (DGT)
DKE	:	Daftar Kartu Ekspor / List of Export Card
DKI Jakarta	:	Daerah Khusus Ibukota Jakarta / Special District Capital of Jakarta
DKP	:	DHARMA KARYA PERDANA
DMCA	:	Digital Millennium Copyright Act
DN	:	Debet Nota
DNP	:	Daftar Normatif Penerimaan / Revenue Normative List
DO	:	Delivery Order
DO.A	:	Delivery Order Asli / Original Delivery Order
DO.AF	:	Delivery Order Asli Fiat / Fiat Original Delivery Order
DPIL	:	Daerah Pabean Indonesia Lainnya / Others Indonesian Customs Area
DPK	:	Daftar Petikemas Khusus / List of Special Container
DPPO	:	Dinas Pengendalian & Pengawasan Operasi / Agency of Operational Controlling & Supervision
DPR	:	Dewan Perwakilan Rakyat (the House of People's Representatives = Parliament)
DPSL	:	Daftar Petikemas Shifting Landed / List of Shifting Landed Container
DPSTL	:	Daftar Petikemas Shifting Tidak Landed / List of Shifting Container Not Landed
DPT	:	Daftar Petikemas Transhipment / List of Transhipment Container
DROA	:	Daftar Rencana Obyek Audit / List of Audit Object Plan
DSEQ	:	Discharging Sequence List
DTJK	:	Data Transaksi Jalur Kapal / Vessel's Track Transaction Data
DVP	:	Delivery Versus Payment

E

EA	:	Ethyl Alcohol
EDI	:	Electronic Data Interchange
EDIFACT	:	Electronic Data Interchange for Administration Commerce & Transport
EIR	:	Equipment Interchange Receipt
EIS	:	Executive Information System
ELVIS	:	Electronic Visa Information System
EMKL	:	Ekspedisi Muatan Kapal Laut / Vessel's Cargo Expedition
EMKU	:	Ekspedisi Muatan Kapal Udara / Plane Cargo Expedition
EPZ	:	Export Processing Zone
ESL	:	Export Summary List

F

F27	:	Fokker F27
FAL	:	Convention on Facilitation of International Maritime Traffic
FCL	:	Full Container Load
FCZ	:	Free Commercial Zone
FKE	:	Fasilitas Kredit Ekspor / Export Credit Facility
FOB	:	Free on Board
FTZ	:	Free Trade Zone
FUEDI	:	Further Unified Electronic Data Interchange
FUITS	:	Further Unified Information Technology System
FZA	:	Free Zone Area

G

G&B	:	Government and Business
G2B	:	Government to Business
G2G	:	Government to Government
G8	:	Group of Eight Governments
Gafeksi	:	Gabungan Forwader & Ekspedisi Indonesia / Indonesian Forwarder & Expedition Association
GATI	:	Gate In
GATO	:	Gate Out
GATT	:	General Agreement on Tariff and Trade
GBHN	:	Garis Besar Haluan Negara / State Guidelines
GBHN	:	Garis Besar Haluan Negara (the broad outline of state policy)
GC	:	Gantry Crane
GDP	:	Gross Domestic Products
GE IS Network	:	General Electric Ltd. Indonesia Global Network
GF	:	Guiding Facility/facilities

GPS	:	Global Positioning System
GRT	:	Gross Ton

H

Hi Co Scan X-Ray	:	
HS Code	:	Harmonized System Code
HRD	:	Human Resource Development
HT	:	Hasil Tembakau / Tobacco Product

I

ICD	:	Inland Container Dept
ICT	:	Information and Communication Technology
ID	:	Inland Depot
IFF	:	Inland Functional facilities
IHCM 1997	:	
IIA	:	Indonesia Importers Association
IMF	:	International Monetary Fund
IMO	:	International Maritime Organization
INACA	:	Indonesian National Air Carrier Association
INFA	:	Indonesia Forwarders Association
INSA	:	Indonesian National Ship owner Association
IPC1/ IPC2	:	Indonesia Port Corporation 1 and 2
IPR	:	International Property Rights
ISL	:	Import Summary List
ISM Code	:	International Safety Management Code
ISO	:	International Organization for Standardization
ISPS Code	:	International Ship and Port Facility Security Code
IT	:	Information Technology
ITB	:	Bandung Institute of Technology
ITFC	:	Integrated Trade Facilitation Center
ITPC	:	Indonesia Trade Promotion Centers

J

JACC	:	Jakarta Airport Country Club
JBIC	:	Japan Bank for International Cooperation
JICA	:	Japan International Cooperation Agency
JICT1/ JICT2	:	Jakarta International Container Terminal 1 and 2
JIUT	:	Jakarta Intre Urban Toll Road
JMA	:	Jakarta Metropolitan Area
JORR	:	Jakarta Outer Ring Road

K

KADIN	:	Kamar Dagang dan Industri / Indonesian Chamber of Commerce and Industry
KB	:	Kawasan Berikat / Bonded Zone
KBN	:	Kawasan Berikat Nusantara / National Bonded Zone
KE.L	:	Kartu Ekspor Load / Load Export Card
KepMen	:	Keputusan Menteri / Ministerial Decree
KepPres	:	Keputusan Presiden / Presidential Decree
KI	:	Kartu Impor / Import Card
KIMPRASWIL	:	Departemen Permukiman dan Prasarana Wilayan / Ministry of Settlement and Regional Infrastructure
KIS	:	Kartu Impor Stack / Stack Import Card
KITE	:	Kemudahan Impor Tujuan Ekspor / Import Facilitation for Export
KK	:	Kode Kapal / Ship's Code
KLIA	:	Kuala Lumpur International Airport
KN	:	Kredit Nota / Note Credit
KON	:	Komisi Ombudsman Nasional / National Ombudsman Commission
KOTRA	:	Korea Trade Center
KPBC	:	Kantor Pelayanan Bea & Cukai / Customs & Excise Service Office
KPKC	:	Komite Penasehat Kepabeanan & Cukai / Customs & Excise Advisory Committee
KPKN	:	Kantor Perbendaharaan dan Kas Negara / Office of States Treasury
KPP	:	Kantor Pelayanan Pajak / Tax Service Office
KPPU	:	Kantor Pengawas Perselisihan Usaha / Business Dispute Supervision Office
KWBC	:	Kantor Wilayah Bea & Cukai / Customs & Excise Regional Office

L

L / A	:	Loan Agreement
L/C	:	Letter of Credit
LCL	:	Less Container Load
LHKK	:	Laporan Harian Kapal Keluar / Outgoing Vessel's Daily Report
LHP	:	Laporan Hasil Pemeriksaan / Report of Inspection Result
Limbah B3	:	Hazardous & Poisonous Waste Material
LKA	:	Laporan Kesiapan Alat / Equipment Readiness Report
LNS	:	Logistics Network System
LOA	:	Length Over All
LOE	:	Lay Out Ekspor / Export Lay Out

LOI	:	Lay Out Import / Import Lay Out

M

MC	:	Master Cable
Menko EKUIN	:	Menteri Koordinator Bidang Ekonomi Keuangan dan Industri / Coordinating Minister of Economic, Finance and Industrial Affairs
Menko Perekonomian	:	Menteri Koordinator Bidang Perekonomian / Coordinating Minister of Economic Affairs
MFA	:	Multifibre Arrangement
MMEA	:	Minuman Mengandung Etil Alkohol / Beverages which contain ethyl alcohol
Mo SRD	:	
MOA	:	Ministry of Agriculture
MOC / MOT	:	Ministry of Communication / Ministry of Transportation
MOCI	:	Ministry of Communication and Information
MOF	:	Ministry of Finance
MOIT	:	Ministry of Industry and Trade
MOJHR	:	Ministry of Justice and Human Rights
MOPW	:	Ministry of Public Works
MOSOE	:	Ministry of State Owned Enterprises
MOTI	:	Ministry of Trade & Industry
MOU	:	Memorandum of Understanding
MP3	:	Monitoring Pelaporan Pembayaran Pajak / Monitoring for Reporting of Tax Payment
MTI	:	Multi Terminal Indonesia / Indonesian Multi Terminal
MTO	:	Multimodal Transport Operator

N

NI	:	Nota Informasi/ Information Note
NI/NHI	:	Nota Intelijen / Nota Hasil Intelijen - Intelligence Note / Intelligence Result Note
NIP	:	Nomor Identitas Pabean / Customs Identity Number
NIP	:	Nomor Induk Pegawai / Officers Main Number
NIPER	:	Nomor Induk Perusahaan / Company's Main Number
NL	:	Nota Lunas / Paid Note
NOA	:	Notice of Arrival
NOPEN	:	Nomor Penerimaan / Receiving Number
Nota	:	Note
NOTA 4B	:	Nota Jasa Barang / Goods Services Note

NOTUL	:	Nota Pembetulan / Correction Note
NPIK	:	Nomor Pengenal Importir Khusus (Special Importer's Identification Number)
NPPKP	:	Nomor Pokok Pengusaha Kena Pajak / Tax Number for Entrepreneur
NPWP	:	Nomor Pokok Wajib Pajak / Tax Number
NVOCC	:	Non Vessel Operating Common Carrier

O

OB System	:	Over Brengen
OCC	:	Organizing and Controlling Committee
ODA	:	Official Development Assistance
OLAP	:	On-Line Analitycal Processing
OLTP	:	On-Line Transaction Processing
OP	:	Operation Planning

P

PAA	:	Pan-Asian E-Commerce Alliance
PB	:	Port of Bojonegara
PCA	:	Post Clearance Audit
PCC	:	Pure Car Carriers
PCU	:	Passenger Car Unit Factor
PDB	:	Produk Domestik Bruto / Gross Domestic Product (GDP)
PDE	:	Pertukaran Data Elektronik / Electronic Data Interchange
PDKB	:	Pengusaha Dalam Kawasan Berikat / Entrepreneur in the Bonded Zone
PDRB	:	Produk Domestik Regional Bruto / Gross Domestic Regional Product (GDP)
PDRI	:	Pajak Dalam Rangka Impor / Tax for Import
PEB	:	Pemberitahuan Ekspor Barang / Declaration of Exporting Goods
PEB.F	:	Pemberitahuan Ekspor Barang Fiat / Fiat Declaration of Exporting Goods
PEBT	:	Pemberitahuan Ekspor Barang Tertentu / Declaration of Certain Exporting Goods
PELINDO	:	Pelabuhan Indonesia
Perbanas	:	Persatuan Bank Swasta Nasional / National Private Bank Association
PERTAMINA	:	Perusahaan Pertambangan Minyak & Gas Nasional / National Gas & Oil Mining Company
PET	:	Pengusaha Ekspor Tertentu / Certain Exporter
PETP	:	Pemberitahuan Ekspor Tanpa PEB / Export Declaration without PEB
PFPD	:	Pejabat Fungsional Pemeriksa Dokumen / Functional Officer of

		Document's Examiner
PFSA	:	Port Facilities Security Assessment
PFSP	:	Port Facilities Security Plans
PGB	:	Penyelenggara Gudang Berikat / Organizer of Bonded Warehouse
PIB	:	Pemberitahuan Impor Barang / Declaration of Importing Goods
PIBT	:	Pemberitahuan Impor Barang Tertentu / Declaration of Certain Importing Goods
PKA	:	Port Klang Authority
PKB	:	Pengelola Kawasan Berikat / Organizer of Bonded Zone
PKK	:	Pemberitahuan Kedatangan Kapal / Vessel's Arrival Declaration
PKMK	:	Pengusaha Kecil Menengah & Koperasi / Small-Medium Entrepreneur & Cooperation
PLC	:	Port of Laem Chabang
PLC	:	Port of Leam Chabang
PM	:	Persetujuan Muat / Loading Approval
PMA	:	Penanaman Modal Asing / Foreign Capital Investment
PMDN	:	Penanaman Modal Dalam Negeri / Domestic Capital Investment
PNBP	:	Penerimaan Negara Bukan Pajak / Non-Tax State Revenue
PNDRE	:	Pungutan Negara Dalam Rangka Ekspor / State Levied for Export
PO	:	Pelaksana Operasi / Operation Organizer
PPBE	:	Permohonan Pemeriksaan Barang Ekspor / Exported Goods Examination Request
PPD	:	Pejabat Pemeriksa Dokumen / Document's Examiner Officer
PPGB	:	Pengusaha Pada Gudang Berikat / Entrepreneur in the Bonded Warehouse
PPh	:	Pajak Penghasilan / Income Tax
PPJK	:	Pengusaha Pengurusan Jasa Kepabeanan / Customs Service Arrangement Company
PPK	:	Permohonan Pendaftaran Kapal / Application of Vessel's Registration
PPKB	:	Permintaan Pelayanan Kapal & Barang / Ship's & Goods Services Request
PPKB-D	:	Permintaan Pelayanan Kapal & Barang / Ship's & Goods Services Request - Ditetapkan / Ship's & Goods Services Request - Determined
PPn	:	Pajak Pertambahan Nilai / Value Added Tax
PPn Bm	:	Pajak Pertambahan Nilai untuk Barang Mewah / Value Added Tax for Luxurious Goods
PPSA	:	Pusat Pelayanan Satu Atap / One Roof Service Center
PPT	:	Permohonan Penggunaan Tambatan / Request to Use Berth
PR-B	:	Profil Bongkar / Unloading Profile

PROPENAS	:	Program Pembangunan Nasional (Five-Year National Development Programme)
PSO	:	Public Service Obligation
PT BEI	:	PT. Bank Ekspor Indonesia Persero
PT Jasa Marga	:	Indonesia Highway C0rporation (State Owned)
PT. EDI	:	PT. Electronic Data Interchange Indonesia
PT. JAS	:	PT. JASA ANGKASA SEMESTA
PT. KAI	:	PT. (PERSERO) KERETA API INDONESIA / Indonesian State of Railways
PTC	:	Port Training Center
PTP	:	Port of Tanjung Priok

Q

QC	:	Quality Control
QCC	:	Quayside Crane

R

R&D	:	Reseach and Development
RAPBN	:	Rancangan Anggaran Pendapatan & Belanja Negara / State Revenue & Expenditure Budget Plan
RB	:	Realisasi Bongkar / Unloading Realization
Rendaops	:	Rencana Pengendalian Operasi / Operation Control Plan
REPETA	:	Rencana Pembangunan Tahunan (Annual Plan)
RI	:	Republic of Indonesia
RKSP	:	Rencana Kedatangan Sarana Pengangkut / Conveyor Arrival Plan
RM	:	Realisasi Muat / Loading Realization
ROP	:	Rencana Operasi / Operation Plan
ROW	:	Right of Way
RPKP	:	Rencana Pelayanan Kapal & Penumpukan / Vessel's Services & Stack Plan
RSO	:	Recognized Security Organization
RTG Crane	:	Rubber Tyred Gantry Crane
RTK	:	Rencana Tambat Kapal / Ship's Berthing Plan

S

SAC	:	Ship Arrival Condition
SAKI	:	Standar Akuntansi Keuangan Indonesia / Indonesian Financial Accountancy Standard
SAR Convention	:	International Convention on Maritime Search and Rescue
SCCP	:	APEC Sub- Committee on Customs Procedures

SCM	:	Supply Chain Management
SDM	:	Sumber Daya Manusia / Human Resources
SGS	:	Society General de Surveillance
SHIA	:	Soekarno-Hatta International Airport
SIKC	:	Strategi Pengembangan Sistem Informasi Kepabeanan dan Cukai / Customs & Excise Information System Development Strategy
SISDUR	:	Sistem dan Prosedur / System & Procedure
SIU	:	Special Investigation Unit
SKA	:	Surat Keterangan Asal / Origin Information Letter
SKEP	:	Surat Keputusan / Decree Letter
SKPFC BM-C	:	Surat Keputusan Pembayaran Fasilitas Pengembalian Bea Masuk dan / atau Cukai / Decree Payment of Import Duty and / or Excise Duty Returning Facility
SLI	:	Shipper Letter of Instruction
SNI	:	Indonesia National Standard
SOLAS	:	International Convention for the Safety of Life at Sea
SOP	:	Ship Output Perday
SP2	:	Surat Penyerahan Petikemas / Container's Delivery Letter
SP2.C	:	Surat Penyerahan Petikemas Copy / Copy of Container's Delivery Letter
SPC	:	Second Part Concept
SPJM	:	Surat Penetapan Jalur Merah / Red Channel Determination Letter
SPKPBM	:	Surat Pemberitahuan Kekurangan Pembayaran Bea Masuk / Declaration Letter for Lack of Payment of Import Duty
SPPB	:	Surat Persetujuan Pengeluaran Barang / Goods Releasing Approval Letter
SPR	:	Surat Pemberitahuan Registrasi / Registration Declaration Letter
SS	:	State Secretariat
SSB	:	Surat Sanggup Bayar / Capable to Pay Letter (Customs Bond)
SSBP	:	Surat Setoran Bukan Pajak / Non Tax Payment Letter
SSN	:	Sistem Standardisasi Nasional
SSP	:	Surat Setoran Pajak / Tax Payment Letter
SSPCP	:	Surat Setoran Pabean, Cukai & Pajak / Customs, Excise & Tax Payment Letter
STC	:	Electronic Straight Through Processing
STCW1995	:	International Convention on Standard of Training, Certification and Watch Keeping of Seafarers 1995
Subdin WASOP	:	Sub Dinas Pengawasan & Operasi / Sub Agency of Controlling & Operation

T

TACT Rule Book	:	The Air Cargo Tariff Rule Book
TBB	:	Toko Bebas Bea / Duty Free Shop
TEDI	:	Trade Electronic Data Interchange
TEL	:	Temporary Exclusion List of CEPT
TEU's	:	Twenty-foot Equivalent Unit's
TFC	:	Trade Facilitation Center
TFS	:	Trade facilitation strategy
TGH	:	Ton/Gang/Hr
THC	:	Terminal Handling Charge
TI	:	Teknologi Informasi / Information Technology
TIN	:	Taxpayer Identification Number
TKBM	:	Tenaga Kerja Bongkar Muat / Loading Unloading Labor
TL	:	Truck Loosing (direct transportation)
TPB	:	Tempat Penimbunan Barang / Goods Piling Up Site
TPB	:	Tempat Penimbunan Berikat / Bonded Piling Up Site
TPK	:	Terminal Petikemas / Container's Terminal
TPK KOJA	:	Terminal Petikemas Koja (Koja Container Terminal)
TPP	:	Tempat Penimbunan Pabean / Customs Piling Up Site
TPS	:	Tempat Penimbunan Sementara / Temporary Piling Up Site
TRIMs	:	Agreement on Trade-Related Investment Measure
TRIN	:	Truck In
TRIPs	:	Agreement on Trade-Related Aspects of Intellectual Property Rights
TRSP	:	Trade Related Systems and Procedures
TSH	:	Ton/Ship/Hr
TSSS	:	Transport Sector Strategic Study

U

UCITA	:	Uniform Computer Information Transactions ACT
UEDI	:	Unified Electronic Data Interchange
UETA	:	Uniform Electronic Transaction ACT
UIK	:	Unit Investigasi Khusus / Special Investigation Unit
UITS	:	Unified Information Technology System
UKK	:	Urutan Kedatangan Kapal / Vessel's Arrival Sequence
UKM	:	Usaha Kecil Menengah / Small Medium Enterprise
UKMK	:	Usaha Kecil Menengah & Koperasi / Small-Medium Enterprise & Cooperation
ULD	:	Unit Loading Device (Air Cargo Container, Consolidated Unit)
UNEDIFACT	:	United Nations Directories for Electronic Data Interchange for Administration, Commerce and Transport

UNICITRAL	:	United Nations Commission for International Trade Law
USEREQ	:	User Request
USERPT	:	User Report
UTPK	:	Unit Terminal Petikemas / Container's Terminal Unit

V

VAN	:	Value Added Network
VHF	:	Very High Frequency
VIER	:	Verification of Import and Export Requirement
VTIS	:	Vessel Traffic Information System

W

WASOP	:	Pengawasan Operasi / Operational Supervision
WCO	:	World Customs Organization
WTO	:	World Trade Organization

X

Y

YDT	:	Yard Dwell Time
YLKI	:	Yayasan Lembaga Konsumen Indonesia / Indonesian Consumer's Foundation
YOR	:	Yard Occupancy Ratio

Z

Trade Facilitation at a Glance
And
Executive Summary

TRADE FACILITATION AT A GLANCE

1 Why Trade Facilitation ?

To invite factories/manufacturing basis shifted abroad from developed countries and to secure the following job opportunities and foreign currency earnings are one of the most important economic policy targets for many developing countries and they are keenly competing invitation races each other. Trade facilitation is one of the crucial conditions to survive and win the race.

2 Direction of Reform is correct ! Still,・・・・・

Indonesia has carried out the economic reform with IMF. Many world latest knowhows developed by WCO, etc. are taken into the trade facilitation reform currently being formulated by the government. Still, there remain many inefficiencies and inconveniences in the everyday practices in the port, the airport and other related facilities.

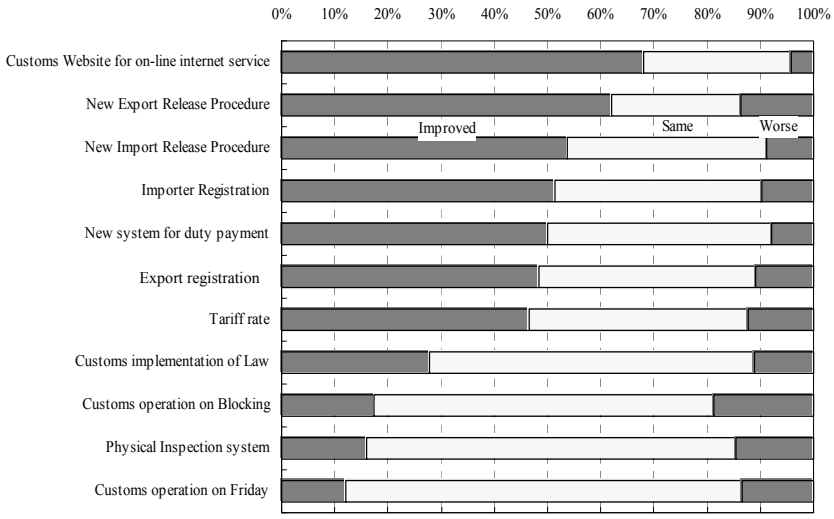
3 What are Findings telling ?

3.1 Customs not bad, still Lead Time too long !

[Customs Reform]

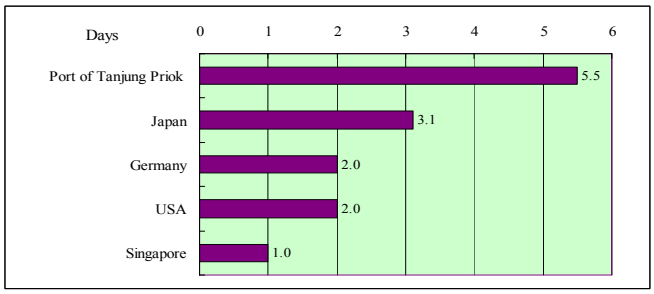
FIG. 1 is the result of the Questionnaire Survey on the recent customs reform. 7 out of 11 items are evaluated "improved" by around 50 % or more replies. Still, 10 out of 11 items are evaluated "worse" by one out of ten replies. The evaluation results are not bad as a whole, but there might still remain inefficiencies and inconveniences.

FIG. 1 Evaluation of Recent Effort of the Customs



[Lead Time] **FIG. 2** shows the international comparison of Lead Time (= number of days between the ship's arrival to gate-out permission). Indonesia takes 2 to 3 times longer compared to the selected developed countries and 5.5 times longer than Singapore. There might be some inefficient elements in a series of the procedures.

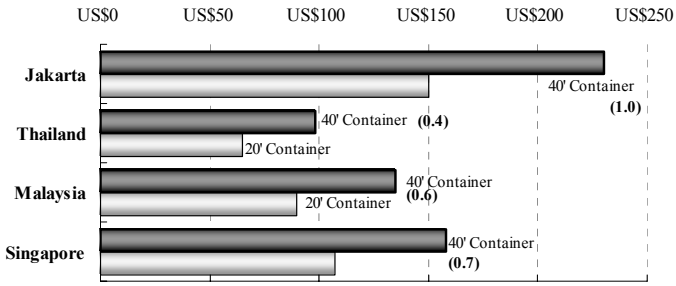
FIG.2 Comparison of Lead Time for Container Import



3.2 Why so expensive ?

[Terminal Handling Charge] **FIG. 3** shows the Terminal Handling Charge (= shipping company's charge paid by consignor) of selected ASEAN countries. Indonesia is 40 % higher than Singapore and roughly twice higher than Thailand and Malaysia. Indonesia's low competing power is clear.

FIG. 3 Terminal Handling Charge



3.3 Why so small amount of cargo in Jakarta ?

[Cargo through put in Metropolitan Area] **FIG. 4** shows the number of containers handled in the Metropolitan port/ports in three countries. **FIG. 5** shows the air cargo volume comparison among three Metropolitan airports.

The number of containers in Jakarta is much fewer than those in Bangkok and in Kuala Lumpur, while the air cargo volume in Jakarta is far smaller than those in Bangkok and in Kuala Lumpur. The differences between Jakarta and Bangkok/ Kuala Lumpur must be deemed much wider, if Indonesia's economic scale, population, being the island country, etc. are taken into consideration.

FIG.4 Containers at Asian Port

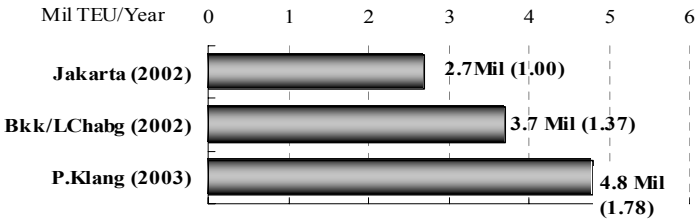
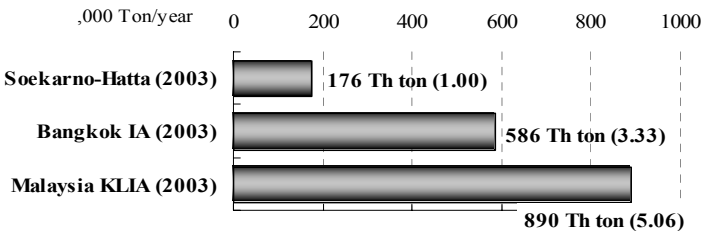


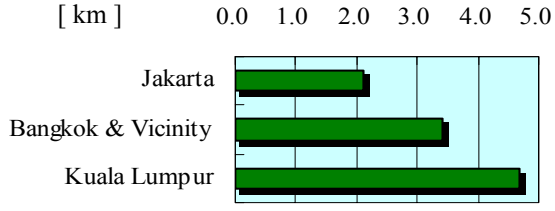
FIG.5 Air Port cargo



3.4 Old, Narrow, Congested and Beyond Capacity !

[Infrastructure] The last Finding is about infrastructure. First of all, the three country comparison of selected infrastructure stock for both ports and airports is shown in **FIG. 6 and 7**. The stock in Jakarta is much smaller than that in Bangkok and Kuala Lumpur. The tendency shown in these figures are, as a matter of fact, analogous to **FIG. 4 and 5** respectively.

FIG. 6 Container Berth Length



Then, **TABLE 1** shows the detailed current situations of individual functions and facilities of the Port of Tanjung Priok. It is clearly shown that various port throughputs in 2002 are beyond the calculated capacities of corresponding individual facilities. Thus, the current demand for the Port of Tanjung Priok as a whole might exceed its capacity and hence the investment in the port extension is definitely necessary at least for the anticipated demand increase due to the national economic development, if not for the increase by introducing regional hub. In any case, the shortage of port infrastructure is the most serious problem not only for the trade facilitation but also for the entire national economy. Besides the capacity, almost all the existing individual facilities in the Port of Tanjung Priok are old, old-fashioned, narrow, shallow, etc. due to the mal-maintenance and the lack of the capital investment.

FIG. 7 Air Cargo Area

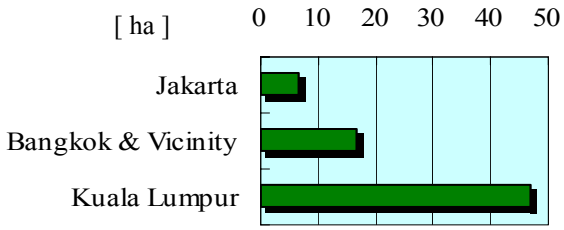


TABLE 1 Port Capacity by Individual Elements – Port of Tanjung Priok

Type	Individual Element	Estimated Capacity	Recorded Performance
Infrastructure	Channels, Basin, etc.	Number of Ship Call ; 16,000～16,500 vessels/year	16,253 vessels/year
	Berths	Container (TEUs) : 2,567,000 Conventional Berth (ton): 37,096,000	2,945,000 TEUs 37,818,000 ton
	Access Roads	Actual traffic/ Road Capacity East Direction 1.48 West Direction 1.37	South Direction 0.83
Port Operation	Container Handling Efficiency	Normally more than 25 Box/h/crane	20 ～25 BOX/h/Crane
	Ship Waiting Time	Normally zero for container vessels	Container: Several hours Conventional: More than 12 hours

4 Why Jakarta cannot do what is done successfully by Singapore, Bangkok and Kuala Lumpur ?

4.1 Because No Competition !

It is widely known that Singapore is being under fierce competition to keep the status of the world No.1 hub. It is not so much known as Singapore but both Bangkok and Kuala Lumpur are also competing for regional hub. They are trying to provide better port/airport services at reasonable prices, so that they can collect more transship containers, earn more foreign currencies and get more job opportunities as a port/airport industries.

4.2 Indonesia is Losing ・・・・・

Contrary to Singapore, Bangkok and Kuala Lumpur, there can't be seen any substantial competition in Jakarta. Due to the complete lack of competition, Indonesia is losing not only better trade facilitation environment but also a chance to bring up port/airport industries as regional hubs together with the following job opportunities and foreign currency earnings.

5 Then, what should/can be done ?

5.1 What is behind the Findings

TABLE 2 shows listed findings with their backgrounds. According to the Table, findings could be classified into two groups. Broadly speaking, one in the "Efficiency Group" and the other the "Competition Group". Measures to be taken for the improvement of respective groups would be discussed separately.

TABLE 2 Findings and their Background

No.	MAJOR FINDINGS	BACKGROUNDS
1	Evaluation by Users	Inefficiency Lack of Integrity, Insufficient Transparency, No Competition, Lack of G&B Partnership, and Incomplete IT
2	Longer Lead Time	Inefficiency
3	Higher Terminal Handling Charge	No Competition No Intra-Port Competition due to Insufficient Port Area No Inter-Port Competition due to Lack of Competing Port/Ports
4	Smaller Cargo Throughput	No Competition
5	Port, Airport and Access Roads Insufficient Capacity Low Quality Congestions	No Competition Lack of Capital Investment Lack of Maintenance Investment Time is coming for Capacity Increase of Port, Airport and Access
6	Second Port Concept	Competition
7	G&B Meetings	G&B Pertnership

5.2 Five-in-One Reform

First of all, a trade facilitation strategy should be formulated, for the efficiency group, on the basis of the concept of "Five-in-One Reform" which is a framework composed of five guiding principles shown in the **TABLE 3** for supporting the formulation of the strategy. Materials to be taken into the strategy are listed in the Action Plan prepared by the present study.

TABLE 3 Five-in-One Reform

1	Integrity is the key factor to the entire society
2	Transparency is the basis of all reforms
3	Competition is the mother of high efficiency and reasonable pricing
4	G&B Partnership assures realistic and smooth cargo flow
5	e-processing is the tool to high efficiency and everybody's convenience

5.3 Regional Hub Strategy

What should be done next is the formulation of an investment policy, for the competition group, with the policy target of the regional hubs both for a port and an airport. The investment policy should take care not only of the port and the airport but also of the access roads and the functional facilities. Under the investment policy, a regional hub strategy should also be formulated with full consideration to marketing. The will of Indonesia to join the regional hub competition could clearly be seen through the policy and the strategy.

EXECUTIVE SUMMARY

I. OUTLINE OF STUDY

The present report consists of two parts and appendices. Besides this, various detailed raw data are compiled in the separate book.
The first part of the main book contains all the results of the study on the Jakarta metropolitan ports and airport, while the second part contains the recommendations and the action plan prepared by the present study team.
The Part I consists of four chapters. The first chapter is an introductory part of the entire study selected part of which is shown in the last part of the Executive Summary, while the other three chapters are discussing the contents of the present study.

I – 1 Outline of Chapter 2

The chapter 2 covers four materials. They are:

i. the discussion on the present conditions,
ii. the time measurement survey,
iii. the questionnaire survey, and
iv. the third country survey.

I – 1 – 1 Discussion on Present Conditions

The Present condition survey was carried out through the point of views of export/import systems and trade related infrastructures. Conclusively speaking, the system could be evaluated positively, still the everyday practices need further reform widely and greatly. As for the infrastructures, almost all the facilities in the port and the airport are narrow, old fashioned, congested, etc. This is strongly suggesting the lack of both the maintenance and capital investment.

I – 1 – 2 Time Measurement Survey

Among these surveys mentioned above, the time measurement survey carried out by the present third country study team might be one of the world first trial with its comprehensiveness.
All the results obtained by the time measurement survey are shown in the appendices. One of the most conspicuous findings of this study is the fact that the lead time for the container import in the Port of Tanjung Priok is 5.5 days which is 2～3 times longer compared to Japan, Germany and USA, and 5.5 times longer than Singapore. Another unexpected findings are the fact that the lead time consists of three major time periods. They are the period before PIB, the preparation period for customs inspection, and the period covering SPPB and the following gate out.

I - 1 - 3 Questionnaire Survey

The questionnaire survey have carried out by collecting Q&A forms from port and airport users such as forwarders, agents, shipping companies, etc. According to the results of the survey, the overall evaluation from users for the recent customs reform is not low. Still, one out of ten users complains about various systems, procedures, etc. The evaluation for the customs EDI, which is introduced recently, is highly evaluated by majority of users.

I - 1 - 4 Third Country Survey

The third country survey was carried out in the Bangkok Metropolitan Area in Thailand and the Kuala Lumpur Metropolitan Area in Malaysia. Full survey results are contained in appendices.
Simple comparisons of cargoes both air and sea handled in each metropolitan area of Jakarta, Bangkok and Kuala Lumpur turned out to be surprising. Cargoes in Jakarta are much smaller compared to other two countries. This differences have to be deemed much bigger when considering the differences of nations economic scales, populations, etc. Correspondingly, the volume of both port and airport infrastructure stocks in Jakarta are also much smaller than other two countries.

I - 2 Outline of Chapter 3 and 4

The chapter 3 deals with the analyses of the present conditions of the port, the airport, the access roads, etc. followed by the identification of the hindrances and the defective infrastructures for improvement. The analyses are done comprehensively from legal, institutional, administrative, operational, technical, economic, commercial, and international points of view.

Some examples of identified hindrances are:

i. imperfect legal system with the Trade Law not yet enacted,
ii. lack of legal basis for the free trade zone, the bonded warehouse, etc.,
iii. other legal imperfections about IPRs, e-transaction, etc.,
iv. lack and/or insufficiency in information disclosure,
v. lack or inappropriate notification of legal/regulatory changes,
vi. various imperfections in mutual linkages among ministries/agencies concerned,
vii. various inefficiency in port, airport and customs procedures and documentations,
viii. various imperfections in customs EDI, etc.
xi. lack and/or insufficiency in G&B partnership, etc.

As for the identification of defective infrastructures, almost all the facilities related to the cargo transport both in the Port of Tanjung Priok and in the Soekarno Hatta International Airport are extremely low both in quality and capacity due mainly to their old age, insufficient maintenance and insufficient capital investment.

The chapter 4 discusses the measures for improving the above mentioned hindrances and defections

identified in the chapter 3. They altogether cover not only the wide range of trade facilitation but also the peripheral area of trade facilitation. Only those measures covering the range of trade facilitation directly are selected as the material for the action plan shown in the later chapter.

I – 3 Findings

I – 3– 1 Introductory Remarks

In recent years, the progress of globalization is remarkable and the field of economy is not the exception. Recent movements of global logistics such as SCM (supply chain management), DCM (demand chain management) and 3PL (third party logistics) are the good examples of this tendency. In particular, not only commercial activities but also manufacturing activities are being sifted abroad from developed countries. Many developing countries are competing to invite manufacturing bases and/or factories which might bring about job opportunities and foreign currency earnings. One of the indispensable conditions for winning the competition is the trade environment.

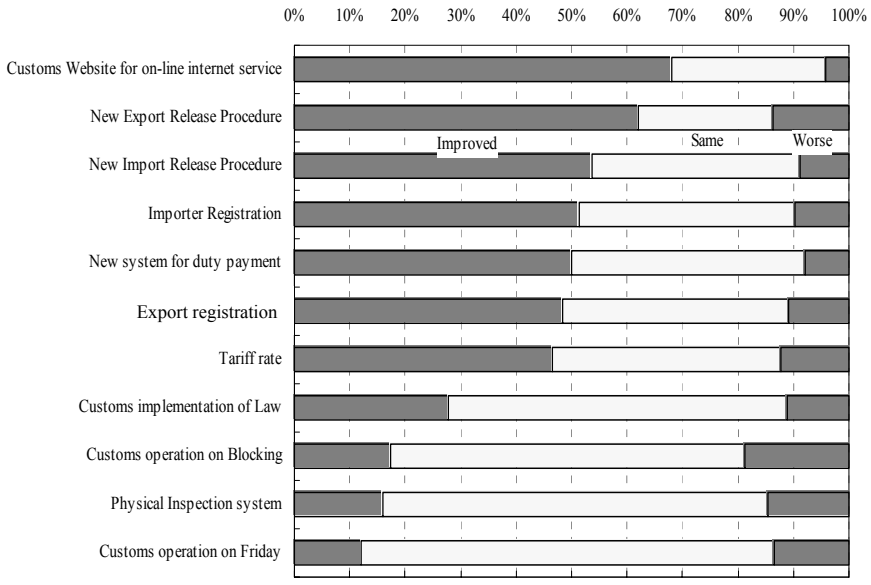
In Indonesia, an improvement of trade environment has been commenced as a part of the nation's entire economic reform conducted by the government with the support from IMF.

Many latest principles, systems, standards, measures, etc. for the promotion of the trade facilitation have been developed by many international institutions such as WCO, WTO, UN, ASEAN, APEC, G8, etc. and many of those have been taken into the trade facilitation reform currently being formulated by the government. Thus, the framework or umbrella of the entire reform is one of the world best and latest, still there are not few complaints from users about the everyday practices on the spot. The findings of the present study also shows many problems remain unsolved.

I – 3 – 2 Evaluation of Customs Reform

As one of the questionnaire survey results, the evaluation of recent customs reform is shown in **FIG. E1**. According to the figure, 7 out of altogether 11 items are evaluated "improved" by around or more than 50 % of replies. However, one out of ten replies evaluates "worse" for 10 items. These results tell that the recent customs reform is positively evaluated for majority of items, still there

FIG. E1 Evaluation of Recent Effort of the Customs

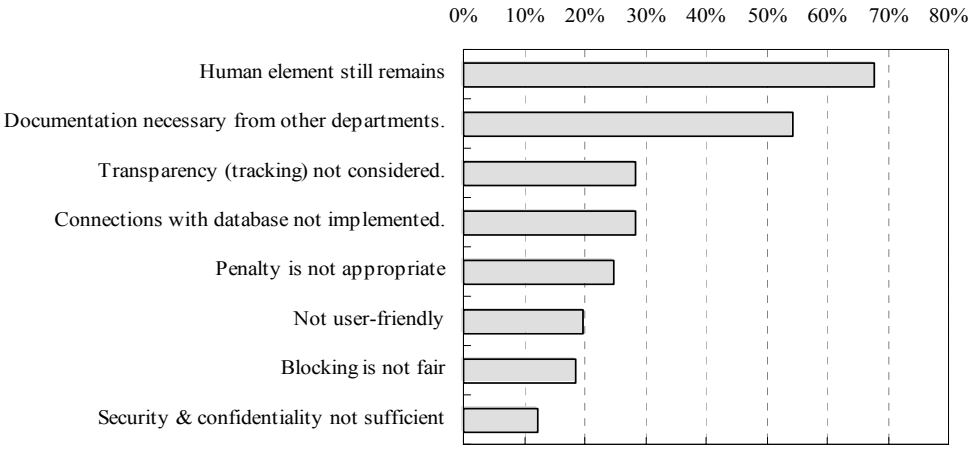


remain inefficiencies or inconveniences in the wide range of the reform.Another example is the evaluation of the customs EDI as shown in **TABLE E1** and **FIG. E2**. According to the **TABLE E1**, more than 90 % of replies evaluate positively, while **FIG. E2** shows that there still remain two items complained by more than half replies.

TABLE E1 Evaluation of EDI

	No. of Respondents
Become Very good	8
Better	26
Better than before but not very much different	42
Worse	4
New Problems	5

FIG. E2 Evaluation of the Concept of EDI

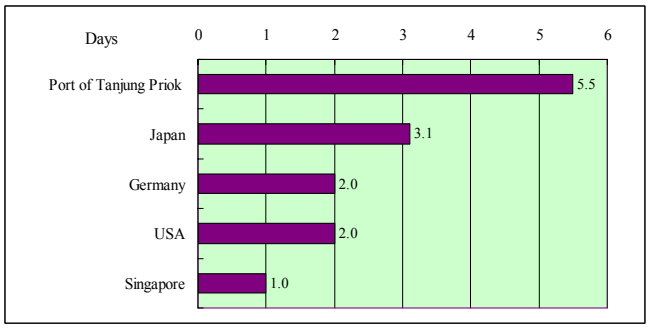


I – 3 – 3 Lead Time

"Lead time" is the time period from the ship's arrival to the gate-out permission (SPPB).

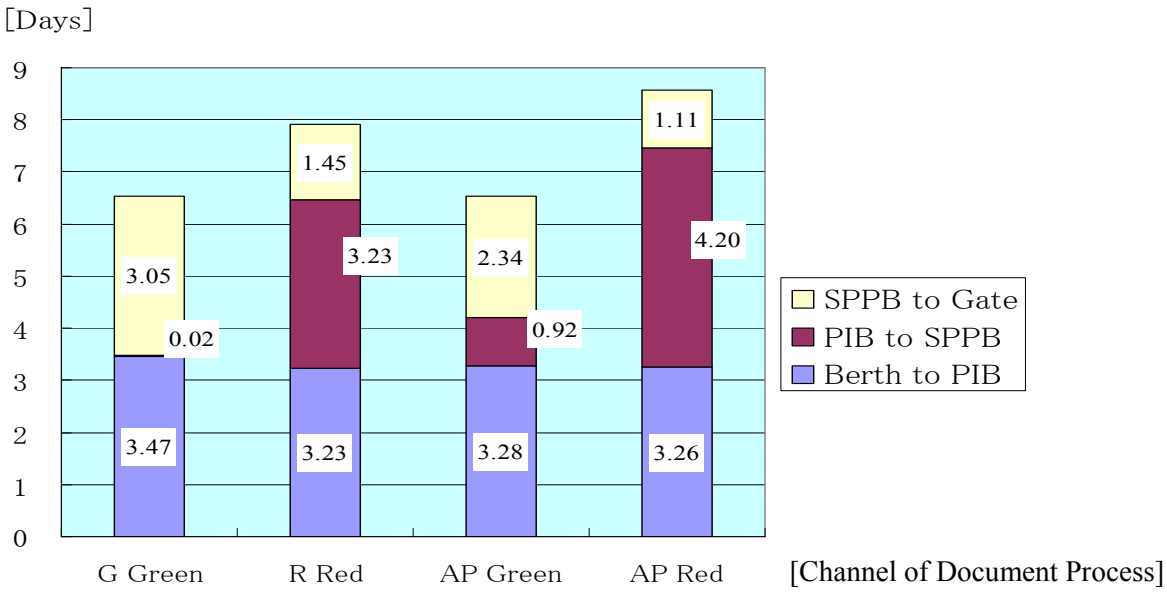
FIG. E3 shows the international comparison of the lead time. 5.5 days of Indonesia's lead time is obtained by the time measurement survey conducted by the study team. According to this figure, Indonesia takes 2 ～3 times more than selected developed countries and 5.5 times more than Singapore.

FIG. E3 Comparison of Lead Time for Container Import



According to the time measurement survey, the measured lead time consists of three major time periods. They are the period before PIB, the preparation period for the customs inspection, and the period covering from SPPB to gate-out as shown in **FIG. E4**. There seem to be some inefficiencies and/or inconveniences behind these three major time periods. Anyway, the current competing power of Indonesia in this regards is extremely low.

FIG. E4 Average Required Days from Discharge at Berth to Gate Out (FCL Container)



I – 3 – 4 Terminal Handling Charge (THC)

The terminal handling charge is a charge paid by a consignor to a shipping company. **FIG. E5** shows the international comparison of the terminal handling charge. According to the figure, Indonesia is 40 % more compared to Singapore and roughly double compared to Thailand and Malaysia. The competing power of Indonesia is far lower than those of neighboring countries.

As a reference for the discussion of the port pricing here, the container handling charges (CHC) of the Port of Tanjung Priok and other neighboring ports are also shown in **TABLE E2**. The CHC is paid to a terminal operator by a shipping line as a price of handling a container. Here again, the CHC of Tanjung Priok is higher than Malaysia and Singapore.

FIG. E5 Terminal Handling Charge

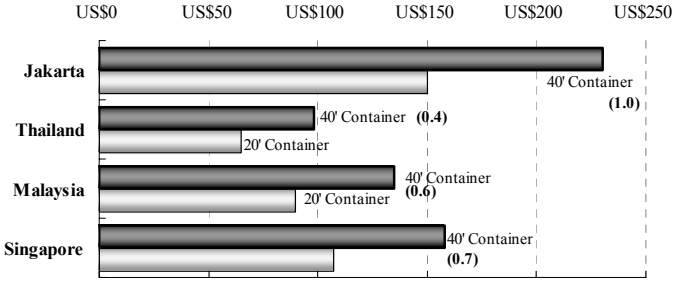


TABLE E2 Container Handling Charge (CHC)

Unit: US$

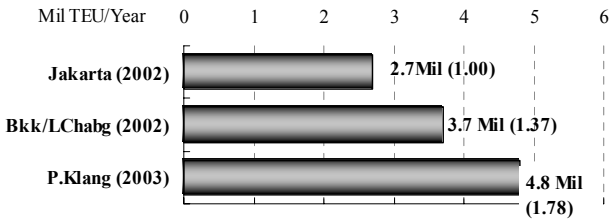
Port	Container	
	20'	40'
Tanjung Priok	93	139
Malaysia (Port Klang)	61	91
Singapore	90	117

Source: Study on Main Container Ports in Asia, JETRO 2003.

I – 3 – 5 Cargo through put in Metropolitan Area

(1) **FIG. E6** shows the international comparison of the number of containers handled in the Metropolitan Areas in Indonesia, Thailand and Malaysia. Even this simple comparison shows that Indonesia is very much smaller compared to other countries.

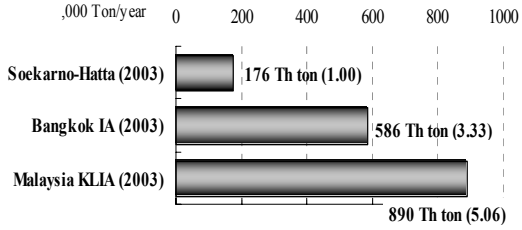
FIG. E6 Container at Asian Port



However, these differences must be deemed much wider than the simple comparison if the differences in national economic scale, population, being the island country, etc. are taken into consideration.

FIG. E7 shows the similar comparison about air cargoes. The differences here is far more wider compared to the case of the port.

FIG.. E7 Air Port Cargo



(2) What on earth are there behind these facts ?

So far, the study shows that the port and export/import services in Indonesia aren't good and take time, while the price is expensive. The Port of Tanjung Priok has been operated by a private company, but there are neither intra-port competitions nor inter-port competitions, because the narrow port area is not easy to permit sufficient intra-port competition and no domestic competitor for inter-port competition.

Let's examine neighboring ports which are providing efficient services at reasonable prices. It is a worldwide common knowledge that Singapore is keeping her world best hub status under the fierce competition. It is not so much known as Singapore, but both Thailand and Malaysia are also severely competing for the status of the regional hub respectively. These ports have paid their at most efforts to provide better services at cheaper prices, so that they can collect more transship containers, more foreign currency earnings and more job opportunities.

On the contrary, being surrounded by the severely competing ports, Jakarta has done nothing about competition. Thus, cargoes coming to Jakarta are only those which has to come to Jakarta. Explicitly speaking, there are, in general, no reasons to provide good services at reasonable prices for those cargoes which have no means other than to come to Jakarta.

Thus Jakarta, by not trying to be a regional hub, is losing chances for earning foreign currency and getting job opportunity by bringing up port industries.

Stories above can be applied to the Soekarno Hatta International Airport.

I – 3 – 6 Infrastructure

The last findings are about infrastructures such as a port, an airport and access roads.

FIG. E8 and E9 show the comparison of the volume of infrastructure stock in terms of selected port/airport facilities in the metropolitan areas in three countries. This figure shows that Jakarta's infrastructure stock is far less than other two countries corresponding to their respective cargo volumes mentioned above.

TABLE E3 shows the status quo of the individual port facilities and related access roads in and around the Port of Tanjung Priok. According to this table, almost all individual facilities are insufficient both in quality and quantity.

FIG. E8 Container berth Length

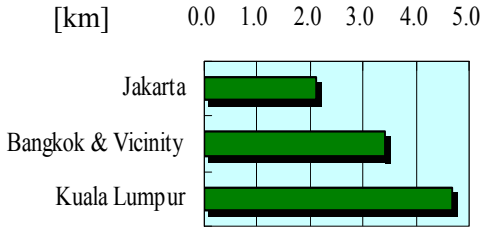


FIG. E9 Air Cargo Area

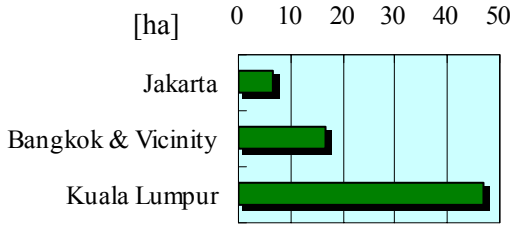


TABLE E3 Port Capacity by Individual Elements – Port of Tanjung Priok

Type	Individual Element	Estimated Capacity	Recorded Performance
Infrastructure	Channels, Basin, etc.	Number of Ship Call ; 16,000～16,500 vessels/year	16,253 vessels/year
	Berths	Container (TEUs) : 2,567,000 Conventional Berth (ton): 37,096,000	2,945,000 TEUs 37,818,000 ton
	Access Roads	Actual traffic/ Road Capacity East Direction 1.48 West Direction 1.37	South Direction 0.83
Port Operation	Container Handling Efficiency	Normally more than 25 Box/h/crane	20 ～25 BOX/h/Crane
	Ship Waiting Time	Normally zero for container vessels	Container: Several hours Conventional: More than 12 hours

Note: Figure in box indicates over capacity.
Source: 1) JICA Report 2003
2) "Transportation and Communication Statistics" Katalog BSP 8215

Some examples of quality and/or quantity insufficiency in the port are:

i. insufficient water depth in channels and basins,
ii. narrow channel width and space of basins,
iii. one way navigation system,
iv. single port entrance,
v. insufficient number of berths,
vi. old fashioned berths,
vii. shallow spaces of various yards,

viii. traffic jam in and around port area,
xi. narrow and no roof customs inspection space,
x. insufficient maintenances, etc.

These facts are definitely due to the insufficient investments in infrastructures including both capital and maintenance investments. At present, the cargo volume is just around the capacity of individual port facilities as shown in the **TABLE E3**. The port cannot accept the increased cargoes due to the anticipated economic development in the national economic policy, if not for the increase by introducing regional hub. Conclusively speaking, all these facts and discussions are put into the following two arguments:

i. full-fledged investment is absolutely needed to solve the insufficient port capacity and the serious port congestion, and
ii. full-fledged investment is absolutely needed to introduce full-fledged intra-port and inter-port competitions

The situation in the Soekarno Hatta International Airport is more or less same as in the Port of Tanjung Priok.

I – 3 – 7 Second Port Concept

One of the important findings of the Third Country Survey in Thailand is the very effectiveness of the Second Port Concept (SPC) which is the idea that a newly built second port with high locational freedom cooperates and competes with an old first port with many serious restrictions to cover the same hinterland together. In the Bangkok Metropolitan Area, the Port of Bangkok is the old first port with serious restrictions such as shallow water depth, narrow port area, heavily congested access roads, etc., while the Port of Lem Chabang is the second port built outside of the Bangkok Metropolitan Area and enjoys smooth traffic to and from the hinterland, deep sea, wide spaces, etc. Both ports cover the same hinterland together by cooperating and competing each other. An application of the SPC to the Jakarta Metropolitan Area can be an appropriate selection with the existing Tanjung Priok as the old first port.

Note that the “old first port” problem was pointed out and discussed in Japan at the middle of sixties. At that time, major ports in Japan were under serious restrictions such as heavy traffic congestions, insufficient capacity, no space for further extension, shallow channels and basins, lack of damping area for dredged materials, etc. due exclusively to the rapid and disordered urbanizations in the direct behind of ports. The solution to this problem implemented in Japan was also the SPC. Big scale man-made- islands have been built just in front of the old first port and the second port have been built on this island. There are many examples of the SPC of this man-made-island type in Japan such as Yokohama, Kobe, Tokyo, Nagoya, Osaka, Hakata, etc.

I – 3 – 8 G&B Partnership

Another interesting finding is obtained through the Third Country Survey in Kuala Lumpur. The

Airfreight Forwarders Association in Malaysia (AFAM) has kept a G&B meeting system for more than 20 years successively and successfully. Now, individual airport users can negotiate regularly with the customs and other related ministries/agencies through the AFAM meeting system. There still remain many problems, however they are more or less satisfied with the ways and the outcomes of the meetings. Not only the AFAM but also other relevant private sectors has kept meeting systems either separately or jointly in Malaysia. This finding clearly teaches us the importance of the G&B meetings under the umbrella of the G&B partnership or PPP.

II. RECOMMENDATIONS

II – 1 Preparation for Recommendation

All the findings mentioned above are listed in the **TABLE E4**. Listed findings could be classified into the following three groups:

Group A ----- Those findings with "Inefficiency" in its background

Group B ----- Those findings with "No Competition" in its background

Group C ----- Those findings with "No Infrastructure Investment" in its background

TABLE E4 Findings and their Background

No.	MAJOR FINDINGS	BACKGROUNDS
1	Evaluation by Users	Inefficiency Lack of Integrity, Insufficient Transparency, No Competition, Lack of G&B Partnership, and Incomplete IT
2	Longer Lead Time	Inefficiency
3	Higher Terminal Handling Charge	No Competition No Intra-Port Competition due to Insufficient Port Area No Inter-Port Competition due to Lack of Competing Port/Ports
4	Smaller Cargo Throughput	No Competition
5	Port, Airport and Access Roads Insufficient Capacity Low Quality Congestions	No Competition Lack of Capital Investment Lack of Maintenance Investment Time is coming for Capacity Increase of Port, Airport and Access
6	Second Port Concept	Competition
7	G&B Meetings	G&B Pertnership

The findings belonging to the Group A could be mostly improved through the trade facilitation reform currently promoted by the government. How could the Group B be improved? "By introducing competition" is not a correct answer. Because the capability to compete has to be given to the port through the investment or other necessary means. Thus, the Group B and C can be treated as one same group from the investment point of view. Let's call the former the Efficiency Group and the latter the Competition Group. Namely:

i. Efficiency Group …….. No.1 No.2 and No.7

ii. Competition Group ……...No.2 to No.6

In the following, the recommendations are discussed for the Efficiency Group and the Competition Group separately.

II – 2 The First Recommendation ----- Five-in-One Reform -----

The reform for mainly the Efficiency Group might be a procedural reform which is an aggregate of many improvements of detailed individual procedures. Hence, the selection of guiding principles to give a centrifugal force to individual improvements and to work as a framework covering the entire reform is important. In this regards, the Five-in-One Reform shown in **TABLE E5** is a recommended selection for the present purposes.

Since the current reform in Indonesia is, as is shown in the above, equipped with those principles developed by many international institutions, it is compatible with the principles of the Five-in-One Reform.

TABLE E5 Five-in-One Reform

1	Integrity is the key factor to the entire society
2	Transparency is the basis of all reforms
3	Competition is the mother of high efficiency and reasonable pricing
4	G&B Partnership assures realistic and smooth cargo flow
5	e-processing is the tool to high efficiency and everybody's convenience

As for the materials of the strategy formulation, the Action Plan prepared by the present study team is recommended. See PART 2 Chapter 4 "Action Plan".

RECOMMENDATION 1: To formulate and implement the trade facilitation strategy (TFS) on the basis of the "Five-in-One Reform". The Action Plan should be paid full consideration in formulating the strategy.

II – 3 The Second Recommendation ----- Pursuit of Regional Hub -----

Before discussing the reform for the Competition Group, let's start discussing competition in general. Competition is, in general, a mother of high efficiency and reasonable pricing. However, it is not always easy to introduce competition into public enterprises such as ports, airports, etc. Moreover, after Mrs. Thatcher, the former prime minister of Britain, privatization has been believed to be one of the most effective means to realize high efficiency and reasonable price. However, this turned out to be incorrect and what is correct is that competition not privatization provides high efficiency and reasonable price. The World Bank which, until recently, has emphasized the importance of privatization has started very recently to shift its free economy policy from privatization to competition. See "Reforming Infrastructure – Privatization, Regulation, and Competition – " A World Bank Policy Research Report, June 2004.

Well, let's start discussions about the Competition Group. The port management of the Port of Tanjung Priok has been under the control of a state owned company and the port operation has been privatized. Still, its actual operational performance is never adequate in almost all aspects including efficiency, pricing, etc. Rigorously speaking, the port operation has lost its international competing capability

almost perfectly.

As for the Soekarno Hatta International Airport, both the management and the operation has been under the control of a state owned company, but the whole situation is more or less same as the port.

As is pointed out already, the investment to increase capacities for both the port and the airport will surely be necessary in the near future.

Thus, those conditions both in the port and the airport discussed above are arranged as follows:

i. there aren't seen any competition both in the port and in the airport,
ii. capacities of port/airport facilities are insufficient even for the current cargo volume which is much smaller than neighboring countries
iii. early infrastructure investment is inevitable even for the cargo increase due to the forecasted economic development of the nation, if not the regional hub
iv. capacity increase is indispensable for introducing competition
v. now it is the proper time to consider both port and airport industries by adopting the regional hub policy

According to the above discussions, the regional hub policy could be the best selection for Indonesia from the duplicated point of view of the inevitable capacity increase and the desirable competition introduction.

RECOMMENDATION 2: To formulate and to implement the investment policy for regional hubs both port and airport and at the same time to formulate and to implement the regional hub strategy with the full attention to the second port concept (SPC) and the marketing.

II – 4 The Last Recommendation ----- Technical/Budgetary Supports -----

There might be needs for either technical supports and/or budgetary supports during the progress of the reform. At present, many international institutions and developed countries has provided various assistance schemes such as the capacity building (CB), ODA, etc.

RECOMMENDATION 3: To utilize the assistance schemes currently provided by the international institutions and/or developed countries for the needs of technical/ budgetary supports for the trade facilitation reform.

III. ACTION PLAN

The Action Plan consists of three parts. The Part 1 corresponds to the **RECOMMENDATION 1**, the Part 2 to the **RECOMMENDATION 2**, and the Part 3 to the **RECOMMENDATION 3**.

See Chapter 5 "Action Plan" of the Main Report PART2 for the full details of the Action Plan.

IV. DIAGRAM OF TRADE FACILITATION STRUCTURE

FIG E10 is the detailed diagram showing the trade facilitation structure including the mutual relationships among individual recommendations and other relevant issues.

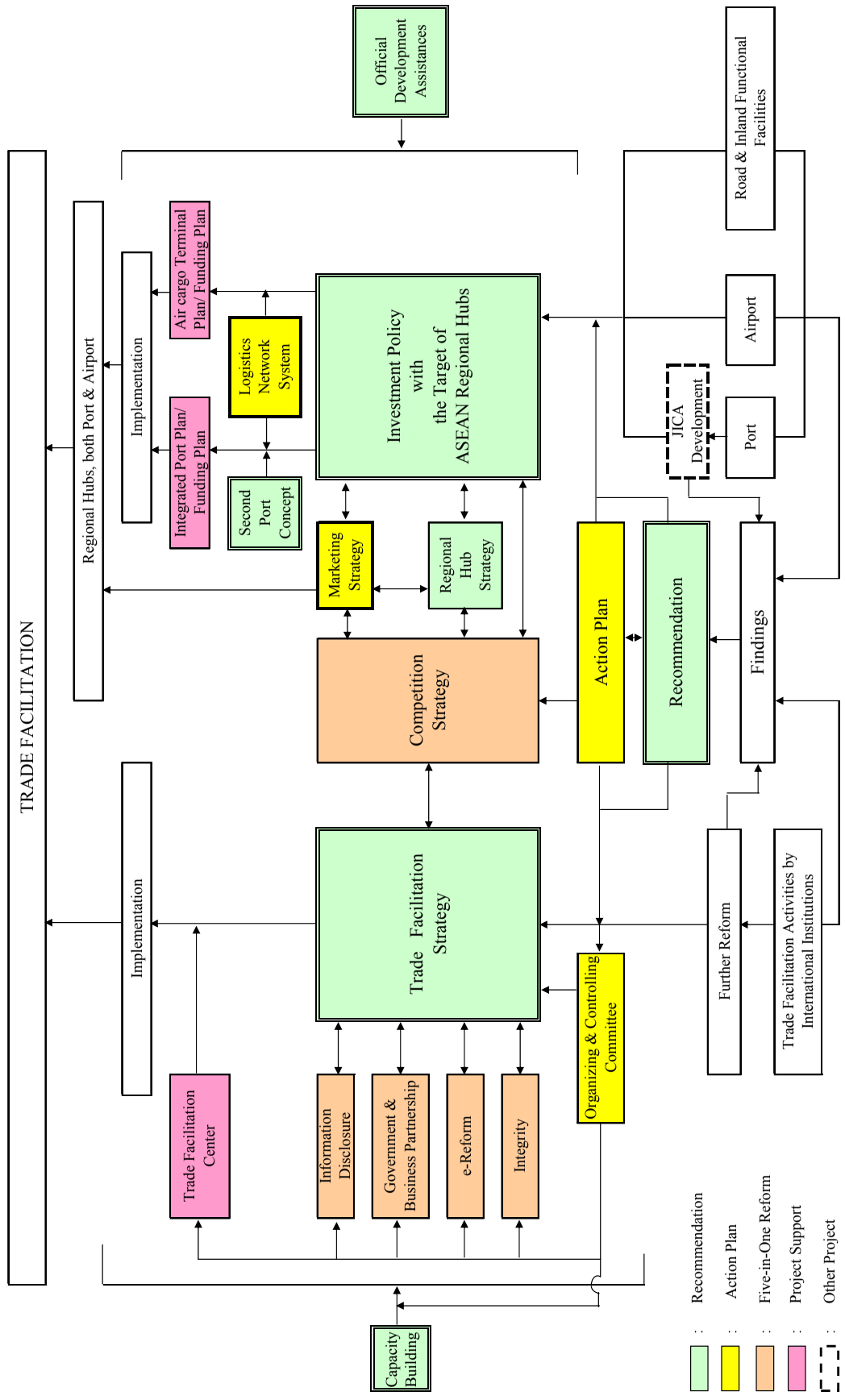


FIG E10 Detailed Diagram Showing the Trade Facilitation

V. SOME DETAILS OF THE STUDY

1. Time Schedule of the study

Year	2004											2005		
Month	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Japan	Pre.	1st								2nd		3rd		4th
Indonesia		1st			2nd					3rd			4th	
Report		IC				IT						DF		F

IC: Inception Report, IT: Interim Report, DF: Draft Final Report, FR: Final Report

2. Steering Committee

1	Coordinating Ministry for Economic Affairs (CMEA)	Deputy Coordinating Minister of Economic Affairs
2	Ministry of Trade and Industry	Director General for International Trade
3	MOI/MOT	Director General for Domestic Trade
4	Ministry of Finance (MOF)	Director General for Customs and Duties
5	Ministry of Transportation	Director General of Sea Communication
6	MOC	Director General of Air Communication
7	MOC	Director General of Land Communication
8	MOI/MOT	Head of National Export Development Agency
9	Ministry of Agriculture	Head of Agricultural Quarantine Board
10	State Ministry for National Development Planning	Deputy for Funding Development and Foreign Cooperation, BAPPENAS
11	KADIN, Indonesian Chamber of Commerce and Industry	Head of Indonesian Chamber of Commerce and Industry
12	DKI Jakarta's Regional Development Agency	Head of DKI Jakarta's Regional Development Board
13	DKI	Assistant for Economic Affairs, Secretariat of DKI Province
14	CMEA	Assistant Deputy for Industry Facilitation, Trade and Export Development
15	CMEA	Assistant Deputy for Non-Agriculture Industry, Tourism and Services
16	CMEA	Assistant Deputy for Agricultural Product Processing Industry
17	CMEA	Assistant Deputy for Small and Medium Enterprises and Empowerment
18	CMEA	Assistant Deputy for Marketing, and National Distribution System

3. Member of Study team

No.	Name	Specialty	
1	Mr. Ikuhiko Yamashita	Team Leader	Japan Port Consultants Ltd. (JPC)
2	Mr. Atsushi Sato	Sub Team Leader, Port Cargo Traffic Management	Pacific Consultants International (PCI)
3	Mr. Hideaki Uematsu	Trade Facilitation Policy - Institutional Aspects	(JPC)
4	Mr. Toshiaki Nagaya	Trade Facilitation Policy - Practical Aspects	(JPC)
5	Mr. Keiji Kojima	Air Cargo Management	(PCI)
6	Mr. Nobuwaka Yamakawa	Land Transportation	(PCI)
7	Mr. Haruo Yanagawa	Forwarding	(PCI)
8	Mr. Ken-ichi Sasaki	Study of Time Required for Release of Goods	(JPC)
9	Mr. Teruyoshi Okawa	Statistics 1	(JPC)
10	Mr. Eko Nurdyantro	Statistics 2	(JPC)
11	Mr. Kazuo Uezumi	Coordinator	(PCI)

PART 1

Study on Improvement of Trade Environment

1. Introduction of the Study

1.1 Objective of Study

Although Indonesia's economy is recovering from the serious consequences of a heavy blow dealt by the Asian economic crisis of 1997, there have been going on strong arguments for the early implementation of effective measures aimed at improving the nation's industrial competitive edges in the world market so as to catch up with the economic growth of Southeast Asian countries which are enjoying the fruits of free market economy and to further strengthen the economic power of the country.

As a result, there has been an increasingly keen public awareness of the importance of stimulating the induction of foreign investments and facilitating smoother external trade. In this context, the present Study aimed at analyzing the current state of the various systems and facilities associated with Indonesia's foreign trade, measuring and recording the time required for processing imports and exports and related documents, gaining a quantitative grasp of the obstacles at the various stages of physical distribution, identifying and evaluating appropriate measures intended to improve the trade environment of the country, and finally recommending an appropriate action plan.

In regard to the nation's trade environment, the present Study addressed problems such as a great disparity pointed out as existing between the trade-related systems and their actual operation and the necessity for proper adjustment of the jurisdictions among the competent government ministries and agencies as well as the enhancement of their administrative capability in operating the systems.

The Study also explored the possibility of promoting and disseminating the current use of electronic data interchange (EDI) to a larger number of government agencies concerned with a view to facilitating smoother trade formalities. Further, in the light of the view expressed in certain trading circles that the trade-related infrastructure of the country is rather inadequate considering the dimensions of the national economic policies, the Study looked into this problem by drawing on the quantitative data obtained through the surveys on the time required for processing imports and exports and relevant documents in an effort to identify and recommend proper improvement measures.

The Study results will be intended to be reflected in Indonesia's next-term PROPENAS and at the final phase of the Study it is planned to organize seminars in Indonesia with the aim of giving widespread publicity to the recommendations for improvement and the action plan which will be proposed by the Study Team.

1.2 Geographical Scope of Study

The geographical scope of the Study encompasses the incoming and outgoing international cargoes at the Tanjung Priok Port and Soekarno-Hatta International Airport and the cargo traffic to and from the industrial parks and bonded warehouses scattered in the Jakarta Metropolitan Area as well as the cargo movements on arterial roads linking with the said port and airport.

1.3 Outline of Study

(1) Counterpart Organization

Coordinating Ministry for Economic Affairs, Republic of Indonesia

(2) Organizations Concerned with Study

Those ministries of the Indonesian Government and semi-governmental organizations involved in the Study including the members of the Steering Committee are as tabulated below.

No.	Ministry	Department
1.	Coordinating Ministry for Economic Affairs	Deputy Coordinating Minister of Economic Affairs
2.	Ministry of Trade and Industry (MOTI)	Director General for International Trade
3.	MOTI	Director General for Domestic Trade
4.	Ministry of Finance (MOF)	Director General for Customs and Duties
5.	Ministry of Transportation (MOC)	Director General of Sea Communication
6.	MOC	Director General of Air Communication
7.	MOC	Director General of Land Communication
8.	MOTI	Head of National Export Development Agency
9.	Ministry of Agriculture	Head of Agricultural Quarantine Board
10.	State Ministry for National Development Planning	Deputy for Funding Development and Foreign Cooperation, BAPPENAS
11.	KADIN, Indonesian Chamber of Commerce and Industry	Head of Indonesian Chamber of Commerce and Industry
12.	DKI Jakarta's Regional Development Agency	Head of DKI Jakarta's Regional Development Board
13.	DKI	Assistant for Economic Affairs, Secretariat of DKI Province

(3) The Member of Study Team

No.	Name	Specialty	
1.	Mr. Ikuhiko Yamashita	Team Leader	Japan Port Consultants Ltd. (JPC)
2.	Mr. Atsushi Sato	Sub Team Leader, Port Cargo Traffic Management	Pacific Consultants International (PCI)

3.	Mr. Hideaki Uematsu	Trade Facilitation Policy - Institutional Aspects	(JPC)
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9.	Mr. Teruyoshi Okawa	Statistics 1	(JPC)
10.	Mr. Eko Nurdyantro	Statistics 2	(JPC)
11.	Mr. Kazuo Uezumi	Coordinator	(PCI)

(4) Study schedule

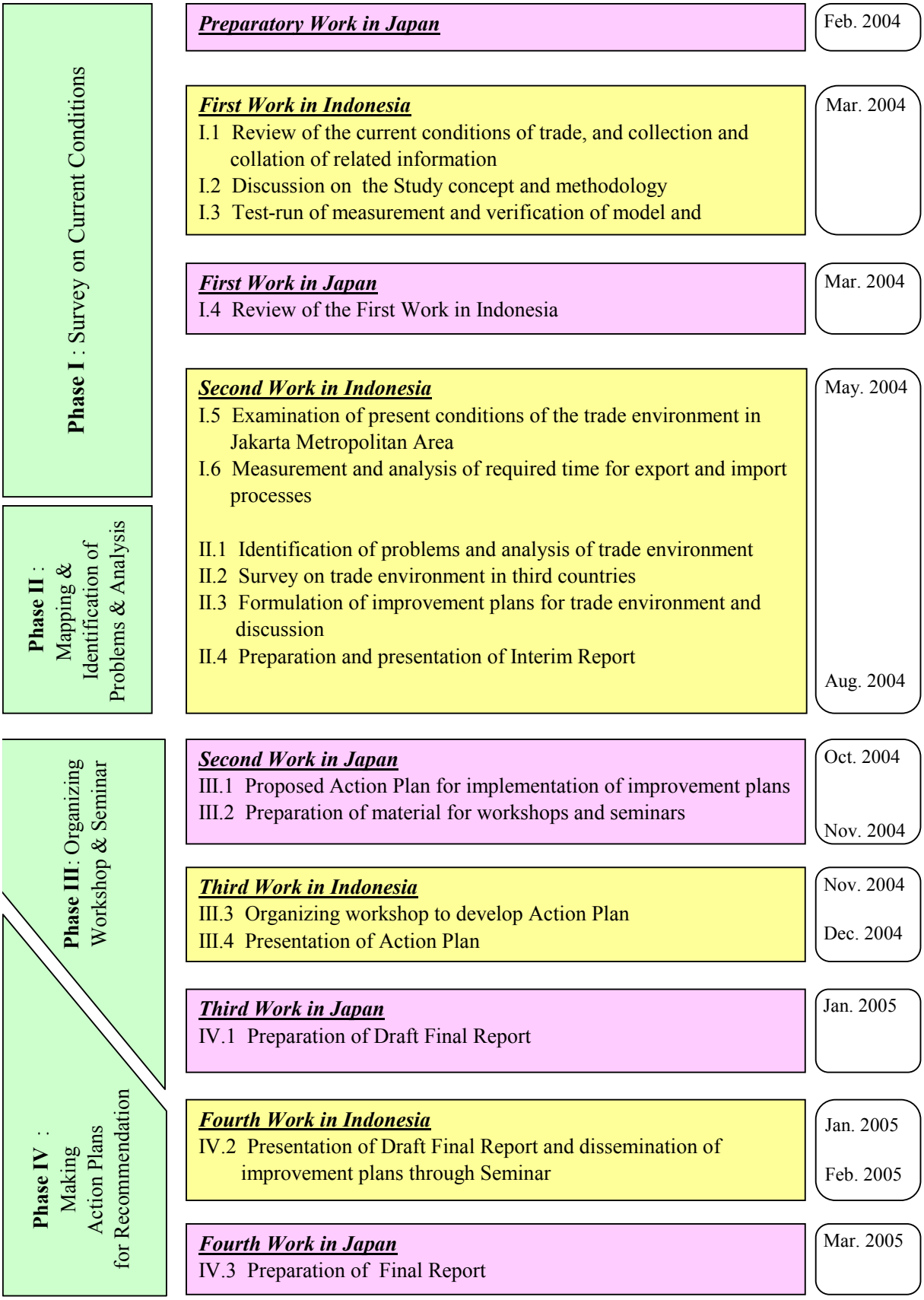
Figure 1.3.1 shows the time schedule of the Study and Figure 1.3.2 is the block chart illustrating the contents of the Study.

Figure 1.3.1 Time Schedule of the Study

Year	2004											2005		
Month	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Japan	Pre.	1st								2nd		3rd		4th
Indonesia		1st			2nd					3rd			4th	
Report		IC				IT						DF		F

IC: Inception Report, IT: Interim Report, DF: Draft Final Report, FR: Final Report

Figure1.3.2 The Study on Trade Related Systems and Procedures in Republic of Indonesia



2.1 Present Situation of Import/Export Trade System

2.1.1 Legal and Administrative Efforts for Smoother Trade Developments

At present、in 2004, as Indonesia has already achieved substantial progress in the liberalization of its foreign trade by reducing tariffs and quantitative restrictions under or along with various international and regional negotiations, or with its own unilateral initiatives, the importance of additional gains from trade facilitation has assumed a new focus. An assessment of the impact of trade facilitation was undertaken by Asia-Pacific Economic Cooperation (APEC). The analysis considers how trade in the APEC region would increase under various scenarios of improved trade facilitation. The results show that there would be an increase in intra-APEC trade of the order of $280 billion, and for example it has been estimated that exports would rise in Indonesia by $2.9 billion (5 per cent) through investment in trade facilitation. The study also finds that gains from trade facilitation (in the APEC developing countries including Indonesia) exceed those from tariff cuts on manufactured goods ; the greatest gains to developing countries come from improvements in port and customs efficiency. ("Trade facilitation: A Development Perspective in the Asia Pacific Region" by John S. Wilson and 4 others. October 2002, APEC)

(1) Measures Directly Affecting Imports

1) Policy Trend

In the middle of 1990s, up to 1997, the Government of Indonesia continued to implement gradual trade reform through the implementation of periodic packages, which encompassed both border measures and internal measures. Reflecting the priorities of the period (before crisis), i.e. the implementation of tariff commitments under multilateral and regional agreements, the reform packages focused mainly on tariffs. The 1997-98 crisis prompted much bolder measures and a re-acceleration of the reform process. The measures included tariff cuts affecting agriculture, and removal, by the end of IMF program period, of all remaining import restrictions, other than those justified on health, safety and environmental grounds, as well as non-tariff assistance t domestic production.

2) Tariffs

Since 1998, Indonesia has introduced changes to its tariff in accordance with the scheduled implementation of its binding commitments, its domestic policy considerations, and the reform packages. Between 1998 and 2002 the overall simple average applied MFN tariff rate fell from 9.5% to 7.2%. In line with the APEC goal of free and open trade, tariff reductions are to continue with the object of implementing a three-tier customs tariff (zero, 5%, and 10%).

A large number of the tariff lines (68%) are subject to zero or 5% ad valorem duties.

To accommodate HS amendment 2002 based on the WCO recommendation, Indonesia has issued a new tariff classification as stipulated in the Minister of Finance's decree which has become effective in May, 2003.

3) Customs and Quarantine Procedures

i) Law No.10 of 1995

Upon arrival, the goods entering the green channel are immediately cleared and in principle undergo no physical examination. Goods directed to the red channel undergo physical examination and checking of the declared value.

Under the new Law, customs officers are also entitled to conduct audit of imported goods after they are released from the customs area. Such audits include the examination of company bookkeeping, reports, records and other documents concerning any transactions involving international trade, and of company stocks.

ii) EDI system

Since 1997, customs clearance, the payment of duties, and random verification are facilitated by the operation of a new computerized system, the Electronic data Interchange (EDI) system for customs clearance. At present, the use of EDI has increased and the customs declarations became able to be processed electronically at all key customs offices. Customs authorities are working closely with the World Bank and the World Customs organization (WCO) to improve customs training and administration.

iii) Customs valuation

Since January 2000, Indonesia has fully implemented the WCO Customs valuation Agreement.

(2) **Measures Directly affecting Exports**

1) Policy trends

Until the economic crisis, Indonesia maintained a number of controls, bans, high taxes and regulations restricting exports of a wide variety of agricultural, forestry, mining and industrial products. After the crisis, the Government committed itself to “phase out punitive export taxes” and “remove all other types of export restrictions”, apart from those imposed for health and security reasons as well as temporary measures introduced in the event of occasional shortages. In addition, the Government dicided to remove all impediments to exports, including quotas and provincial taxes levied on inter-provincial and inter-district trade (the “retribusi”), which ultimately affected exported goods.

2) Export taxes

prior to the currency crisis, export taxes affected about 80 product, covering a wide range of forest products (notably logs, sawn timber and rattan), agricultural products (crude palm oil and coconut oil), and mining and metal products (ores and concentrates of copper, lead, tin and platinum, aluminum waste, etc.).

In 2004, Indonesia still maintain export taxes for palm products but it reduced considerably the scope and the rates of tax.

3) Regulated exports (licensing requirements and quotas)

Until the crisis, up to 50% of Indonesia's exports of agricultural products, and significant shares of mining products, petroleum products and certain manufactured products (essentially textiles and clothing) were regulated by the Government and could be exported only through approved and registered exporters.

Following the crisis, the Government has undertaken to reform the system. The list of regulated exports was significantly reduced, with the removal of many agricultural products, mining products, and gas products.

4) Export and trade finance

After the crisis, as a result of lack of confidence in the soundness of Indonesian banks, their letter of credits were no longer accepted in international markets, thereby seriously disrupting Indonesia's trade flow.

Given the high import content of exports (over 40%), the growth of exports was also seriously impeded by the difficulty of obtaining import credits for raw materials and other inputs that were vital for export-oriented industries. Efforts have been made, through the state-owned PT Bank Ekspor Indonesia Persero (BEI) to provide export finance, based on commercial considerations, to firms that have no bad debt.

5) Export-oriented zone, duty drawbacks and exemptions

There have been no major changes in the operation of bonded areas, export-processing zones or private entrepots, since the middle of 1990s.

Apart from the exemption from import duties and the facility to sell a part of the output to the domestic market, no other incentives are available to firms established in these zones.

(3) Trade Related Policy Developments

In recent yers there has been much progress in deregulating international trade policy in Indonesia. Tariff, import licensing and export restraints have been substantially reduced exposing local business to more international competition in both import and export markets.

1) Import/export prohibitions, restrictions, and licensing

Import restrictions and special licensing requirements seem to have been imposed or maintained only on meat and pultry products, cloves alcholic beverages, artificial sweeteners, lube oil, hand tools, engines, pumps, and tractors, though some reverse movements are currently spotted in such facts that since March 2002, special import licenses have affected sensitive items such as rice, corn, soybeans, sugar, textile products, footwear, electronics, and toys.

2) State trading

While efforts have been made to privatize state-trading entities, widespread state involvement

in the economy has continued with a view to assisting domestic production and/or promoting or exclusively controlling/restraining trade in virtually all important sectors.

3) Government procurement

Government procurement is a significant instrument of industrial policy. Practices discriminating against foreign suppliers have been maintained. Foreign suppliers are authorized to participate in large contract only.

4) Countertrade

Countertrade provisions also apply to public procurement ; foreign firms tendering for certain government contracts must meet export performance requirements. Countertrade policy is aimed at linking imports relating to procurement by ministries, public-sector institutions and state-0wned enterprises with exports of non-oil commodities.

5) Local-content requirements

Apart from local-content requirements in connection with government procurement contracts, no other requirements of this type seem to be in force.

6) Trade defense

The government has adopted policies in the form of Anti-dumping and Safeguard in order to respond to unfair competition from import. Thwse policies are implemented, conforming to the WTO Agreements, under the Government regulation Number 34 of 1996 concerning Anti-Dumping Duties and Countervailing Duties, and Presidential Decree Number 84 of 2002 concerning Safeguard of the Domestic Industry Against a Surge in the Import of Goods.

7) Standards and other technical requirements

In 1997, a National Standardization Agency (BSN) reporting directly to the president of the republic was established, to deal with the development and approval of national standards ; the accreditation of testing/calibration laboratories, certification bodies and technical inspection bodies ; international cooperation in standardization activities ; the harmonization of international standards with national standards ; and standards information services. BSN established the National Standardization System (SSN) which ensures that Indonesia National standards (SNI) is the only Indonesian national standard, which is agreed by all parties.

(4) Regional Trade Agreements and Arrangements

1) The ASEAN Free Trade Area (AFTA)

Indonesia, as an ASEAN founding member, participates in the ASEAN Free-Trade Area (AFTA). Members agreed in 1999 to eliminate all import duties among original members by 2010, and, in principle, to advance such elimination for new members from 2018 to 2015, except for some sensitive products. Quantitative restrictions and other non-tariff barriers are also to be eliminated.

2) Trade Facilitation Efforts in the framework of Asia-Pacific Economic Cooperation (APEC)

Trade facilitation has been one of the core activities of APEC. Ministers in Shanghai in 2001 stressed the significance of trade facilitation in reducing business costs domestically and across borders when endorsing a set of APEC Trade Facilitation Principles, so as to achieve a targeted reduction of business transaction cost by 5% across the APEC region over the next five years. Possible concrete actions and measures to reduce the cost are being developed in terms of the following four categories :

i) movement of goods (to include customs, ports, health and quarantine and similar procedures),
ii) standards,
iii) business mobility, and
iv) e-commerce.

Indonesia has been an active participant to the APEC Sub-Committee on Customs Procedures(SCCP), as well as to other related Sub-Committees.

Also, as one of the examples of the Government's efforts for realizing trade facilitation, its regular meeting with the Jakarta Japan Club Foundation (JJC) needs to be noted here. Since 2001, discussions have continuously been held between the Government's ministers and director generals in charge and the JJC's 5 sub-committees on each of "Customs Clearance and Duty", "Taxation", "Labor", Investment Promotion and Supporting Industry Development", and "Electric Power". On top of it, in order to find out the solution of problems spanning over plural ministries, the General Meeting between Government of Indonesia and the Jakarta Japan Club, chaired by the Coordinating Minister for Economic Affairs, has been held 8 times by February 2004.

2.1.2 Division of Administrative Function among Authorities Concerned

＊Organization and function of authorities Concerned

(This section briefly look at the following five Ministries directly concerned with trade facilitation, and the function of a number of directorate generals and agencies of those ministries. Additionally, some of state-owned enterprises in transport/logistics field are also touched upon , namely :

1) Office of Coordinating Minister for Economic Affairs
2) Ministry of Industry and Trade
3) Ministry of Finance
4) Ministry of Communications
5) Ministry of Agriculture.)

----- Details are omitted in this abridged edition. -----

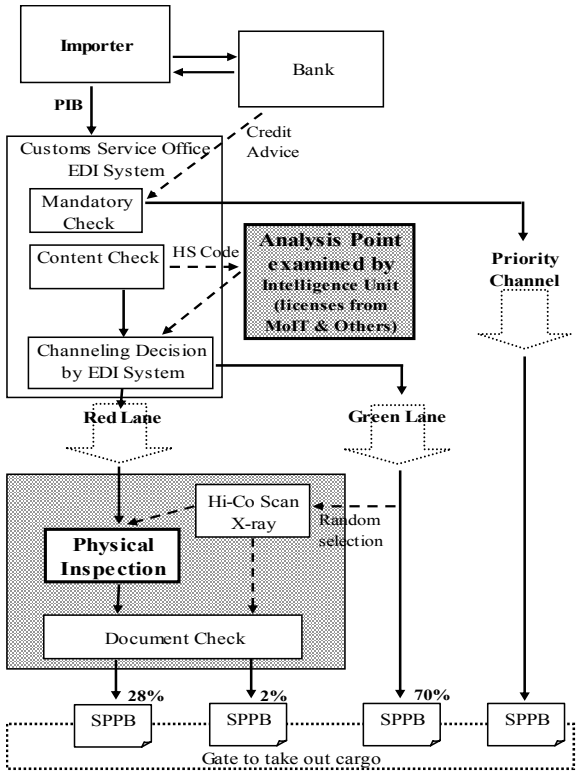
2.1.3 The Customs Procedures for cargo release

(1) Import Procedures and Control

According to the customs law, customs examination shall be applied for all imported goods. This process includes verification of documents and physical inspection of goods which performed selectively. As a system to conduct by fair and transparent manners, customs procedures have two major inspection stages, 1) risk assessment of cargo at analysis point, and 2) physical inspection of cargo at the port of entry.

The first stage is the procedure to assess the risk of cargo and determine the process that follows afterwards in order to smooth the flow of goods. Importing goods are evaluated according to the nature of goods, and risk assessment is applied to the process of sorting cargoes from very high risk to low risk thereby determine the corresponding channels of red, green or priority.

Figure 2.1.1 Import Process and Control by Customs



The categorization of cargo by systematic risk assessment is done by two aspects, one by characteristics of goods, type and kind, and another by importers. This process of categorization and determination of channels is conducted in the analysis point, where following items are checked and decisions are made to direct which channels to follow.

1) Type of importation; Temporary import, re-import and BOP (Barang Operasional Perminyakan / Oil Operational Goods) subjected as red channel.
2) Commodity Profile; Types of commodity which include in the high risk commodity will be determined periodically
3) Importers Profile; Importers are categorized into 3 groups by risk rating: 1) new and high risk importers, 2) medium risk importers, 3) low risk importers.
4) Random selection for physical inspection at approximately 2 percentage of goods in the green channel.

After the channeling, all cargo of red channel and randomly selected cargoes from green channel are instructed to receive physical inspections. Physical inspection consists of three types of inspections as follows.

1) Hi-Co Scan for cargoes from green channel randomly selected.

2) On-site inspection by officers for all cargo from red channel and suspicious cargo from Hi-Co Scan inspection
3) Document inspection by hard copy of all cargo. For EDI declaration, hard copy should be submitted within 3 days after the clearance by EDI-green channel.

(2) Criteria of Channeling and Inspection

Channeling and Inspection is based on the risk rating where high risk importers are set to go to red channel with inspection level at 100%. Medium risk importers are treated differently according to the risk rating of the commodity. If the commodity is categorized in the low risk, channel determination is green, whereas the commodity is rated as high risk or government specified, the channel is set to red with inspection level at 30%. Low risk importers are treated generally green except the case that the commodity is specified by the government.

Figure 2.1.2 Criteria of Channeling and Inspection

Importer	Low Risk Commodity	High Risk Commodity	Gov. Determined Commodity
High Risk	**Red Channel (100% Inspection)**	**Red Channel (100% Inspection)**	**Red Channel (100% Inspection)**
Medium Risk	Green Channel	**Red Channel (30% Inspection)**	**Red Channel (30% Inspection)**
Low Risk	Green Channel	Green Channel	**Red Channel (10% Inspection)**
Very Low Risk (Priority)	Priority Channel	Priority Channel	Physical Inspection at Importer's Location

Priority channel is a status given to importers of very good reputation and meeting the criteria to receive special treatment from DGCE at the process of import. Goods imported by companies of priority status do not have to go through documents inspection nor physical inspection, even though there are some exceptions of re-import and temporary import goods. In addition to the facilitation at declaration, monthly payment is made in the following month according to the record. By June of 2004, 45 companies receive priority status.

(3) Importer Profile and Commodity Profile

Importer profile was prepared in 2002 for the implementation of systematic evaluation of risk in the EDI declaration. Data in the profile was examined and evaluated by four aspects of business entity such as 1) Existence of Company; evaluated by the asset amount, ownership of premises, 2) Accountability: evaluated by book keeping practices, 3) Credibility of Management; evaluated by tax identification number of managers, 4) Nature of Business; evaluated by category of company either manufacturer or other,

Total companies registered as of July 2004 is 10,958, and the number of importers are increasing every month. In the group of good company of low and medium risk rating, majority is

manufacturers. On the other hand, in the group categorized as high risk, majorities are traders or custom brokerage agents.

Table 2.1.1 Composition of companies by risk group and business type

Companies by Risk Group	Scoring bracket	Manufacturer	Others (traders, etc)
Low risk companies	More than 80	**5.4%**	0.8%
Medium risk companies	Between 65 and 80	**28.0%**	16.0%
High risk companies – 1	Between 60 and 65	**7.3%**	**9.3%**
High risk companies – 2	Less than 60	6.5%	**25.5%**
Priority status companies	More than 80	Only 45 companies	0%
Total number of importers registered as of July 2004		10,958	

Shaded line of high risk companies-1 in the table above may well be upgraded to medium risk by audit result. As a result, companies recognized as medium or low risk amounts to 60% and cargos are assumed to have a share of more than 70%, which are likely to go through green channel.

On the other hand, companies rated as high risk amounts to total of 40%. Cargoes handled by these companies are instructed to go through red channel, so the number of goods to physical inspection tends to be large. These companies operate less frequently than manufacturers, so the ratio of red channel cargo is not as high as the ratio of companies in this table.

Commodiy Profile is based on the HS code and 429 commodities are identified as “very high risk”, 939 as “high risk”. The Intelligence Unit of the customs watches and reviews these commodities. In addition, Ministry of Trade and Industry has a list of items called NPIK, Nomor Pokok Importir Khusus = Special Importers’ Registration Items (Number) which require license for import.

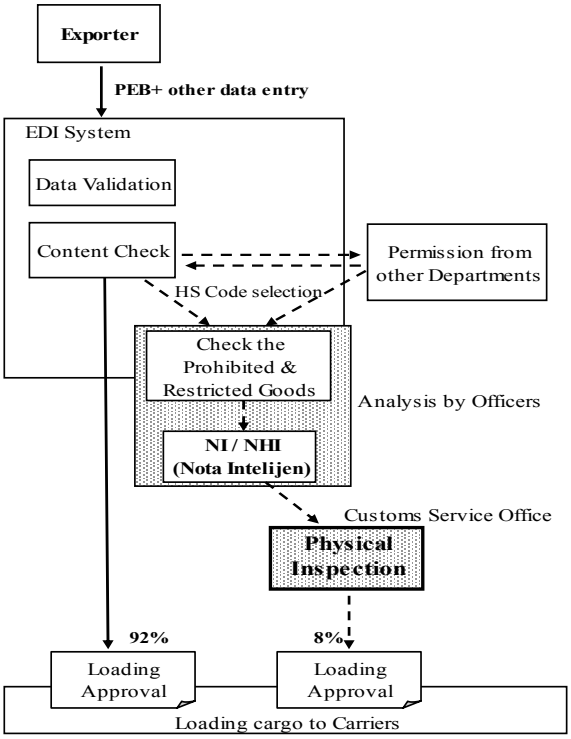
It is assumed that illegal trade is found by the examination such as, 1)Undeclared items, 2)Under-invoicing, 3) Wrong amount of goods. The red channel is supposed to detect the 1) and 3). The 2) Under-invoicing is detected in reference to the Assesment of Customs Value based on the Price Database. Compilation of database is in the process of development in accordance with the WTO Valuation Agreement and ASEAN Customs Valuation Guide. Customs uses a specially designed Price Database for checking whether the value is within the reasonable range.

(4) Export Procedures and control by customs

Export procedure is less complicated as long as goods are not listed as restricted or controlled. EDI has been implemented since May 2004, and the effect is perceived by custom users in general that the ordinary process has become quick and easy.

During the content check, channel selection is made based on the HS code. Reference from other department such as MoIT and Ministry of Agriculture for export permit and license are also checked. There are four items to be inspected physically;

Figure 2.1.3 Export procedure and control



1) Temporary export,
2) Export by KITE scheme, with which in principle, all goods are checked except by priority companies,
3) Temporary imported goods to be exported,
4) Goods identified in NI/NHI, Intelligence Note prepared by the Intelligence Unit.

Unlike import procedure, export procedure is simple and the amount of physical inspection is much less than that of import procedure. As a result, goods are generally released quickly.

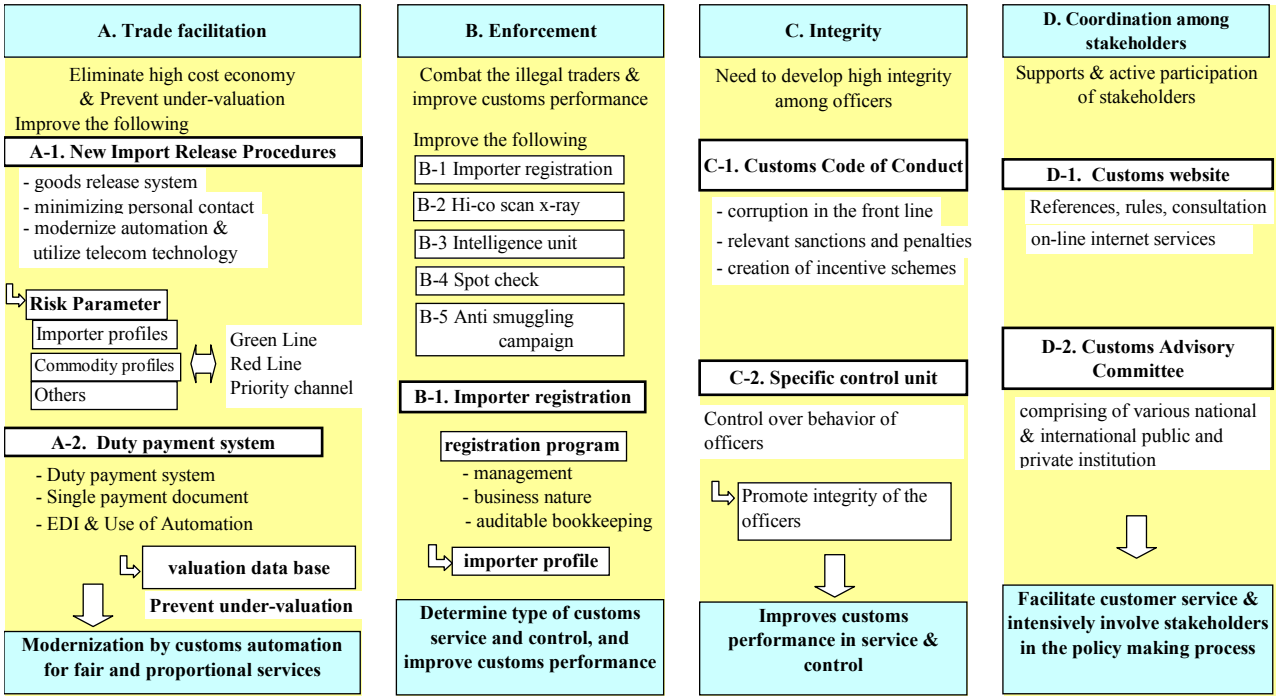
2.1.4 The Customs Reform – now and future

Directorate General of Customs and Excise has been implementing the Customs Reform program in order to improve the service and supervisory task in the customs sector. The activity started in the beginning of 2002 and the reform consists of four major pillars;

1) trade facilitation,
2) enforcement to combat illegal trade,
3) integrityto avoid corruption
4) coordination among stakeholders

The objective of the Customs Reform is to create environment which helps legitimate traders and prevent illegal trade. In other words, the customs intends to optimize the use of resources such as IT technology in order to facilitate legal trade and balances its control system. To achieve the expected result of the whole reform programs, the customs needs high integrity officers as well as relevant supports from stakeholders. The major components of four pillars of reform program are exhibited in the diagram next page.

Figure 2.1.4 Structural Diagram of the Customs Reform Program



2.1.5 EDI and Data Interchange among Ministries

At present, customs declaration by EDI is mandatory at 9 service offices, namely Belawan, Tanjung Priok I, II, III, Halim, Soekarno Hatta, Merak, Tanjung Emas, Tanjung Perak. The first inspection process at analysis point is processed electronically referring to the database such as Importer Profile, Commodity Profile (which has categorizing factors to determine, 1) very high risk, 2) high risk, 3) others), Customer Fraud Profile (SPKPBM), Registration Data for identifying new importer, Valuation database for customs technique directory which is a manual based system not automatic, Tariff HS commodity & Code.

Government offices agreed to conduct the electronic data/document interchange 1) Directorate General of Foreign Trade, Ministry of Trade & Industry, 2) Directorate General of Local Trade, Ministry of Trade & Industry, 3) Directorate General of Customs & Excise, Ministry of Finance and 4)Directorate General of Taxes, Ministry of Finance.

For implementation, officers from agreed government institutions form Interchange team and work for formulating the SISDUR (System & Procedure) of electronic data/document interchange. Several stages are planned from non-interactive to interactive, and to online though internet connection. Document/data which will be interchanged among institutions are related one another in the categories such as Business Permission, Special Importer Identification Number, PIB & PEB information, Tax Payer Number, Origin Information Letter, Company Annual Financial Report.

2.2 Present Conditions of Related Infrastructure for Trading

2.2.1 Overview of Export and Import Cargo Flow in Indonesia

(1) Export Cargo from Indonesia

1) Cargo Flow

The Indonesian export had been dominated by oil and gas up to 1986. Since 1987 the government introduced some of deregulation and policies to encourage the producers and exporters of non-oil commodities to improve and increase their export volume of products.

As a result in 1997, the value of non-oil and gas export reached 78.25% of the total Indonesia exports, while in the year 1990 it was only 56.88%.

In 2002 the total export value recovered to the level of 1997 and increased to US$ 57,158 million. The non-oil and gas export value become US$ 45,046million, which is 78.8% of the total Indonesia exports.

The trend of total export and import value of Indonesia and non-oil/gas products from 1990 to 2002 is shown in Table 2.2.1.

Table 2.2.1 Total Value of Export and Import from 1990 to 2002

Year	Total Value (Mil. US$)		Non-Oil/Gas Products (Mil US$)			
	Export	Import	Export	Ratio (%)	Import	Ratio (%)
1990	25,675	21,837	14,604	56.88	19,916	91.20
1997	53,443	41,679	41,821	78.25	37,755	90.59
1998	48,847	27,337	40,975	83.88	24,683	90.29
1999	48,665	24,003	38,873	79.88	20,322	84.66
2000	62,124	33,515	47,757	76.87	27,495	82.04
2001	56,320	30,962	43,684	77.56	25,490	82.32
2002	57,158	31,289	45,046	78.81	24,763	79.14

Source: Statistic Indonesia 2003

2) Export Destination Countries

The major countries of destination of the export cargo in volume and value are listed in the following table.

Table 2.2.2 Export Volume and Value of Destination Countries in 2000 and 2002

Country of Destination	Export Volume (Mil ton)		Export Value (Mil US$)	
	2000	2002	2000	2002
Singapore	58.0	39.1	6,562	5,349
Malaysia	4.6	7.1	1,972	2,029

Thailand	5.1	6.3	1,026	1,227
Philippine	5.0	4.5	820	778
Hong Kong	4.4	5.3	1,554	1,242
Japan	52.1	53.3	14,415	12,045
USA	6.6	6.5	8,475	7,559
Australia	4.1	6.4	1,519	1,924
European Union	15.7	17.7	8,669	7,898
Total	225.1	223.3	62,124	57,159

Source: Statistic Indonesia 2002

(2) Import Cargo to Indonesia

1) Import Cargo Volume and Value from Major Origin Countries

The volume and value of Indonesia import from these major five countries (Singapore, Australia, the USA, Thailand and Japan) in 2002 is shown below.

Table 2.2.3 Import Volume and Value of Major Origin Countries

Origin Country	Volume(million ton)	Value (million US$)
Singapore	11.78	4,099
Australia	5.49	1,587
USA	3.82	2,640
Thailand	3.23	1,191
Japan	2.80	4,409

Source: Statistic Indonesia 2002

2) Commodities of Import Cargo with Origin Countries

Major imported commodities of the country of origin were as follows;

- Rice was primarily from Vietnam and Thailand,
- Fertilizer was dominated from four countries, namely Russia, Republic of Korea, Japan, and Germany.
- Cement was mainly imported from Malaysia 38.79% of the cement total import and Philippine 18.19%.
- A great deal of crude petroleum oil import came from Singapore 31.37% and Saudi Arabia 18.19%.

(3) Share of Export and Import Volume and Value by Sea and Air Transport

The share of export and import volume and value by sea and air transport for last three years is shown below.

Table 2.2.4 Share of Export and Import Volume and Value by Air and Sea Transport

Description		Air transport			Sea Transport		
Year		Export	Import	Total	Export	Import	Total
1999	Volume (Mil ton)	1.6	0.8	2.4	234.0	61.4	294.7
	Ratio (%)	0.7	1.3	2.0	99.3	98.7	98.0
	Value (Bill US$)	2.4	2.1	4.5	46.2	21.9	68.1
	Ratio (%)	4.9	8.8	13.7	95.1	91.3	86.3
2000	Volume (Mil ton)	1.0	1.0	2.0	225.1	66.3	290.4
	Ratio (%)	0.4	1.5	1.9	99.6	98.5	98.1
	Value (Bill US$)	3.4	3.4	6.8	58.7	30.1	88.8
	Ratio (%)	5.5	10.1	15.6	94.5	89.9	84.4
2001	Volume (Mil ton)	1.5	0.5	1.9	272.5	65.1	336.1
	Ratio (%)	0.5	0.7	1.2	99.5	99.3	98.8
	Value (Bill US$)	2.9	1.4	4.3	53.5	29.6	83.0
	Ratio (%)	5.1	4.6	9.8	94.9	95.4	90.4

Source: Statistic Indonesia 2002

The export and import value through major ports of region wide from 1999 to 2002 is shown in the table below.

Table 2.2.5 International Trade Value through the Region Wide Major Ports (Billion US$)

Region	Export/Import	1999	2000	2001	2002
Jawa/Madura	Export	23.45	31.41	29.02	28.65
	Import	17.80	26.81	24.85	25.35
Sumatra	Export	15.48	17.57	14.01	16.15
	Import	3.65	4.19	3.20	3.16
Kalimantan	Export	6.87	9.97	10.40	9.25
	Import	1.34	1.55	2.02	2.00
Sulawesi	Export	0.87	1.00	0.82	0.82
	Import	0.23	0.23	0.16	0.08
Bali/Nusa Tenggara	Export	0.27	0.72	0.66	0.71
	Import	0.36	0.19	0.16	0.19
Maluku/Papua	Export	1.62	1.46	1.41	1.59
	Import	0.62	0.56	0.58	0.50
Total	Export	48.67	62.12	56.32	57.16
	Import	24.00	33.52	30.96	31.29

Source; Statistic Indonesia 2002

Due to geographic nature of the country, the above table shows that major ports in the main islands function even more crucial parts in international trade as the table 2.2.4 indicates over

90% of international trade through ports.

2.2.2 Ports System and Trade Volume through Indonesia Ports

(1) Indonesia Ports

1) Ports System and Management

In 2001, Indonesia has 725 public ports and 1,414 special ports. DGSC is the responsible government agency of regulating the policy of port services/operation aspects, facilities development of handling sea borne cargo under the Ministry of Communications. In order to improve effectiveness and efficiency of public port management, the government decided 111 public ports to be managed commercially by four Indonesia Port Corporations, PT Pelabuhan Indonesia (PEKINDO) I, II, III, and IV.

DGSC and Regional government manages the remaining 614 public ports. DGSC selected 137 ports to open for the international trade where foreign vessels can call these ports directly in responding to generating the international trade as detailed below.

Table 2.2.6 Indonesia Ports Classification

Ports Classification		Management Body	International Trade	Domestic Trade	Total
Public Ports	Commercial Port	Indonesia Port Cooperation (IPC)	71	40	111
	Non Commercial Port	MOC, DGSC,	8	606	614
Sub Total			79	646	725
Special Ports		Private Companies	58	1,356	1,414
Total			137	2,002	2,139

Source: DGSC April 2003

2) Strategic Ports

DGSC selected 25 strategic ports out of 71 public commercial ports of IPC ports. The strategic ports are equipped with modern port facilities to serve, such as import/export container shipping, loading/unloading cargo equipment of containers, bulk cargo to fulfill the following functions:

- To play the important roll of national and regional social economic development by providing effective cargo transport system and contributing sustainable economic development.
- To improve the disparity of regional differences by contributing development of isolated remote area through the stimulate of cargo.
- To function as gateway of economic cooperation with neighbor countries.

The strategic ports are classified by MOC in August 2003 according to the structure of ports in the national transport system into trunk ports and feeder ports.

- Trunk ports are categorized into
  International Hub Trunk Port,
  International Trunk ports,
  National trunk ports,
- Feeder Ports are categorized into
  Regional Feeder Ports,
  Local Feeder Ports,

(2) Sea Born Trade Volume

1) Nationwide Export /Import Cargo Volume

The volume of export and import cargo from the major regions from 2000 to 2002 shows below.

Table 2.2.7 Volume of Export and Import from provinces from 2000 to 2002

Region	Volume of Export (Mil ton)			Volume of Import (Mil ton)		
	2000	2001	2002	2000	2001	2002
Jawa & Madura	30.2 (13.4%)	29.5 (10.8%)	30.9 (13.8%)	51.4 (76.3%)	49.0 (74.7%)	53.7 (73.9%)
Sumatra	100.0 (44.4%)	132.7 (48.7%)	79.7 (35.7%)	11.0 (16.3%)	9.7 (14.8 %)	11.6 (16.0%)
Kalimantan	87.4 (38.8%)	98.5 (36.1%)	100.4 (45.0%)	3.4 (5.0%)	5.5 (8.4 %)	6.5 (8.9 %)
Sulawesi	2.8 (1.2 %)	3.4 (1.2 %)	2.0 (0.9%)	1.0 (1.5%)	0.9 (1.4 %)	0.3 (0.4 %)
Bali/NTT	1.0 (0.4 %)	1.0 (0.4 %)	1.0 (0.4 %)	0.1 (0.1 %)	0.1 (0.1%)	0.2 (0.2%)
Maluk/Papua	3.8 (1.7 %)	7.4 (2.7%)	9.1 (4.1 %)	0.5 (0.7%)	0.5 (0.7%)	0.4 (0.6%)
Total	225.1	272.5	223.3	67.4	65.6	72.7

Source; Statistic Indonesia 2002

Volume of international sea cargo export including oil and gas through all the ports reached to 223.3 million ton in 2002. Out of the total volume Kalimantan region accounted for 45.0%, Sumatra provinces contributed 35.7%, Jawa and Madura region accounted for 13.8% and the rest of 5.4% was accounted in other provinces.

Volume of import cargo through all the ports reached 72.7 million ton in 2002. Out of the total volume DKI Jakarta import volume was 53.7 million ton, in which central Java is accounted 17.2% and east Java 16.4%, west Java 16.3%, the total in Java Island reached to 73.9%. The rest of 26.1% was accounted to the other provinces.

As seen from the Table above the total volume of export cargo has been more than 3 times of import cargo volume.

2) Trends of Sea Born Traffic Volume

As the results of the government efforts of promoting and increasing industrial and trades sectors through various deregulation packages and monetary policies, volume of sea borne cargo including oil and gas has increased drastically from 1991 to 1995, especially export of non-oil and gas commodities. During the economic crisis (1997-1999), the cargo volume had been fluctuated and reached its minimum at 397 million ton in 1999.

The export/import container volume had been in the increasing trends since beginning of container handling from 1991 except the period of 1997 and 1998 (from 4,201 thousand TEU in 1997 to 3,640 thousand TEU in 1998). But since then, in 2001 the container cargo volume had reached to 5,502 thousand TEU.

3) Container Traffic and Share by Major International Container Ports in Indonesia

In 2002 the total container volume handled through 25 ports was 5.93mil TEU and about 97% of container volume was handled through 13 ports out of 25 strategic ports. Port of Tanjung Priok handled 2.68 mil TEU (45% of total national volume), while Port of Tanjung Perak handled 1.31 mil TEU (22 %) and Port of Belawan handled 0.41 mil TEU (7%).

(3) Tanjung Priok Port

1) Role of Tanjung Priok Port

Tanjung Priok Port which is functioning as the largest trading port in the western Jawa region and Indonesia has contributed significantly to the economic growth of JABOTADEBEK(Jakarta, Bogor, Tangerang, Depok and Bekasi) industrial areas, West Jawa and Banten provinces with a logistic network comprising toll roads and railways networks.

The port also functioned as the international sea transport network system. The Port of Tanjung Perak is also projected to be the international trunk port as the main regional outlet for eastern Indonesia region.

Tanjung Priok Port is one of the designated 25 strategic ports in Indonesia, which are equipped with modern port facilities to serve, such as import/export container bulk cargo to fulfill the following functions:

- To play the important roll of national and regional social economic development by providing effective cargo transport system and contributing sustainable economic development.
- To function as gateway of economic cooperation with neighbor countries.

IPC2 is one of the state owned port corporations under the Government to manage and operate the Head office, 12 branches port offices (Ports of Tanjung Priok, Panjang, Palembang, Teluk Bayur, Pontianak, Cirebon, Banten, Jambi, Bengkulu, Sunda Kelapa, Tanjung Pandan and Pangkal Balam) located in South and West Sumatra, West Jawa, South East Kalimantan

provinces, 1 port training center and 6 affiliated companies.

2) Government Agencies Related to Port Activity

The port related government agencies involved is shown in Table 2.2.8.

Table 2.2.8 Port Related Government Agencies

Government Agency	Function
Port Administrator	Port Administrator (ADPEL) is responsible for coordinating all institutions at port. ADPEL is also responsible for the safety of shipping, supplying of navigation aids and the security.
Harbormaster	Harbormaster is responsible for ensuring the safety of port activities.
Coast Guard	Coast Guard is responsible for sea and coast security. Coast Guard is under the coordination of DGSC (Directorate General of Sea Communications).
Customs	Customs is responsible for foreign exchange/import duty on import commodities.
Port Police	Port Police coordinates the security at port for government and private interest
Immigration	Immigration is responsible for the migration legality inspection proved by the legality of passport.
Quarantine	Quarantine carries out cargo/animal inspection in order to prevent the spread of diseases
Port Health Center	Port Heath Center provides medical check for ships' crews.

Source: JICA Study team

3) Affiliated Companies of IPC2

IPC2 has affiliated companies engaged in the port activities as listed below.

Table 2.2.9 List of Affiliated Companies of IPC2

	Joint Operation / Management		Legal Entity in Association with Cooperative of Maritime Employee		Legal Entity in association with Private / Foreign	
Name	KOJA Container Terminal	Merak Mas Terminal	PT. Port Hospital	PT. Multi Terminal Indonesia	PT. Jakarta International Container Terminal	PT. Electronic Data Interchange Indonesia
Kind of Service	Container Terminal	Multipurpose terminal	Hospital	Conventional terminal and other cargo handling	Container terminal	EDI Indonesia
Establishment	March 26, 1999	February 10, 1999	May 1, 1999	April 10, 2002	October 6, 1998	January 23, 1996
Persons from IPC2	510 Persons	4 Persons	260 Persons	112 Persons	2 Persons	4 Persons

Source: IPC 2

Conventional terminal operations including stevedoring work is undertaken by the IPC2's affiliated company (PT. Multi Terminal Indonesia for Berth No.009) and 14 terminal operators. Terminal operators are private companies and obtain the right of operation for each conventional berth from IPC 2 through a five-year contract.

(4) Management and Operation

1) Terminal Operation

i) Conventional Terminal

This "Terminal Operators System" for the conventional terminal at Tanjung Priok commenced in the mid 1990's based on the IPC2's policy of joint business, management and operation with the third party. Major items in the contract agreement between IPC2 and a terminal operator as listed in the table 2.2.10 are as follows;

- Period of agreement is five (5) years.
- The terminal operator covers the operation and maintenance works, royalty payment, mechanical and non-mechanical stevedoring equipment supply, fee and tax payment, stevedoring experts and operational workers supply, as well as responsibility for the third party handling cargo in the terminal. Working hours are 24 hours a day, 7 days a week and 365 days a year.
- The IPC2 has responsibilities of berth allocation of vessels, as well as pilot-age and tug service and PC2 will receive royalty from the revenue of anchorage, stacking and mechanical equipment service.
- Annual target of cargo throughput is determined from IPC 2 as follows.

Container Cargo	18 box/Crane/Hr
General Cargo (GC)	32 T/Gang/Hr
Bagged Cargo (BC)	36 T/Gang/Hr
Unitized Cargo (UC)	45 T/Gang/Hr
Liquid Bulk (CC)	150 T/Gang/Hr
Dry Bulk (CK)	100 T/Gang/Hr

The system of fixed berths as assigned to each operator will not improve the Berth Utilization Ratio of all berths available.

Table 2.2.10 List of Terminal Operators

No.	Name of Company		Berth No.
1	Terminal Operator – A	PT. Hamparan Jala Segara	001, 002, 003
2	Terminal Operator – B	PT. Srikreasi Unggul Persada	004, 004-U
3	Terminal Operator – C	PT. Prima Nur Panurjwan	005, 006, 007
4	Terminal Operator – D	PT. Batu Pajar Nusantara	100, 101-U, 101, 102
5	Terminal Operator – E	PT. Adipurusa	103, 104, 105
6	Terminal Operator – F	PT. Mahardi Sarana Tama	108, 109, 110
7	Terminal Operator – G	PT. Dwipa Hasta Utama	111, 112, 113
8	Terminal Operator – H	PT. Andalan Tama	201, 202, 203
9	Terminal Operator – I	PT. Gemar Laut Biru	208, 209
10	Terminal Operator – J	PT. Tangguh Samudera Jaya	303, 304, 305
11	Terminal Operator – K	PT. Indo Daya Abadi Sakti	210, 211
12	Terminal Operator – L	PT. Olah Jasa Andal	212, 213
13	Terminal Operator – N	PT. Darma Lautan Nusantara	301, 302
14	Terminal Operator – P	PT. Tri Mulya Baruna Perkasa	115, 200

Source: IPC 2 Annual Report 2002

The present arrangement of terminal operators in the conventional terminals is shown in the Fig 2.2.1 below.

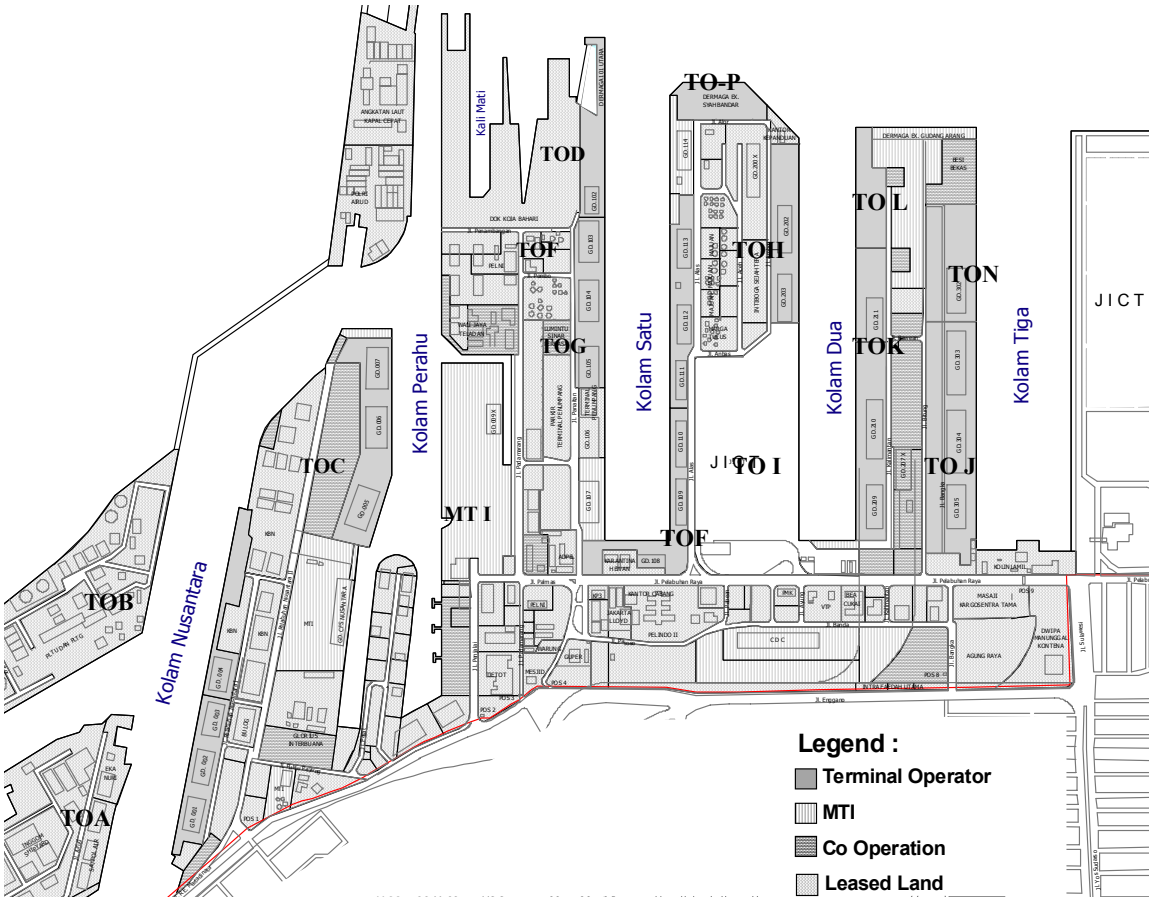


Figure 2.2.1 Utilization of Land by Contract at Conventional Terminal Area

Source; the Study for Development of Greater Jakarta Metropolitan Ports by JICA

ii) Container Terminal

Containers are currently handled at four different terminals by four different operators, JICT, TPK, Koja and conventional terminal operators including MTI.

Inefficient movement of containers and vessels together with troublesome customs clearance procedures are common complaints of users.

JICT is operated under a concession scheme by a Joint stock company formed by IPC2 and private companies while Koja is operated under a joint operation system of IPC2 and the private companies. Container handling at the conventional terminal is operated by private companies including PT. MTI.

iii) Computerized Terminal Management System

To support container handling performance, the computerized management application system has been introduced at both container terminals.

2) EDI Services for Port Related Business

EDI Indonesia's line of business is outlined in Decree of Minister for Tourism, Post and Telecommunications No. KM/89/HK/501/ppt-95 dated December 1995. According to this decree, EDI Indonesia provides information technology-based technical and consultancy services and network installation related to export-import processes, supply chains, and distribution within the scope of port operations and telecommunications.

i) PT. EDI Service Network

a) History of establishment of PT EDI Indonesia

PT. EDI was established as a subsidiary of IPC 2 in July 1995 by IPC 2 holding 51% of shares and PT Sisindosat Lintas Buana holding 49% shares of the subsidiary of PT Indosat, since the Indosate has the technology of the EDI and IPC 2 have the markets.

The concept of introduction of EDI (Electronic Data Interchange) for the custom system was prepared and developed from 1995.
In 1997 the DGCE (custom office) made Import custom declaration to the import trade through the Tanjung Priok Port and Airport of Sukarno Hatta International Airport (SHIA). Subsequently from 2003 DGCE introduced the Import Custom Declaration to the Tanjung Peraku port in Surabaya, Tanjung Emas port in Semarang and Belawan Port in Medan since these 5 ports handle about 80 % of total national import cargo volume.
In 2004 DGCE introduced the Export custom Declaration to the above 4 ports and 1 airport since these 4 ports and 1 airport covers about 80% of the national import cargo volume.

b) Present service of PT. EDI and Relation with IPC 2 and Custom office

The service programs of PT EDI are as follows:

- PT EDI will develop to extend the system into 143 custom offices in small cities.
- The documentation of Import and Export declaration forms will be prepared within the EDI Network to provide all custom clearance services to the port related customers.
- EDI system will be extended to connect to Ministry of Industry and Trade for textile industry /manufactures industry, Retailers, The National Agency of Drug and Food Control for exporting/importing foods and fishery products, Tax office under the Ministry of Finance, manifest of cargo from the shipping agents, etc from next year. At present the system is testing its operation to each agency.
- EDI of Export Declaration will be introduced to Surabaya, Semarang, and Belawan to generate the competition among them for port services through the usage of EDI.
- Connecting to the Malaysia Custom office and those in other ASEAN countries
- All data shall be communicated through the EDI Networks. Among the each agency or organization the data can not transfer directly by on line system, but through the EDI network.

c) PT. EDI Network Service

The present customers using PT. EDI network for the port related activities is showing the following diagram. They monitor and obtain the accurate data of exporting and importing cargos and ships through their concerned institutions.

d) Service from PT EDI Indonesia to Tanjung Priok Port

In the case of Tanjung Priok Port, PT EDI developed the software called "gateway, scheduler" and installed it in the "In House Servers" of IPC 2 and VAN/Web of EDI Network in order to transfer the port related data coming to EDI from port users to the IPC 2 automatically through the PT EDI Network.

PT EDI also provided the same software to the in house server of the Custom office in order to get necessary data by the concerned department, section and clients of custom at the remote terminals through the in house server.

ii) Progress of Adopting EDI in IPC 2

The shipping agents prepared arrival notice of vessel and custom clearance documents and sent through EDI network to the port office. The port office, quarantine, immigration offices asked the hard copy thereof from the shipping agents, instead of getting such documents from EDI network and printing out such documents by themselves if necessary.

From these practices IPC 2 and related agencies have not yet fully utilized the EDI network,

Now JICT 1/2, Koja container terminal, MTI and other terminal operators exchange the traffic data and activities with hard copies to IPC 2 Tanjung Priok Port branch office, quarantine, immigration offices. It is planned from next year that these data and documents will be transferred through the EDI Indonesia network.

(5) Port Facilities

1) Port Infrastructures

i) Channels, Basins and Breakwater

Tanjung Priok has a 424 ha water area within the port/breakwater and a 604 ha land area inside of the port boundary. Configuration of channels, basins and breakwaters is summarized in Table 2.2.11. The layout of the existing port facilities of the Tanjung Priok Port is shown in Fig 2.2.2.

Fig 2.2.2 Present Lay Out of Port Facilities of Tanjung Priok Port

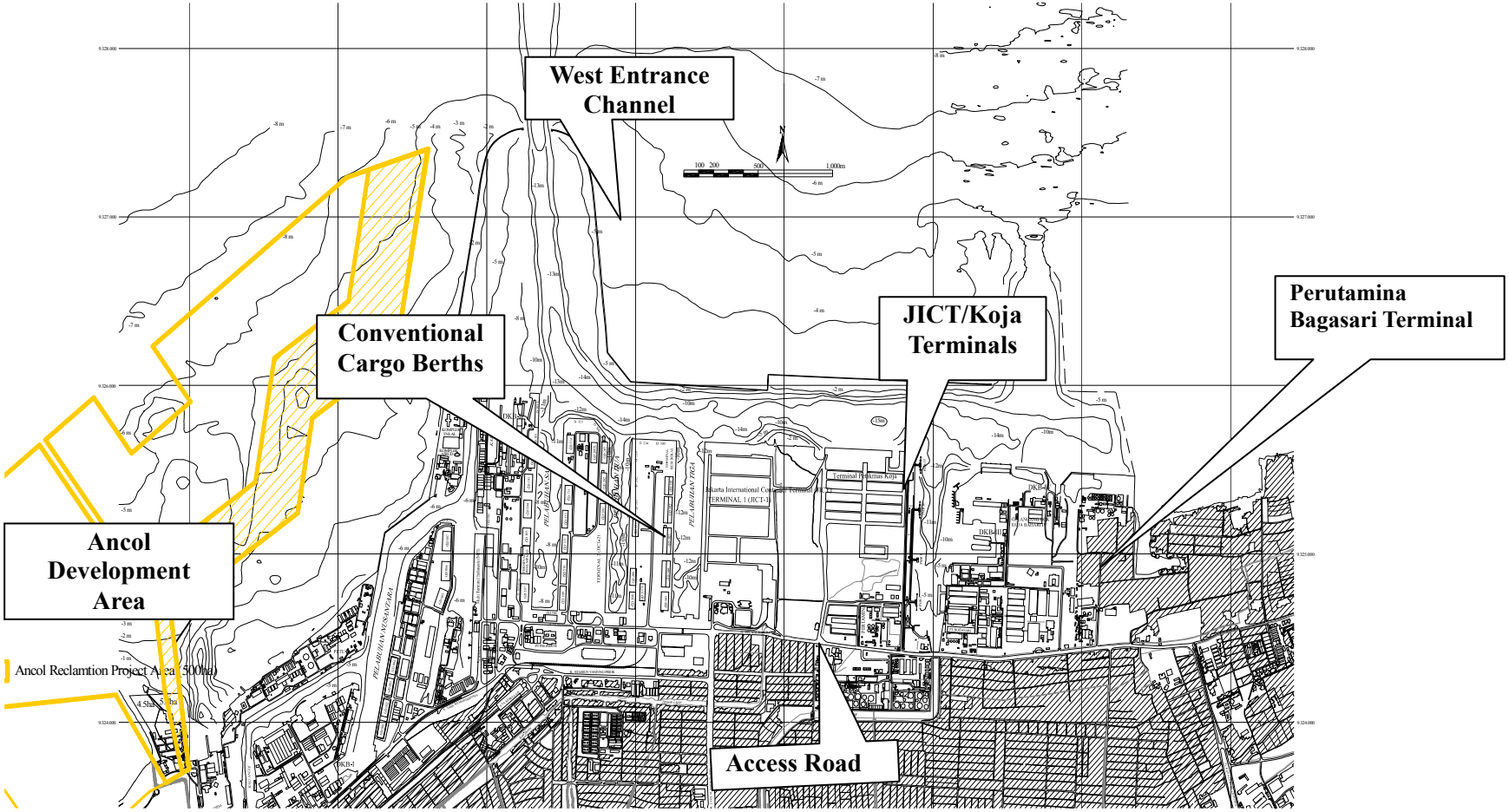


Table 2.2.11 Configuration of Channel, Basin and Breakwater

Channels	Location	L (m)	W (m)	Area (ha)	D (m)
Channel-I	DKP – North of Port Basin	3,840	100	38,400	10.0~ 14.0
Channel-II	North of Port I Basin – Port Entrance	1,700	100	17,000	14.0
Channel-III	Access to/from the Port	1,463	125	18,288	14.0
Channel-IV	Oil Terminal	990	50	4,950	12.0
Channel-V	Kali Japat	1,700	75	12,750	6.0
Total		9,693		91,388	

Basin, Location	L (m)	W (m)	Area (Ha)	D (m)
Nusantara – I	1,700	105	17,850	4.0~6.0
Nusantara – II	1,020	55	5,610	4.0~4.0
Port – I	1,080	170	18,360	4.0~10.0
Port – II	1,020	142	14,484	4.0~12.0
Port – III	1,040	185	19,240	10.0~11.5
North Koja Front Basin	265	150	2,975	14.0
TPK Koja Front Basin	450	150	6,750	14.0
Total Basin Area			86,269	

Breakwater, Location	L (m)	Breakwater, Location	L (m)
Nusantara BW – I	591	East BW – III	934
Nusantara BW – II	659	East BW – IV	98
West BW	1,750	East BW – V	1,548
East BW – I	1,479	Bogasari BW – West	713
East BW – II	228	Bogasari BW – East	1,507
Total length			9,507

Source：IPC 2

ii) Navigation Situation in the Port

According to the pilots of Tanjung Priok, the following information/rules are crucial for navigation:

a) Ship waiting area is located outside of the port/breakwater and at both sides of the west channel.

b) All channels in the port are one way except for small ship. Ships can pass each other only outside of the port.

c) The only operational entrance is from the west entrance (depth of -14m) which accommodates commercial ships. East entrance is used only for very small ship due to the insufficient water depth (around -5m).

d) The number of tug boats that must accompany a ship within the port is determined as follows:

LOA	>=	150 m	3 tug boats
LOA	<	150 m	2 tug boats

Maximum LOA of ship to be navigated in the whole port is around 300 m.

e) Average ship speed in the port is around 2 to 3 knots due to the use of tug boats within the port. Thus, it takes more than 1 hour for a container ship to enter the port and berth at Koja terminal.

f) Ship bow should point in the departure direction (head out mooring) when mooring at the quay considering emergency evacuation.

g) First priority for berthing is given to passenger ships followed by container ships and naval ships.

Judging from the above, smooth shipping operation is not always secured in Tanjung Priok. These tight shipping operations mainly stem from insufficient channel width and maneuvering areas as well as the narrow basin between the wharves.

According to the pilots, there are a total of 80 ship arrivals/departures per day on average and 100 ship arrivals/departures per day in the maximum case,which figure seems to be reaching the limit of the port capacity in terms smooth navigation.

iii) Berths, Yards and Warehouses

Public berths are owned by IPC-2, while special dedicated private berths are owned by the private sector. The management of public berths is carried out by three (3) entities, i.e. IPC-2, JICT and Koja CT. Berth length and depth, storage yards, container yards area and warehouse of these entities are summarized in Table 2.2.12.

Table 2.2.12 Berth Length, Storage Yards and Warehouse

Berth	L (m)	Depth (m)	Storage Yard(m2)	Container Yard(m2)	Warehouse (m2)
IPC 2	7,737	-4 to -12	426,390	82,6310	185,228

JICT	1,637	-8.5 to -12	-	359,469	-
Koja CT	450	-14.0	-	225,700	-
Private	773	-8.5 to -12	NA	NA	NA
Total	10,597				

Source: IPC 2

2) Requests for Improvement of Trade Infrastructures from Port users

The port users of export/import industries in the hinterland of the Tanjung Priok Port request among the others to improve the port access including the development of highway to mitigate traffic congestion as follows:

Table 2.2.13 Requests from Port Users of Export/Import Industries for Improvement

No	Opinions/Comments	Number of Companies	
		Unit	Percentage
1	Improve the existing access road from factory site in the industrial areas to Tanjung Priok port (especially from East Jakarta)	20	45.4 %
2	Construct a new access road around the Tanjung Priok Port to increase road transport capacity	3	6.8
3	Improve and develop of additional port facilities and infrastructures, (especially for automobile terminal with wharf, yard and marshalling yard etc)	5	11.4
4	Solve road traffic congestion and illegal payment in export line of the port	14	31.9
5	Increase security in the environmental conditions of working area in /around the port area(additional safety officers shall be assigned to protect road users)	2	4.5
	Total	44	100

Source: The Study for Development of Greater Jakarta Metropolitan ports by JICA

3) Port Security Compliance to ISPS code

i) Compliance to ISPS code

The government of Indonesia, is one of 43 countries which has ratified on July 1, 2004 the International Ship & Port Facility Security code (ISPS code) as amended to the existing provisions of the International Convention for Safety of Life at Sea, 1974 (SOLAS 74) according to the FAL Convention (The Conventions on Facilitation of Maritime Traffic) to enhance maritime security.

These new requirements form the international framework through which ships and port facilities can co-operate to detect and deter acts, which threaten security in the maritime transport sector. The amendment of 2004 is to accelerate the implementation of the requirement to fit Automatic Identification Systems (AIS) and marking of the Ship Identification Number for ever to all the passenger ships more than 100 ton and other ships more than 300 ton.

DGSC, Directorate of Guard and Rescue is responsible of implementation of ISPS code. It is planned that 60% of 141 ports will be provided with security facilities. Each port will prepare and propose their organizational set up and security plan of port security operation to DGSC for approval.

According to the FAL (Facilitation) Convention, [Convention on Facilitation of International Maritime Traffic] the number of documents of ship arriving and departure/cargo loading and unloading procedure which intend to introduce same forms of documents to be used for entering and departure the ports in the world and cargo handling operation applicable to all international shipping companies. As a result the documentation for international shipping to call for ports is minimized, simplified and limited.

ii) Port Facility Security Assessment

The port office contracted RSO (Recognized Security Organization) with the cost of the port office to conduct the port facility security assessment. There are 14 RSOs in Indonesia which are licensed for business operation by the government to assess the security assets of port facility and ship in operation.

After survey of port security assessment by RSO, which registered to DGSC and IMO prepares Port Facility Security Assessment (PFSA) report and submit to DGSC as the Designated Authority in ISPS code for approval of the security assessment of port facility. The Directorate of Guard and Rescue of DGSC is assigned as the responsible of implementing ISPS code of port facility and for the ship facility DGSC assigned to the Directorate of Sea Traffic and Sea Transportation.

PFSA of the following 6 public ports facility were assessed by ROS and PFSP was submitted to DGSC for approval.

a) Tanjung Priok Port which selected 7 facilities like JICT, Koja, Dock Koja Bahari, Tanjung Priok port, PT. Bogasari, Dharuma Karya Perdama, Peltamina Unit III

b)Surabaya Tanjung Perak which selected 9 facilities,

c)Semaran Port selected 6 facilities,

d)Panjang port,

e) Dumai Port,

f) Belawan port.

iii) The Case of Tanjung Priok Port

The FAL convention work shops were conducted by each concerned ministries (Custom, Quarantine, Immigration, Port and Shipping) of the government of Indonesia before the ratification of the convention. The Tanjung Priok port is not yet fully adopted the declaration requirement of FAL Convention.

RSO through the contract with JICT has conducted survey of cargo handling equipment, behavior of operators, operation efficiency of cargo handling like 15-20 units of container per hour.

Subsequently JICT has prepared the security plan indicating the restricted area by complying ISPS code before July 1 2004 in their working area.

In addition to the custom services, JICT also provide a space of storage of dangerous cargo/ containers. JICT assigned special officers to check the documents of dangerous cargo delivery from the shipping agents before the arrival of their ship to the port. The safety officer clarifies such import dangerous cargo according to the international recognized code of dangerous cargo and reports to ADPEL to obtain the permission to import such cargo.

As port security facility, CCTV with control room for radio communication with ship and port is installed and fences, lighting and communication system are improved, additional operational staff are employed by the port management office of Tanjung Priok port, branch office of IPC 2.

4) Utilization and Operation of Port Facilities

i) Berth Occupancy

Berths in Basin I & II, those located at the inner part of basin have a low BOR level. This is likely due to the narrow space of basins. The berth number 009 (MTI terminal), 107 ~ 109, JICTII terminal, 207 ~ 209, 305, are under 50% of berth wise BOR. Berths NO.115 and 007U are not being well utilized.

ii) Ship Waiting Time for Berthing

With regard to container vessels, waiting time is almost negligible; however, there are some cases in which vessels have to wait for berthing to the Koja terminal. Moreover, average waiting time has been increasing recently, which is caused either by slowdown of terminal cargo handling efficiency and by one way traffic of the access channel due to narrow channel width and the limited area of turning basin for ship maneuvering.

With regard to conventional berth, there are a lot of berths with an average waiting time of over 12 hours, and most are concentrated in Basin I. This is due to the heavy congestion in the main channel, especially in front of Basin I.

iii) Handling Productivity

The handling productivity meaning ton/ship/hr (TSH) varies among the berths. The handling productivity in ton/gang/hr (TGH) satisfies the targeted TGH in Tanjung Priok port.

Cargo Type	TGH(ton/bang/hr)	Target TGH in Tg. Priok
Bag Cargo	37.34	36
Liquid Bulk Cargo	150.03	150
Dry Bulk Cargo	101.84	100
General Cargo	33.30	32

iv) Unloading/Loading Type

Cargoes by direct transport to/from the berth by trucks have a large share of total cargo, which means that yards and warehouses behind the berths are not fully utilized. This situation is closely related to the concentration of road traffic at certain time. Subsequently the long queue of trucks causes traffic congestion inside and outside the port.

v) Container Terminal Performance

Container terminal facilities and productivities in Tanjung Priok were summarized as follows:

a) Berthing Time (BT) and Effective Time (ET) seems to be reasonable in Koja terminal. 2.4 hours for idling and non-operating time in average is also reasonable.

b) Crane productivity for JICT and Koja container terminal are 20-25, which is low by international standards. Average number of cranes used for one ship is under 2, which is partly due to the relatively small ship size.

Table 2.2.14 Crane Productivity in Container Terminal

	BCH (Box/crane/hr)		BSH (Box/ship/hr)		Avg.No. Crane/ship	
Terminal	2000	2001	2000	2001	2000	2001
JICT	20.18	20.56	32.02	40.08	1.59	1.95
Koja	24.81	25.71	28.01	30.76	1.13	1.20

Source: JICT, TPK Koja

c) Yard Dwell Time (YDT) for import container is long, 10~12 days in JICT. Apparently, a problem is customs clearance which is significantly increasing YDT.

(6) Present Traffic Volume through Tanjung Priok Port

1) Present Cargo Volume

i) Container Cargo Movement by Terminal

There are three dedicated container terminals: JICT 1& 2, and Koja terminal. These dedicated container terminals handled mainly international containers. A total container flow of international trade was 2.6 million TEU in 2002 which was 4.76 % increase from 2.25 million TEU in 2001. Conventional berths by PT Multi Terminal Indonesia are also used for handling domestic containers for inter-island traffic.

Market shares among the terminals indicate that JICT takes two thirds of the total market, KOJA terminal has a 22% share. Throughput at conventional berths has been unstable for the past decade, but accounted for 12% in 2001.

Table 2.2.15 Container Cargo Movement by Terminal (1,000 TEU)

Year	JICT 1		JICT 2		Koja CT		Conventional		Total
1998	1,119	59%	305	16%	288	15%	185	10%	1,898
1999	1,210	57%	255	12%	394	19%	258	12%	2,118
2000	1,274	55%	254	11%	496	21%	286	12%	2,310
2001	1,267	56%	233	10%	490	22%	261	12%	2,251

Source: IPC 2

The share of export and import volume and value through the Tanjung Priok port, 24 strategic ports and other commercial ports shows as follows:

Table 2.2.16 Share of Trade Value by Tanjung Priok Port in Indonesia ports

Ports	Exports		Import	
	Cargo volume	Value	Cargo volume	Value
Tanjung Priok Port	8 %	31%	27%	47%
24 strategic ports	28%	30%	39%	28%
Other commercial ports	64%	39%	34%	25%

Source: Statistic Indonesia 2002

Total about 42 million tons (excluding oil discharged) are handled at Tanjung Priok Port. Cargo throughput by trade type is shown below.

Table 2.2.17 Cargo Throughputs by Trade Type (ton)

Year	International		Inter-island		Total	Oil Discharged
	Import	Export	Unloading	Loading		
1996	17,302,693	6,847,220	5,183,364	3,880,976	33,214,253	7,021,669
1997	19,113,402	7,177,126	5,353,272	3,617,288	35,261,088	7,314,424
1998	12,264,579	11,926,299	3,736,236	2,976,396	30,903,510	7,439,257
1999	15,403,368	13,499,273	4,365,880	3,155,075	36,334,596	7,101,655
2000	17,963,684	13,144,711	6,503,499	4,241,469	41,953,363	8,109,458
2001	20,474,026	13,381,286	4,117,747	4,339,334	42,312,393	8,462,246

Source; IPC 2

ii) Cargo Throughput by Packing Type

Throughput by packing type is shown in the following table. Average annual growth rates by packing type for last five years indicate that General cargo is 8.7%, Bag Cargo at 2.2%, Liquid Bulk Cargo at 2.6%, and Dry Bulk Cargo at 7.9% and Container 11.9%.

Table 2.2.18 Cargo Throughput by Packing Type (x 1,000 ton)

	1997	1998	1999	2000	20001
General Cargo	8,078	6,212	6,255	8,692	9,421
Bag Cargo	2,715	3,111	3,263	1,665	3,769
Liquid Bulk Cargo	8,813	8,934	9,258	9,726	10,094
Dry Bulk Cargo	6,292	5,118	5,242	6,929	7,268
Total Container	16,533	14,969	19,419	22,804	20,361
Total	42,431	38,344	43,437	49,816	50,913

Source: IPC 2

2) Ship Traffic

The ship traffic of container vessels is shown below table. The maximum size of vessels is -12m draft and 300m of LOA, which is partly due to the narrow channels and tuning basins.

Table 2.2.19 Ship Calls at Port

Year	Unit	GRT(0'000)
1996	14,288	69,736
1997	15,137	74,508
1998	14,113	74,066
1999	14,807	79,522
2000	16,381	86,419
2001	17,068	89,284

Source: IPC 2

There are various kinds of services connecting major islands of Indonesia from Tanjung Priok port, including 44 inter-island routes connecting 30 regional and local ports.

(7) Traffic Forecast through Tanjung Priok Port

1) Traffic Forecast through Tanjung Priok in 2025

The Study for Development of Greater Metropolitan Ports by JICA in 2003 prepared the long term development plan (Master Plan for 2025) including the traffic forecast of cargoes and ships through Tanjung Priok Port up to 2025 as follows:

Table 2.2.20 Traffic Forecast of Tanjung Priok Port in 2012 and 2025

Cargo	2001	2012	2025
Container (x 1000 TEU)	2,255	4,346	5,321
International	2,056	3,631	3,776
Domestic	199	715	1,545
General Cargo (x 1000 ton)	9,421	11,971	15,025
Bag Cargo (x 1000 ton)	3,769	4,274	5,365
Dry Bulk Cargo (x 1,000 ton)	7,268	11,004	20,129
Public Berths		6,563	10,720
Private Terminals		4,441	9,409
Liquid Bulk Cargo (x 1,000 ton)	10,094	11,644	14,046
Public Berths		2,386	3,480
Private Terminals		9,258	10,566

Source; the Study for Development of Greater Metropolitan Ports by JICA in 2003

The above traffic forecast implies the following points for sustainable economic growth of Indonesia with better investment climate.

- Reasonable extends of infrastructures development shall be continued.
- Efficient and smooth custom clearance procedure as parts of trade facilitation shall be Provided for the international trade cargoes.

2.2.3 Airport Infrastructure and Trade Volume through Airport

(1) Airport Infrastructure

1) Air Transport Policies of the Republic of Indonesia

According to the "Infrastructure Development in Indonesia" compiled by the Coordinating Ministry for Economic Affairs (CMEA), the government policies on airfares and national air transportation are as follows:

i) The Government Policy on Airfares

The government has established the basic ceiling fares for economic passenger while the floor fare is left to the market mechanism.

ii) The Government Policies on National Air Transportation

Through Ministerial Decree No.11/2001 the Minister of Communications has stipulated two types of routes, namely open and closed routes.

The government policies on national air transportation cover:

a) Route and Flight Network

- The government encourages airline companies to establish a hub and spoke flight blueprint in the frame of equitable services to all regions.
- The government also maintains that the competition follows through the market mechanism without sacrificing the feasibility standards that will jeopardize flight safety.

b) Procurement of Air Fleet

- The government encourages the creation of corporate efficiency to create opportunities for aircraft production supported by mutually profitable trade systems.
- The government will endeavor the use of aircraft production for domestic transport and ASEAN regional operations.

2) Air Transportation in Indonesia

The Ministry of Communications has stipulated 187(*) airports according to the Decree of the Minister of Communications No. 44/2002. Twenty-four airports have been stipulated as international airports. The government has also stipulated 20 hub airports, 17 among them located at provincial capitals.

Airport operators are the state owned enterprises the PT Angkasa Pura I and PT Angkasa Pura II, central and local government. Ministerial Decree No. 44/2002 distinguishes 186 airports(see below) where the majority (more than 70%) is managed by the local government.

Table 2.2.21 Airport Operators

Operator 2002 – 2007	Number of Airports
・Angkasa Pura I and II	23
・Directorate General of Air Communications	25
・Region (Municipality / District)	138
Total	186

Source: Decree Minister of Communications 44/2002

Note: The figure of 187 airports with asterisk (*) above comes from the reason that Sorong Jeffman and Sorong Daratan are counted separately.

In 2003, there was one national aircraft plant, 22 scheduled operations companies, 34 non-scheduled operations companies, 193 scheduled operations craft, and 212 non-scheduled operations craft.

Table 2.2.22 Indonesian Airline Industry

Description	Pre-Crisis		Crisis		Post-Crisis			
Year	1996	1997	1998	1999	2000	2001	2002	2003
Aircraft Plant	1	1	1	1	1	1	1	1
Operational Companies								
Scheduled	6	6	6	7	10	14	18	22
Non-Scheduled	25	43	45	12	16	24	32	34
Operational Aircraft								
Scheduled	186	176	93	104	122	132	167	193
Non-Scheduled	242	242	242	232	226	200	218	212

Source: Processed from Ministry of Communications, 2003

(Source: Infrastructure Development in Indonesia, opportunities for private investment compiled by the Coordinating Ministry for Economic Affairs, Republic of Indonesia)

3) Air Transport Network in Indonesia

The following 13 airports can be regarded to be substantial hub-airports, that is, Jakarta (CGK) and Surabaya in Jawa, Batam in Sumatera, Kupang in Nusa Tenggara Timur, Pontianak and Balikpapan in Kalimantan, Ujung Pangang and Manado in Sulawesi, Ambon in Maluku, Biak, Jayapura, Merauke in Papua, and Timika.

Jakarta (CGK) ranks top both in domestic and international air transportation sectors. In domestic sectors the second and the third airports is far behind from the top are Surabaya and Denpasar respectively, and Medan, Ujun Pandang, Balikpapan follows by slight difference. In international sectors Denpasar is second and Surabaya is third, and every other airport is very small in international traffic handling.

(Source: The Master Plan on the Strategic Policy of the Air Transport Sector, Draft Final Report, June 2004)

4) Air Traffic Flow in Indonesia

i) Domestic Air Traffic Flow in 2001

Larger volumes of domestic inter-Province passenger movement are observed between the routes connecting D.K.I. Jakarta (Soekarno-Hatta) with Jawa Timur (Surabaya), Bali (Denpasar), Riau (Batam and Pekanbaru), and Sumatera Utara (Medan).

The domestic inter-Province cargo flows show a similarity in general to the foregoing passenger flow. One exceptional difference from passenger flow is observed in the route between Sulawesi Selatan (Ujung Pandang) and Papua Tengah (Biak and Timika) where relatively larger amount of cargo flow can be seen.

ii) International Air Traffic Flow in 2001

There are 21 international airports in Indonesia and 87 foreign airports connecting with each other airports. Most of international air passenger and cargo has its origin and destination at the three major airports of Jakarta (CGK), Denpasar and Surabaya in Indonesia while the exceedingly top foreign airport in both international air passenger and cargo movements is Singapore. The foreign airports with relatively larger passenger movements from/to Indonesian airports are Kuala Lumpur, Hong Kong, Taipei, Bangkok, Jeddah, Perth and Sydney, while those with relatively larger cargo movements from/to Indonesian airports are Taipei, Hong Kong, Seoul, Kuala Lumpur, Amsterdam, Narita, and Paris.

(Source: The Master Plan on the Strategic Policy of the Air Transport Sector, Draft Final Report, June 2004)

5) Airport Network in Indonesia

i) Domestic Airports

It is noted that there are many domestic airports in Indonesia that are not served by regular commercial services. The reason for no regular services can be explained mainly because industrial structure of such area, most probably agriculture, does not generate enough demand for commercial air transport services.

The major fleet domestic air transport in Indonesia is B737. It is supplemented by F27 and CS212 for long-demand regional feeder services. Judging from the existing fleet route structure, B737 for trunk route and F27 and CS212 for regional services would not change drastically. It is particularly so under deregulated market condition like Indonesia, in which airline companies' approach is to increase flight frequencies to maintain market share rather than to introduce larger aircraft for lower operating cost per seat.

ii) International Airports

Four major international airports in Indonesia include Soekarno-Hatta as a national gateway, Bali as an international tourist gateway, and Surabaya and Medan as entry points for secondary

commercial centers. These four major international airports account for 96□ of total international passengers and 57% of domestic passengers in 2002.

Air travel is fundamentally important in Indonesia, which is a highly populated archipelago without effective inter-island mode of transport.

(Source: The Master Plan on the Strategic Policy of the Air Transport Sector, Draft Final Report, June 2004)

6) PT. (Persero) Angkasa Pura II (PT.AP-II)

PT. Angkasa Pura II (PT.AP-II) is the state-owned company dealing with airport and air traffic management services. The scope of its business covers flight services (aeronautical) and flight supporting services (non-aeronautical). Established since August 13th, 1984 with the name of Perum Pelabuhan Udara Jakarta Cengkareng (PPUJC), it now manages 10 airports in western Indonesia.

7) Infrastructure of Soekarno-Hatta International Airport

Soekarno-Hatta International Airport is the prime hub for Indonesia reflecting the largest origin/ destination in Indonesia. Soekarno-Hatta International Airport ranks top both in domestic and international air transportation sectors.

i) Site and Land Area

a) Site : The Soekarno-Hatta International Airport, located at Cengkareng, Tangerang, 20 km west from Jakarta, is reached in 30 minutes drive from the center of Jakarta. During peak hours, 7:00 a.m. to 9:00 a.m. and 4:00 p.m. to 7:00 p.m., it usually takes more time depending on the traffic congestions.

b) Land Area : 1,800 hectare

ii) Terminal Information

There are two terminals at the Soekarno-Hatta International Airport. Terminal I serves the domestic flights at Sub Terminal A, B, and C. Terminal II serves international and domestic flights at Sub Terminal D, E, and F. The total area of Terminal I and II areas is 276,308m^2 and each terminal can accommodate 9 million passengers per annum.

iii) Runways

Two independent parallel runways separated by a distance of 2,400 meters connected by a cross taxi-way. Runways categorized into free runways that can be operated simultaneously with capacity 74 aircrafts/hour.

a) South R/W 07R/25L: 3,660m x 60m

b) North R/W 07L/25R: 3,600m x 60m

iv) Apron

a) Area
- A, B, C and Remote 266,326m^2
- D, E, F and Remote 472,853 m^2

b) Capacity
- Terminal A: 7 B-747
- Terminal B: 7 A-300
- Terminal C: 16 F-28/DC-9
- Terminal D: 8 B-747
- Terminal E: 8 B-747
- Terminal F: 8 B-747

c) Remote Stands
- Terminal I: 8 F-28
- Terminal II: 8 B-747

d) Cargo Apron: 4 B-747

e) Night Stop: 13 DC-9

v) Cargo Terminal

a) Cargo Area : 67,290m^2

b) Cargo Terminal : 46,825 m^2

c) Cargo Apron : 4 B-747

d) Export/Import Bonded Warehouses

Table 2.2.23 Bonded Warehouses of Export and Import

	Bonded Area	Building Size
[BLDG No. 510]		
Fedex & DHL	1,129m^2	16.8m (W) x 67.2m (D)
PT. Garuda Export	14,112m^2	168m (W) x 84m (D)
Truck Dock Platform	672m^2	168m (W) x 4m (D)
[BLDG No. 520]		
PT. Garuda Import	8,467m^2	84m (W) x 108.8m (D)
PT. JAS Import	8,467m^2	84m (W) x 108.8m (D)
Import sub-total	16,934m^2	168m (W) x 100.8m (D)
Truck Dock Platform	672m^2	168m (W) x 4m (D)
[BLDG No. 530]		
PT. Garuda Rush Handling	4,234m^2	50.4m (W) x 84m (D)
PT. JAS Export	8,467m^2	100.8m (W) x 84m (D)
Export sub-total	12,701m^2	151.2m (W) x 84m (D)
Truck Dock Platform	605m^2	151.2m (W) x 4m (D)
Total	46,825m^2	

Source: PT. Angkasa Pura II

(2) Trade Volume through Airport

1) Trend of Air Transportation before the Currency Crisis in Indonesia (1988-1997)

In Indonesia, air transportation volume of both passenger and cargo continued in general steady growth from 1988 up to 1997.

2) Trend of Air Transportation under the Influence of the Currency Crisis in Indonesia (1988)

In Indonesia, both domestic and international air traffic volume declined sharply in 1998. This is due to reason that the influence of the currency crisis which stemmed from Asia in 1997brought about depreciation of rupiah against foreign currencies, especially the US dollar and led to the price increase of operation cost of an airline company, and further led to an avoidable situation of raising air tariff.

3) Trend of Air Transportation after the Currency Crisis in Indonesia (1998-2002)

In Indonesia, the sign of recovery from the blow by the currency crisis appeared in 1999. After that, the situation was improved gradually following the wave of increase and decrease. But a series of occurrences such as the tragedy in New York on the 11th of September in 2001, the subsequent Bali bombing in 2002, the epidemic of SARS (=Severe Acute Respiratory Syndrome) originated in Asia and the war on Iraq in 2003, etc. exerted a globally big blow to the aviation industry. In addition, the factors such as a slow economy and unstable political situation in Indonesia, etc. are still creating a severe environment for the aviation business industry.

4) Current Trend of Air Transportation in Soekarno-Hatta International Airport (2002-2003)

The current situation of air transportation in Soekarno-Hatta International Airport is presenting the upward tendency in general compared with the previous year 2002, but the total cargo volume of domestic and international in Soekarno-Hatta International Airport in 2003 is still in the situation which did not reach the level of 1997.

Trend of domestic air passenger and domestic air cargo in Indonesia during the period from 1988 to 2002 is shown in Table 2.2.24.

Table 2.2.24 Trend of Domestic Air Traffic Movement in Indonesia

Year	Departures	
	Passenger	Cargo (Ton)
1988	8,068,554	96,044
1989	8,942,540	107,942
1990	8,719,253	112,247
1991	9,166,637	114,995
1992	9,527,207	117,084
1993	10,102,101	114,715
1994	11,661,102	148,837
1995	12,948,854	177,881
1996	13,831,105	201,476
1997	13,831,526	216,753
1998	7,863,838	147,719
1999	7,045,786	161,033
2000	8,654,181	161,201
2001	10,394,330	164,135
2002	13,534,906	172,336

Source: Transportation and Communication Statistics, Statistical Bureau

Trend of international air passenger and international air cargo of Indonesia during the period from 1988 to 2002 is shown in Table 2.2.25.

Table 2.2.25 Trend of International Air Traffic Movement in Indonesia

Year	Passenger			Cargo (Ton)		
	Arrivals	Departures	Total	Arrivals	Departures	Total
1988	1,737,107	1,891,974	3,629,081	26,129	51,885	78,014
1989	1,785,816	2,021,105	3,896,921	31,215	68,856	100,071
1990	2,101,246	2,308,851	4,410,097	42,439	75,433	117,872
1991	2,337,443	2,325,895	4,663,338	33,630	82,205	115,835
1992	2,692,814	2,743,794	5,436,608	41,817	104,539	146,356
1993	3,158,845	3,449,127	6,607,972	47,282	122,371	169,653
1994	3,823,830	3,941,304	7,765,134	61,956	139,855	201,811
1995	4,146,581	4,082,021	8,228,602	78,850	151,926	230,776
1996	4,512,500	4,513,812	9,026,312	54,706	169,101	223,807
1997	4,513,364	4,474,333	8,987,687	108,484	168,573	277,057
1998	3,778,509	3,833,025	7,611,534	62,218	170,617	232,835
1999	3,877,617	3,924,275	7,801,892	82,216	165,600	247,816
2000	4,243,327	4,728,389	8,971,716	96,128	146,340	242,468
2001	4,520,028	4,675,007	9,195,035	93,742	147,008	240,750
2002	4,765,430	4,790,890	9,556,320	116,468	156,032	272,500

Source: Transportation and Communication Statistics, Statistical Bureau

Cargo volume of Soekrno-Hatta International Airport during the period from 1993 to 2003 is shown in Table 2.2.26.

Table 2.2.26 Cargo volume of Soekarno-Hatta International Airport (1993-2003)

Year	Domestic		International		Total	
	Cargo Volume (ton)	vs P/Y (%)	Cargo Volume (ton)	vs P/Y (%)	Cargo Volume (ton)	vs P/Y (%)
1993	83,091	-	121,252	-	204,343	-
1994	94,602	13.85	150,705	24.29	245,307	20.05
1995	104,512	10.48	167,740	11.30	272,252	10.98
1996	117,803	12.72	198,610	18.40	316,413	16.22
1997	122,419	3.92	221,031	11.29	343,450	8.54
1998	94,978	-22.42	167,153	-24.38	262,131	-23.68
1999	91,582	-3.58	178,838	6.99	270,420	3.16
2000	97,683	6.66	194,577	8.80	292,260	8.08
2001	107,875	10.43	177,891	-8.58	285,766	-2.22
2002	114,278	5.94	191,973	7.92	306,251	7.17
2003	134,497	17.69	175,627	-8.51	310,124	1.26

Source: PT. Angkasa Pura II

Trend of air transportation in Soekarno-Hatta International Airport during the period from 1999 to 2003 is shown in Table 2.2.27.

Table 2.2.27 Trend of Transportation in Soekarno-Hatta Int'l Airport (1999-2003)

ITEM	YEAR				
	1999	**2000**	**2001**	**2002**	**2003**
AIRCRAFT MOVEMENT					
Domestic	62,791	75,041	89,172	109,595	152,803
International	28,918	30,770	34,141	34,980	33,677
Local	297	210	227	190	206
Total	92,006	106,021	123,540	144,765	186,686
PASSENGER					
Domestic	4,347,097	5,387,311	6,684,535	9,140,658	13,829,664
International	3,880,888	4,563,136	4,507,178	5,025,383	4,783,148
Transit	309,274	725,753	626,334	664,953	1,091,028
Total	8,537,259	10,676,200	11,818,047	14,830,994	19,703,840
CARGO (ton)					
Domestic	91,582	97,683	107,875	114,278	134,497
International	178,838	194,577	177,891	191,973	175,627
Total	270,420	292,260	285,766	306,251	310,124

Source: Statistik Angkutan Udara Tahun 2003 (Statistics of Air Transportation in 2003)

5) Future Trend of Air Transportation in Soekarno-Hatta International Airport

i) Predictions of Boeing Company

Boeing predicts the growth of the world economy and air transportation during the period 2004-2023 as follows:

a) Worldwide economic growth will average 3.0% per year

b) Worldwide passenger traffic growth will average 5.2% per year

c) Worldwide cargo traffic growth will average 6.2% per year

Source: Boeing Current Market Outlook 2004

ii) Predictions of Airbus Company

The Airbus Company predicts the growth of the world air transportation during the period 1999-2018.

a) Worldwide passenger traffic (revenue passenger-kilometers) growth will average 5% per

b) Worldwide car year go traffic (freight ton-kilometers) growth will average 5.9% per year

Source: The Airbus Global Market Forecast 1999

iii) Predictions of Other JICA Study Team

Other JICA Study Team predicts the growth of the air transportation of the Sukarno Hatta International Airport during the periods 2004-2025 as follows:

Annual domestic and international passenger forecasts of Soekarno-Hatta International Airport is shown in Table 2.2.28.

Table 2.2.28 Annual Passenger Forecasts of soekarno-Hatta Int'l Airport (Revised)

Year	Domestic	International	Total
2003 (Actual)	13,829,664	4,783,148	18,612,812
2009 (Forecast)	19,047,031	7,142,467	26,189,498
2015 (Forecast)	25,656,566	10,069,873	35,726,439
2025 (Forecast)	39,793,428	17,823,577	57,617,005

Source: Draft Final Report for Master Plan Study on the Strategic Policy of the Airtransport Sector, June 2004

Annual domestic and international cargo forecasts of Soekarno-Hatta International Airport is shown in Table 2.2.29.

Table 2.2.29 Annual Cargo forecasts of Soekarno-Hatta Int'l Airport (Revised)

Year	Doemstic	Intgernational	Total
2003 (Actual)	134,497	175,627	310,124
2009 (Forecast)	185,237	262,256	447,493
2015 (Forecast)	249,516	369,744	619,260
2025 (Forecast)	387,001	654,444	1,041,445

Source: Draft Final Report for Master Plan Study on the Strategic Policy of the Airtransport Sector, June 2004

2.2.4 Inland Trade Infrastructure and Transport Volume Through Road Network

1) Road Network and Road Sections in Tanjung Priok Port Area

The road network in Jabotabek area are shown in Fig. 2.2.3.

Those road sections in Tanjung Priok area are as follows:

- Jl. Laks. R.E. Martadinata/ Jl. Enggano
- Jl. Jampea/ Jl. Cakung
- Jl. Laks. Yos Sudarso/ Jl. Sulawesi
- Tollroads in the following table (Table 2.2.30)

Table 2.2.30 Present Toll Road Network in Jakarta Metropolitan Area

Type	Route
Circular Route	Intra-urban Toll Road Cengkareng Access Toll Road Outer Ring Road Harbor Toll Road
Radial Routes	Jagorawi Toll Road Cikampek Toll Road Tangerang to Merak Toll Road

Table 2.2.31 Capacity and Volume Capacity Ratio at Several Road in Tanjung Priok in year 2003

No.	Road Segment	Number of Lane	Capacity per Lane	Total Capacity	V/C Ratio
1	Cacing	4	1,153	4,613	1.49
2	Cilincing	4	1,153	4,613	1.72
3	Jampea	4	1,153	4,613	1.69
4	Sulawesi	8	1,153	9,225	0.85
5	Enggano	4	1,153	4,613	0.93
6	RE. Martadinata	4	1,153	4,613	0.84

2) Present Situation of Traffic at Tanjung Priok and Surrounding

The primary traffic flow from/ to Tanjung Priok port through the presently available road network is expected as follows:

- The traffic entering from the West, i.e. from Tangerang would use the route of Tangerang – Jakarta – Grogol – Pluit – Tanjung Priok toll road through the harbour toll road.
- The traffic coming from the South would use the Jagorawi – Cawang – Tanjung Priok toll road.

The traffic from Central Java (East) would use the route of Cikampek – Cawang – Tanjung Priok (Cirebon – Cikampek – Jakarta) and from West Java would use Purwakarta – Cikampek or Bandung – Subang – Cikampek – Jakarta.

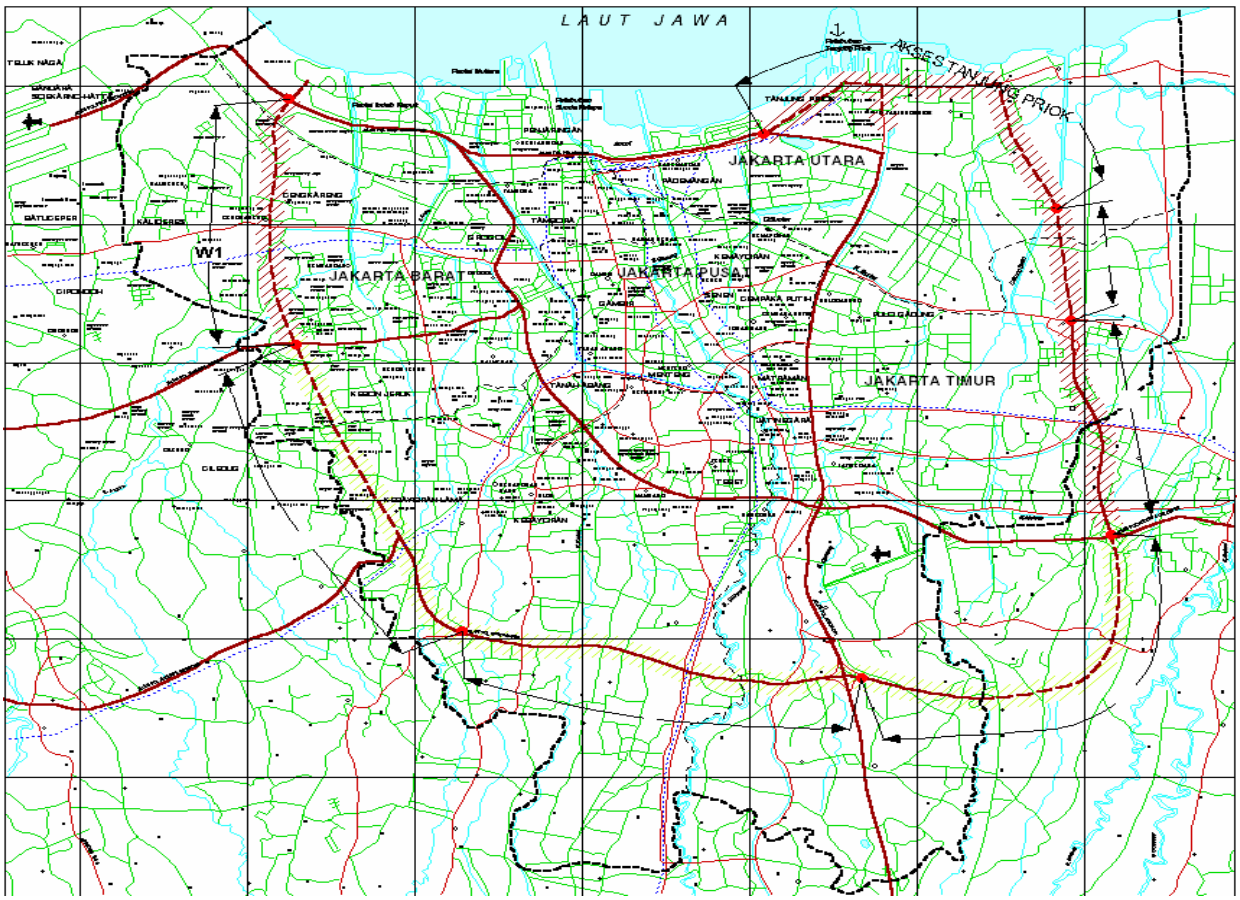


Figure 2.2.3 Main Road Network in Jakarta Metropolitan

Figure 2.2.4, shows the present route from each direction base on industrial estates in Tanjung Priok port and surrounding.

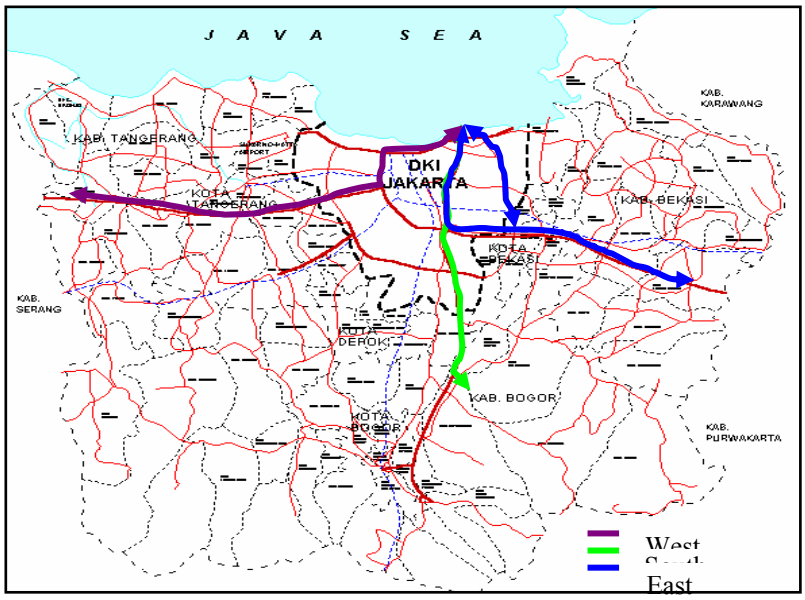


Figure 2.2.4 Movement Direction Base on Tanjung Priok Port

The study for Development of Greater Jakarta Metropolitan Ports in the Republic of Indonesia by JICA has been conducted with some land transport survey. A traffic count survey and origin.

The Origin and Destination survey was conducted by Greater Jakarta Metropolitan Ports in the Republic of Indonesia mention that the movement from/ to Tanjung Priok Port has three origin/ destination near Jakarta Metropolitan. The three can be split in three direction, South, West and East. The three of those direction has some quantity of movement, the figure of movement for each direction shows in Table 2.2.32.

Table 2.2.32 Traffic Volume Each Direction and Roads (PCU/day)

Direction	Road	2002		2012		2025	
		Volume	%	Volume	%	Volume	%
From East	Jl. Jampea	29,307	36,5%	41,815	34,8%	60,766	33,0%
	JORR Toll ROAD	50,887	63,5%	78,405	65,2%	123,373	67,0%
	Total	**80,195**	**34,7%**	**120,22**	**34,7%**	**184,138**	**34,7%**
From West	**Jl. Martadinata**	**76,556**	**33,1%**	**114,766**	**33,1%**	**175,784**	**33,1%**
From South	Jl. Yos Sudarso	27,21	36,5%	38,823	34,8%	56,418	33,0%
	JIUT Connector	47,247	63,5%	72,795	65,2%	114,546	67,0%
	Total	**74,457**	**32,2%**	**111,619**	**32,2%**	**170,963**	**32,2%**
Total		**231,208**	**100,0%**	**346,604**	**100,0%**	**530,885**	**100,0%**

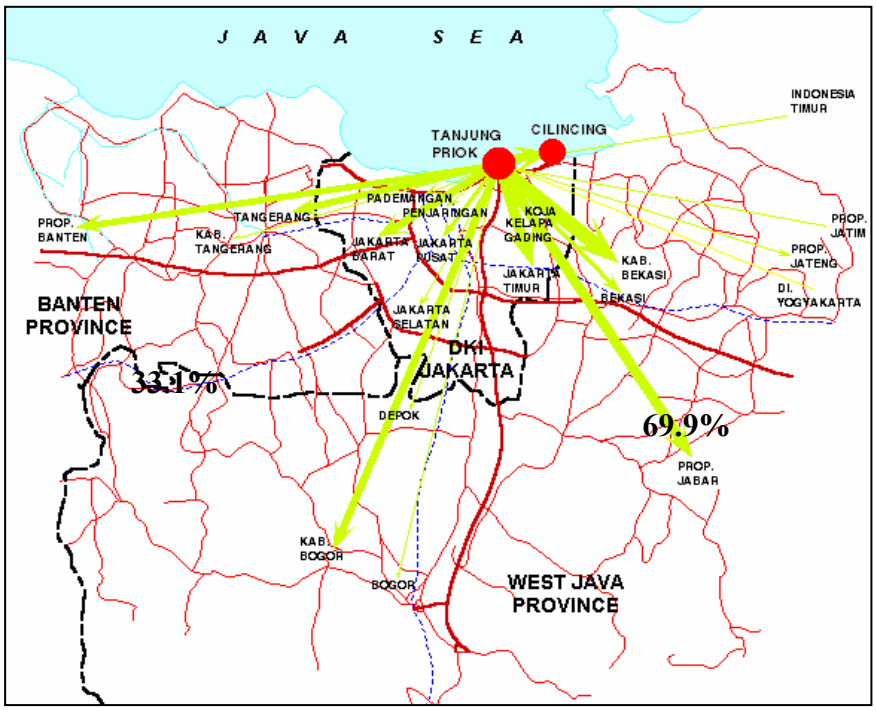


Figure 2.2.5. Trip Pattern of Trailer/Container from/to Tanjung Priok

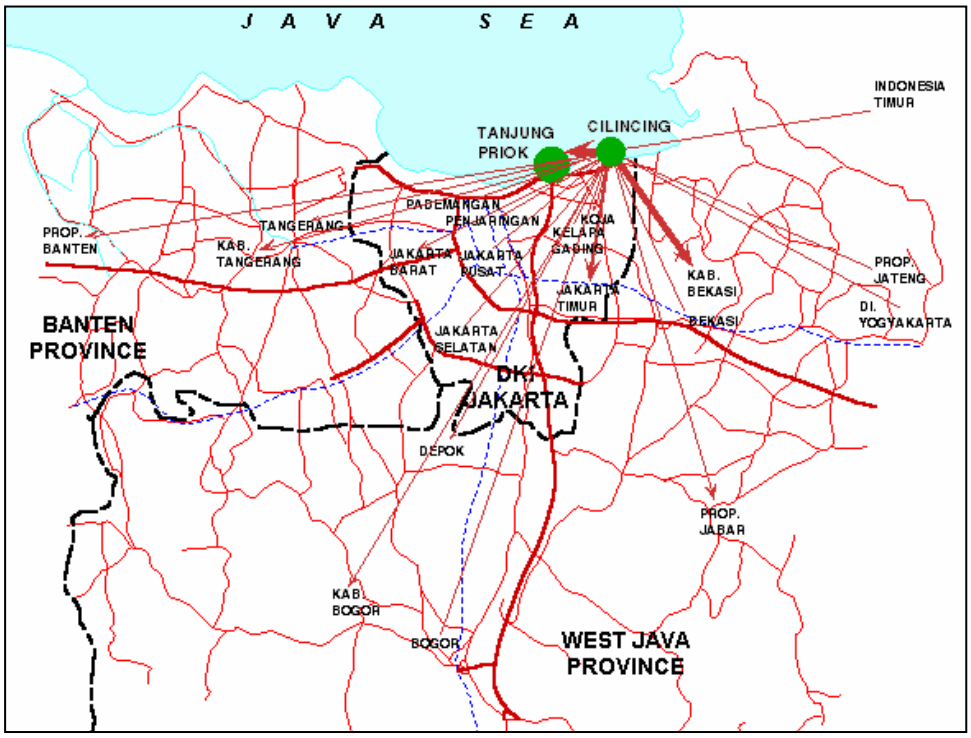


Figure 2.2.6. Trip Pattern of Trailer/Container from/to Cilincing Depot

3) Depot and those Function

The cargo handling terminal at Tanjung Priok port can be classified into conventional terminal and container terminal. Most of conventional terminal are managed and operated by the terminal operator, while container terminal are managed and operated by following scheme: joint-operation/management (joint operation scheme); Joint venture with private/foreign investor in association with maritime employee cooperative (Joint venture scheme).

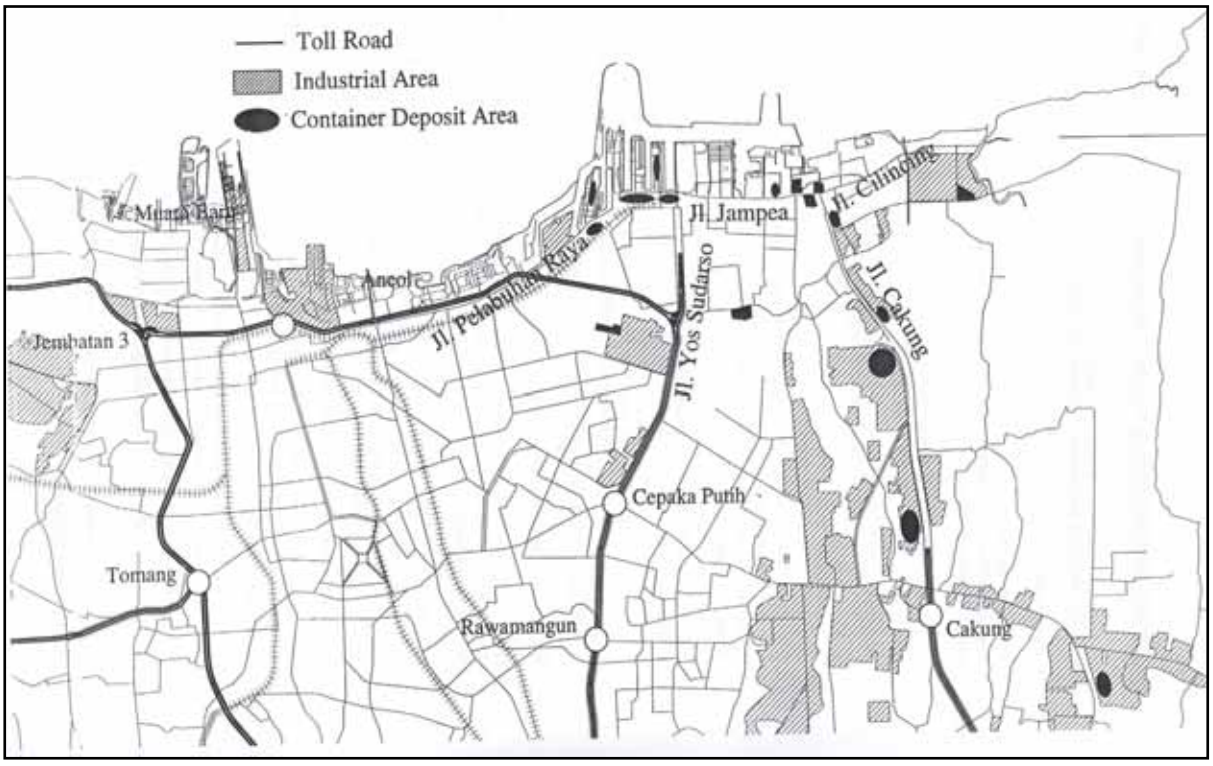
Table 2.2.33 Container Cargo Movement by Terminal

Year	JICT I		JICT II		KOJA		Conventional		Total
	TEU's	%	TEU's	%	TEU's	%	TEU's	%	TEU's
1991	522,792	71.0%	98,776	13.4%			114,802	15.6%	736,370
1992	591,796	68.3%	224,063	25.9%			50,858	5.9%	866,717
1993	723,122	68.6%	255,183	24.2%			75,847	7.2%	1,054,152
1994	871,710	68.6%	292,422	23.0%			105,962	8.3%	1,270,094
1995	1,016,027	62.3%	284,099	17.4%			330,194	20.3%	1,630,320
1996	1,101,530	68.6%	322,553	20.1%			182,714	11.4%	1,606,797
1997	1,157,293	60.6%	375,784	19.7%	137,817	7.2%	237,817	12.5%	1,908,711
1998	1,119,284	59.0%	305,663	16.1%	287,789	15.2%	185,333	9.8%	1,898,069
1999	1,210,890	57.2%	255,147	12.0%	394,195	18.6%	258,315	12.2%	2,118,547
2000	1,273,712	55.1%	254,001	11.0%	496,279	21.5%	285,980	12.4%	2,309,972
2001	1,266,840	56.3%	233,379	10.4%	490,120	21.8%	261,124	11.6%	2,251,463

Source : The Study on Greater Jakarta Metropolitan Ports in the Republic of Indonesia.

List Container Load (LCL) is one of container with some consignee inside it. This LCL will be delivered to near depot. In the depot, the container will be spreaded out the cargo based on consignee (importer). Depot has also the function as clearance and warehouse. The depots nearby Tg. Priok Port are listed in Table 2.2.4.12 and shown in Figure 2.2.7.

Figure 2.2.7 Location Map of Container Terminal/Depot



4) Access Time Distribution

Medium Distance Travel Speed.

Travel speed survey for 3 (three) directions have already conduct in the survey. The three direction for travel speed as follows:

i). South Direction

- Arterial Road: Tanjung Priok port – Yos Sudarso (by pass) – Sutoyo – Raya Bogor
- Toll Road: Tanjung Priok port – JIUT – Jagorawi

ii). East Direction

- Arterial Road:
  - Tanjung Priok port – Jampea – Cilincing – Cacing
  - Raya Bekasi – By pass Bekasi – Raya Tambun

- Toll Road:
  - Tanjung Priok port – Jampea – Cilincing – Cacing
  - JORR seksi E2 (Toll Road) – Cikampek Toll Road

iii) West Direction

- Arterial Road: Tanjung Priok port – RE. Martadinata – Grogol – Daan Mogot – Tangerang - Balaraja
- Toll Road: Tanjung Priok port – Sulawesi – Harbor Toll Road – JIUT – Jakarta Merak

Table 2.2.34 Directional Travel Speed

Tanjung Priok - Cibinong (South Direction)	**Average Distance (km)**	**Average Travel Time**	**Average Travel Speed**
Arterial	49,1	2:49	17,79
Toll Road	49,0	1:18	39,02

Tanjung Priok - Cikarang (East Direction)	**Average Distance (km)**	**Average Travel Time**	**Average Travel Speed**
Arterial	49,1	2:51	17,59
Toll Road	45,5	1:27	33,39

Tanjung Priok - Balaraja (West Direction)	**Average Distance (km)**	**Average Travel Time**	**Average Travel Speed**
Arterial	54,1	2:39	20,84
Toll Road	33,1	1:41	21,50

2.2.5 Forwarding Industry

(1) Present Conditions of Forwarding Industry

1) Overview of Forwarding Industry in Indonesia

There are about 800 companies which are related to forwarding industry in the Jakarta Metropolitan Area. Their main scope of services and concept of cargo flows for both export and import in Indonesia are shown in Figure 2.2.8 for sea transport and Figure 2.2.9 for air transport.

The flows of dominant procedures for both export and import cargoes at both port and airport are shown in Figure 2.2.10 and Figure 2.2.11 for sea transport and Figure 2.2.12 and Figure 2.2.13 for air transport. The necessary time shown in these figures is only based on the interview survey and is mentioned here for the purpose of only brief information supplement of time required. The actual time required obtained by the site survey is explained in Section 2.3.

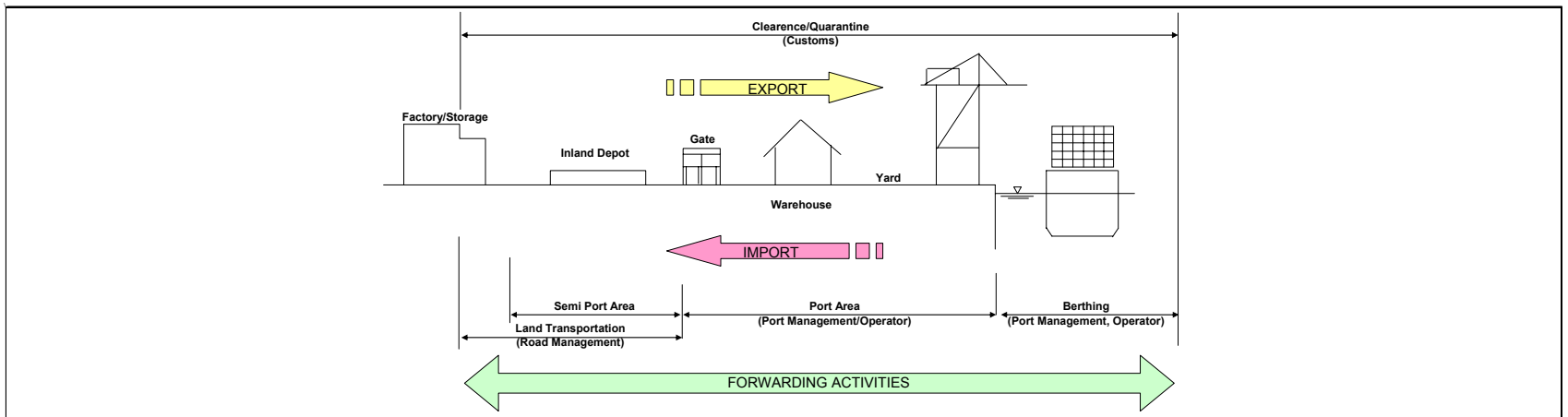
2) Issues of Forwarding Activities

In general, there are four major problems for the forwarding activities of the port and airport to impede the trade activities, such as "inadequate information disclosure", "unclear schedule and person in charge", "inadequate infrastructure", and "inconvenient custom procedures". The present situation of common issues for forwarding activities of the port and airport are summarized in Table 2.2.35.

Table 2.2.35 Major Problems for Forwarding Activities in Port and Airport

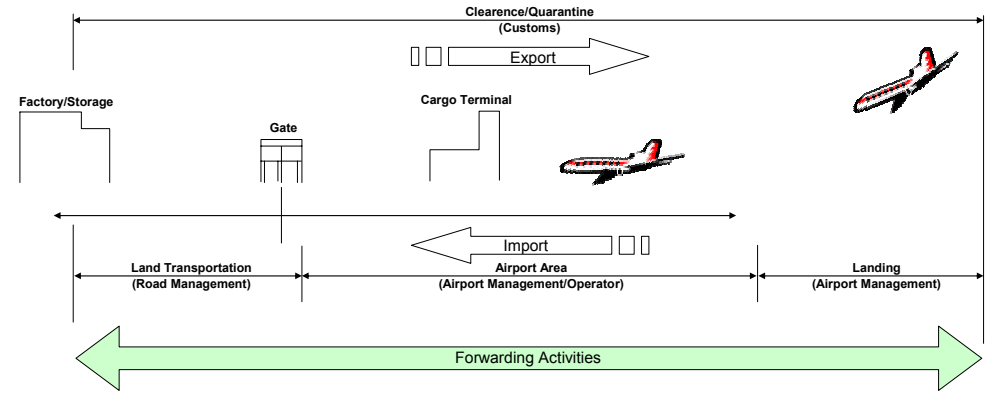
Major Problems	Export		Import	
	Port *1	Airport *2	Port *3	Airport *4
Inadequate information disclosure	E-3, E-9	E-3, E-7	I-1	I-1
Unclear schedule and person in charge	N/A	N/A	I-3, I-10	I-2, I-10
Inadequate infrastructure	E-7, E-8, E-10, E-11, E-12, E-13	E-4, E-8, E-9	I-13, I-14, I-16	I-13, I-14, I-15
Inconvenient custom procedures	E-7, E-11, E-12, E-13	E-9	I-4, I-5, I-6, I-8	I-3, I-4, I-5, I-7, I-13, I-14

*1, *2, *3 and *4 refer to Table 2.2.36-1, Table 2.2.36-2, Table 2.2.36-3, and Table 2.2.36-4 respectively, which indicate the category of forwarding activities.



Import			Export		
Forwarding Activities	Document Flow	Necessary Documents	Forwarding Activities	Document Flow	Necessary Documents
I-1 Receive necessary documents for import procedures from customer	Importer -> Forwarder	Power of attorney (Surat Kuasa), B/L, Non-Nego B/L, Invoice, Packing List, Insurance Policy, Importer Registration Number (APIT), Tax Registration Number (NPWP) & related license	E-1 Confirm ship schedule and Inform to customer		
I-2 Confirm ship schedule			E-2 Receive shipping instruction from customer	Exporter -> Forwarder	Shipping Instruction
I-3 Coordinate schedule and import declaration with customer			E-3 Prepare for export declaration document after receive necessary documents for export and Ask customer to check (sometime done by customer)	Exporter -> Forwarder -> Exporter	Invoice, Packing List: Export Declaration (PEB)
I-4 Prepare for necessary documents for import declaration and Ask cutomer to check	Forwarder -> Importer	Import Declaration（PIB）	E-4 Book ship space (sometime done by customer)	Forwarder -> Shipping Company -> Forwarder	Shipping Instruction: Booking confirmation
I-5 Prepare for tax payment document and Ask cutomer to check (sometime done by customer)	Forwarder -> Importer	Tax-payment document（SSPCP）	E-5 Receive delivery order from shipping company	Shipping Company -> Forwarder	Delivery Order
I-6 Pay tax on behalf of customer (sometime done by customer)	Forwarder -> Bank	SSPCP, PIB, Power of attorney, B/L, Non-Nego B/L, Invoice, Packing List, Importer Registration Number (APIT), Tax Registration Number (NPWP) & Related License	E-6 Contact transportation company and Arrange transportation		
I-7 Import declaration	Forwarder -> Customs house (EDI)	PIB Data by electric transmission	E-7 Pay necessary expenses and Pick up empty containers from depot	Forwarder -> Depot	Delivery Order, Container Seal
I-8 Pay necessary expenses to shipping company on behalf of customer and Receive delivery order	Shipping Company -> Forwarder	B/L: Delivery Order	E-8 Transfer empty containers to customer		
I-9 Request any extra document preparation to customer if customs house ask to prepare	Importer -> Forwarder -> Customs house	P/O, Catalogue, Spec Sheet etc.	E-9 Export custom declaration (sometime done by customer)	Forwarder -> Customs house (EDI)	PEB Data by electric transmission: Permission for exportation (PE)
I-10 Prepare for customs inspection and Be present on behalf of customer	Forwarder -> Customs house	Power of attorney (Surat Kuasa), D/O, B/L, Non-Nego B/L, Invoice, Packing List, Insurance Policy, Importer Registration Number (APIT), Tax Registration Number (NPWP) & related license	E-10 Transfer containers to the port		
I-11 Pay necessary expenses to terminal operator on behalf of customer after customs clearance	Forwarder -> Terminal Operator		E-11 Pay necessary expenses to terminal operator on behalf of customer	Forwarder -> Terminal Operator	
I-12 Contact transportation company and Arrange transportation			E-12 Receive container loading card	Terminal Operator -> Customs house	Loading Card
I-13 Receive container handover document (SP2) from terminal operator	Terminal Operator -> Forwarder		E-13 Arrange customs clearance to carry in containers to CY	Forwarder -> Customs house	Loading Card, PE, D/O, Invoice, Packing List
I-14 Prepare for loading containers	Forwarder -> Terminal Operator -> On-site Personnel	Container handover document（SP2）	E-14 Inform contents of containers to shipping company	Forwarder -> Shipping Company	Final Shipping Instruction
I-15 Customs gate check	Forwarder -> Customs house	Taking-out permission slips (SPPB), Container handover document (SP2), Power of attorney (Surat Kuasa), D/O, B/L, Non-Nego B/L, Invoice, Packing List, Insurance Policy, Importer Registration Number (APIT), Tax Registration Number (NPWP) & related license	E-15 Receive B/L from shipping company and Check it	Shipping Company -> Forwarder	B/L Draft
I-16 Delivery confirmation	Forwarder -> Importer		E-16 Pay necessary expenses to shipping company, Pick up B/L and Deliver it to customer	Shipping Company -> Forwarder -> Exporter	B/L
I-17 Return empty container to the depot and Pay necessary expenses (sometime done by transportation company)	Importer -> Depot	Container handover document（SP2）	E-17 Send shipping advice to concerned persons (sometime done by customer)		

Fig. 2.2.8 Forwarding Activities and Concept of Cargo Flow at Port



Import			Export		
Forwarding Activities	Document Flow	Necessary Documents	Forwarding Activities	Document Flow	Necessary Documents
I-1 Receive necessary documents for import procedures from customer	Importer -> Forwarder	Power of attorney (Surat Kuasa), AWB, Invoice, Packing List, Insurance Policy, Importer Registration Number (APIT), Tax Registration Number (NPWP) & related license	E-1 Confirm ship schedule and Inform to customer		
I-2 Coordinate schedule and import declaration with customer			E-2 Receive shipping instruction from customer	Exporter -> Forwarder	Shipping Instruction
I-3 Prepare for necessary documents for import declaration and Ask customer to check	Forwarder -> Importer	Import Declaration (PIB)	E-3 Prepare for export declaration document after receive necessary documents for export and Ask customer to check it (sometime done by customer)	Exporter -> Forwarder -> Exporter	Invoice, Packing List: Export Declaration (PEB)
I-4 Prepare for tax payment document and Ask customer to check. (sometime done by customer)	Forwarder -> Importer	Tax-payment document (SSPCP)	E-4 Book air cargo space to airline or air cargo agent (sometime done by customer)	Forwarder -> Airline or Air cargo agent -> Forwarder	Shipping Instruction: Booking confirmation
I-5 Pay tax on behalf of customer (sometime done by customer)	Forwarder -> Bank	SSPCP, PIB, Power of attorney, AWB, Invoice, Packing List, Importer Registration Number (APIT), Tax Registration Number (NPWP) & related license	E-5 Receive AWB copy and labels from airline and air cargo agent	Airline or Air cargo agent -> Forwarder	AWB Copy, Airline Label, Air Agent Label
I-6 Import declaration	Forwarder -> Customs house (EDI)	PIB Data by electric transmission	E-6 Contact trucking company and Arrange transportation		
I-7 Pay necessary expenses to air cargo agent on behalf of customer and Receive original import declaration documents	Air cargo agent -> Forwarder	HAWB, Copy MAWB, Copy PU (Manifest), Invoice, Packing List	E-7 Export custom declaration (sometime done by customer)	Forwarder -> Customs house (EDI)	PEB Data by electric transmission: Permission for exportation (PE)
I-8 Receive delivery order at D/O counter of airport warehousing operator	Forwarder -> Airport warehousing operator	Delivery Order	E-8 Transfer cargoes to airport		
I-9 Request any extra document preparation to customer if customs house ask to prepare	Importer -> Forwarder -> Customs house	P/O, Catalogue, Spec Sheet etc.	E-9 Measure cargo weight after labeling		AWB Copy, Invoice, Packing List
I-10 Prepare for customs inspection and Be present on behalf of customer	Forwarder -> Customs house	Power of attorney (Surat Kuasa), D/O, AWB, Invoice, Packing List, Insurance Policy, Importer Registration Number (APIT), Tax Registration Number (NPWP) & related license	E-10 Pay necessary expenses to air cargo warehousing operator on behalf of customer and Receive measurement certificate	Forwarder -> Airport warehousing operator -> Forwarder	Measurement certificate
I-11 Pay necessary expenses to airport warehousing operator on behalf of customer after customs clearance	Forwarder -> Airport warehousing operator	Taking-out permission slips (SPPB)	E-11 Arrange customs clearance to carry in cargoes to airport warehouse	Forwarder -> Customs house	Measurement certificate, PE, AWB Copy, Invoice, Packing List
I-12 Contact trucking company and Arrange transportation			E-12 Submit original measurement certificate to airline or air cargo agent	Forwarder -> Airline or Air cargo agent	Measurement certificate, AWB Copy, Invoice, Packing List
I-13 Prepare for loading cargoes	Forwarder -> Airport warehousing operator	Warehouse expense payment slip, Taking-out permission slips (SPPB)	E-13 Receive manifest from airline after loading	Airline -> Forwarder	Manifest
I-14 Customs gate check	Forwarder -> Customs house	Taking-out permission slips (SPPB), Warehouse expense payment slip, Power of attorney (Surat Kuasa), D/O, AWB, Invoice, Packing List, Insurance Policy, Importer Registration Number (APIT), Tax Registration Number (NPWP) & Related License	E-14 Receive AWB from air cargo agent	Air cargo agent -> Forwarder -> Exporter	AWB
I-15 Delivery confirmation	Forwarder -> Importer				

Fig. 2.2.9 Forwarding Activities and Concept of Cargo Flow at Airport

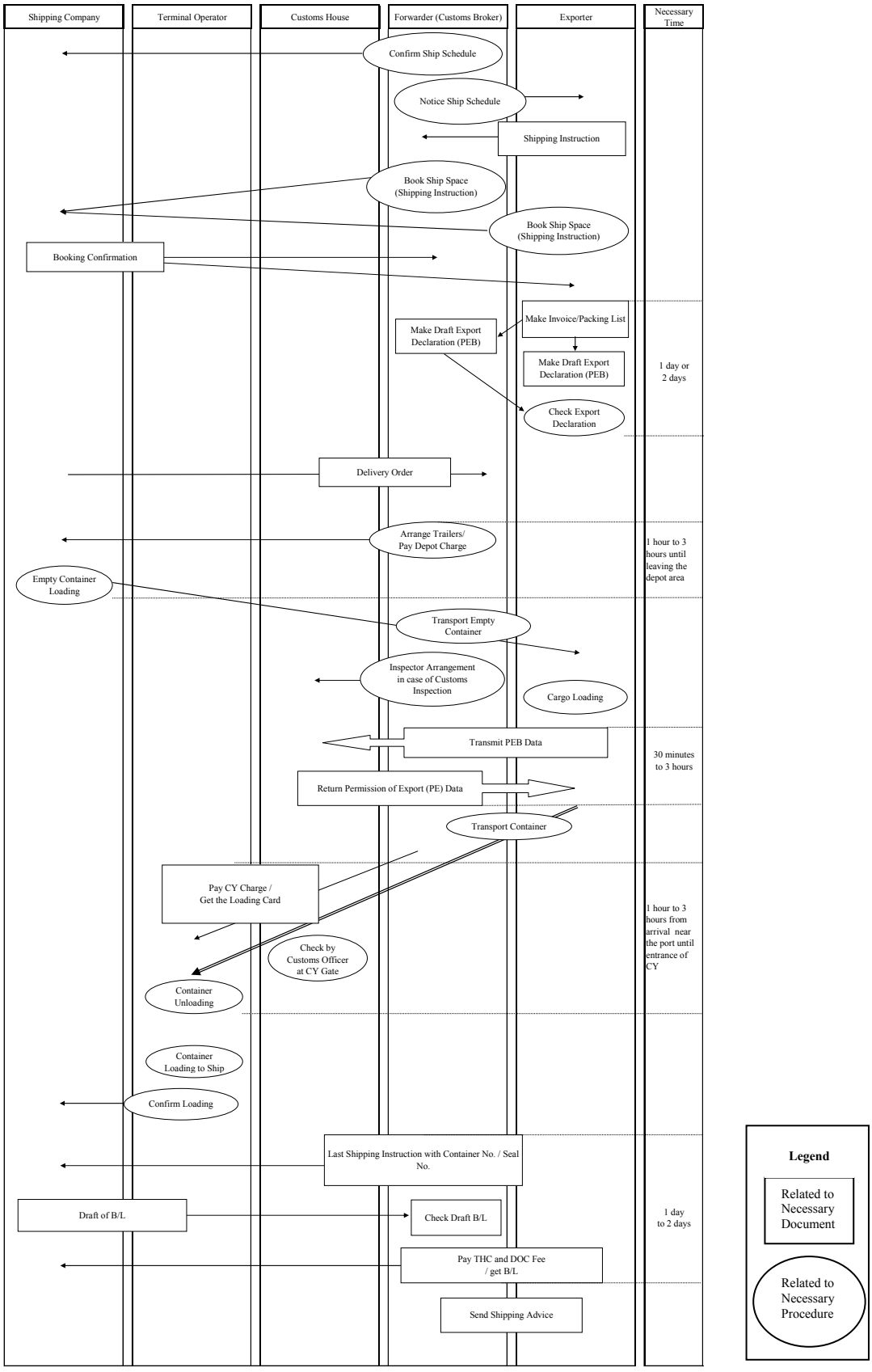


Fig. 2.2.10 Flow of Procedures on Export on Port

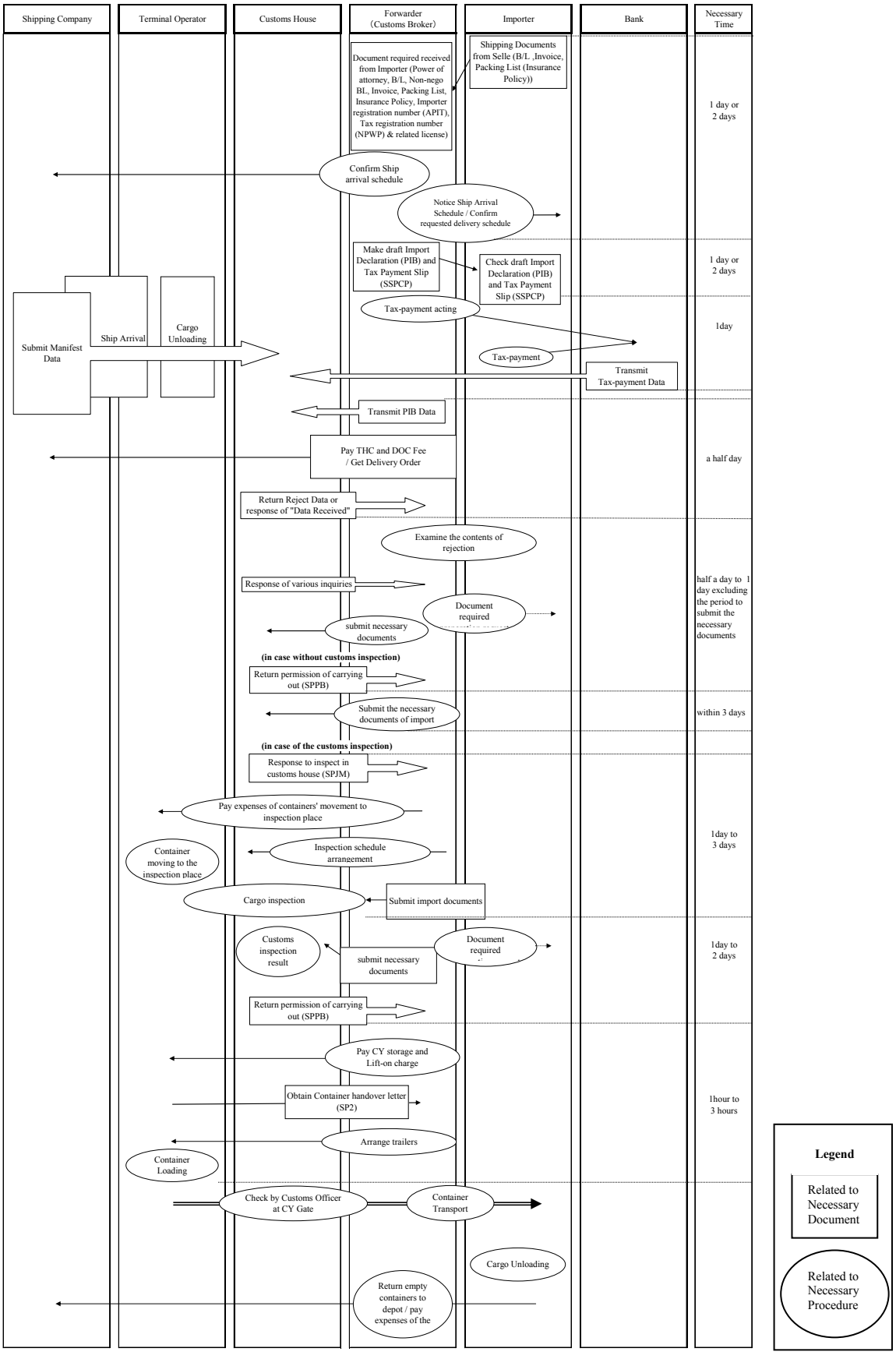


Fig. 2.2.11 Flow of Procedures on Import on Port

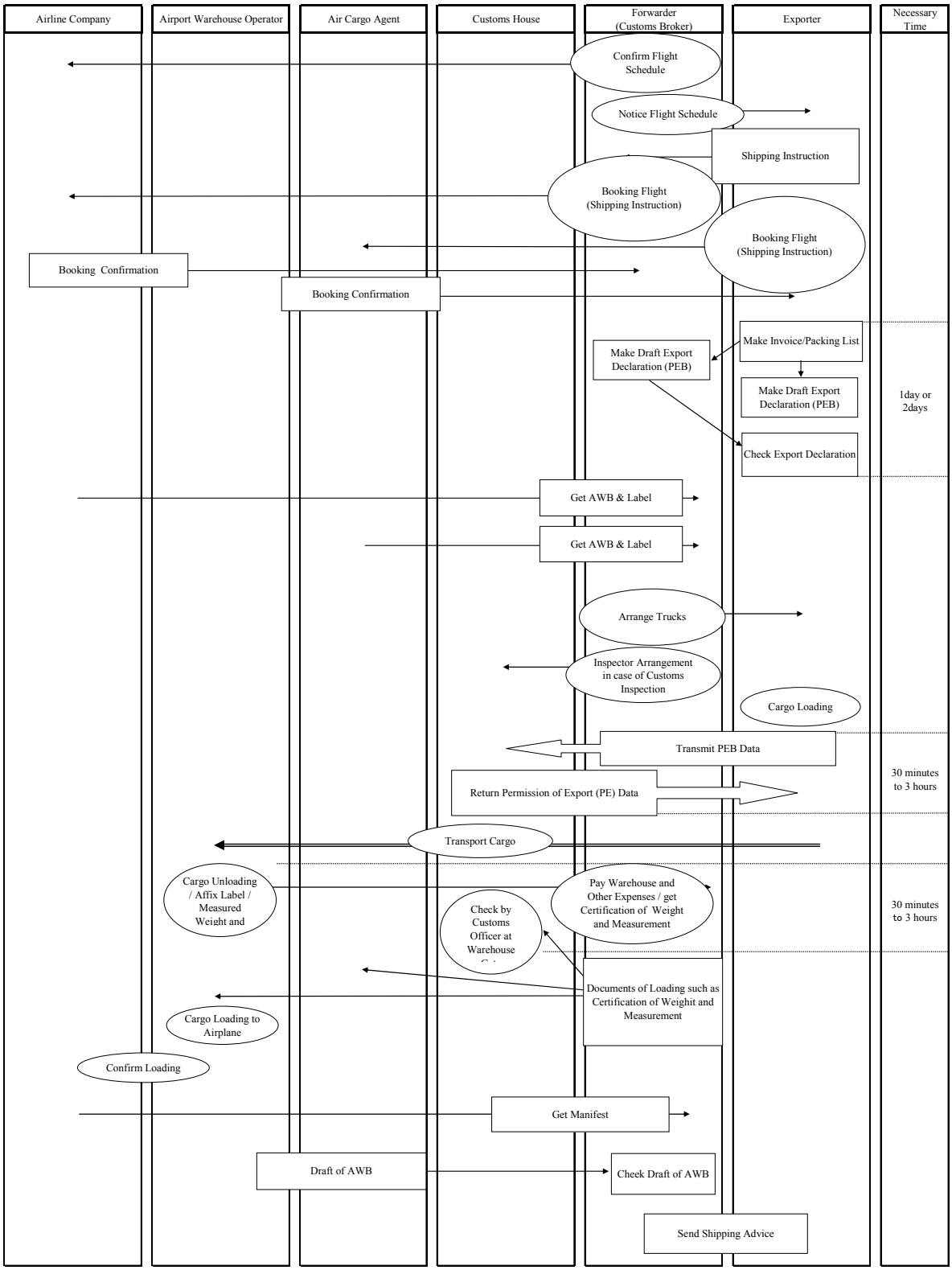
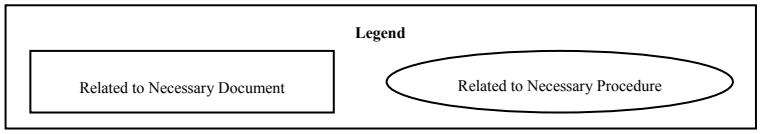


Fig. 2.2.12 Flow of Procedures on Export on Airport



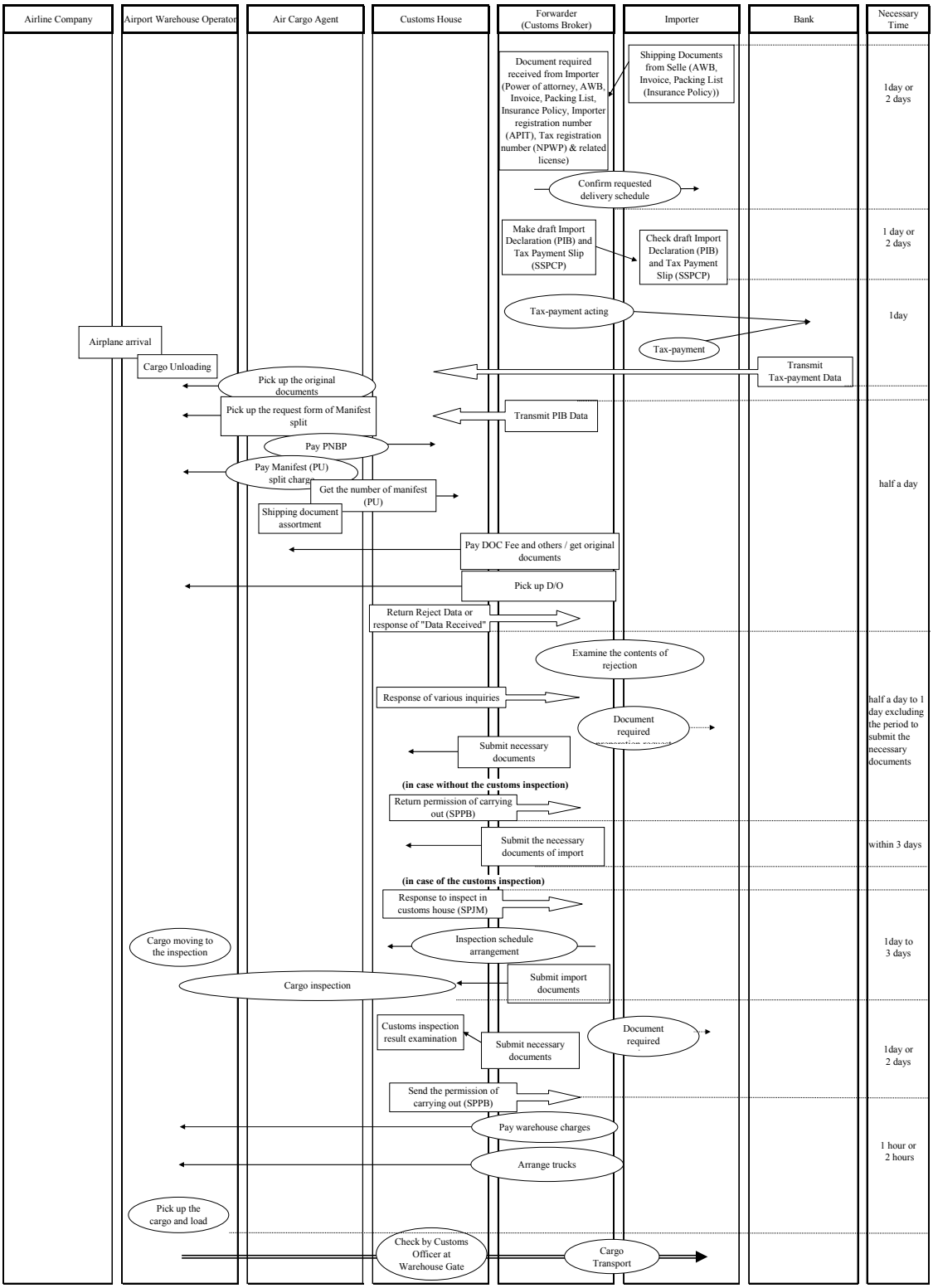
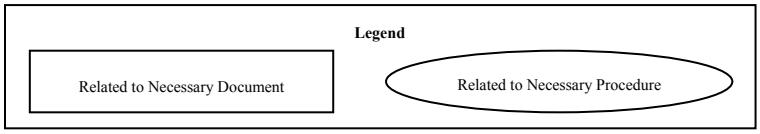


Fig 2.2.13 Flow of Procedures on Import on Airport



(2) Analysis of Problem

1) Forwarding Activities through the Port and Airport

i) Requests for Improvement of Problems of Port

The improvement requests for the corresponding problems of the following activities of the port are as follow.

- Inadequate information disclosure

  In order to overcome and improve inadequate information disclosure, especially legal matters, the following countermeasures might be considered.
  - To prepare collection of decrees and notifications;
  - To inform any new decrees and notifications in advance;
  - To utilize effectively website or monthly periodical of the customs office as the information distribution tools;
  - To establish public facility in order for any individuals to access to all decrees

- Unclear schedule and person in charge

  In order to overcome and improve unclear schedule and person in charge, the following countermeasures might be considered.
  - To clearly specify the contact section and person in charge for any inquiries or troubles;
  - To specify both inspectors' name and inspection time in advance in written form;
  - To notify approximate time required for customs clearance

- Inadequate infrastructure

  In order to overcome and improve inadequate infrastructure, the following countermeasures might be considered.
  - To extend parking spaces in or around the port area;
  - To establish reliable terminal operating system and prepare supportive measure in case of failure and defect;
  - To carry out any procedures efficiently

- Inconvenient custom procedures

  In order to overcome and improve inconvenient custom procedures, the following countermeasures might be considered.
  - To extend business hour of the customs office flexibly in response to the users' convenience;
  - To extend operation hours of the bank

ii) Requests for Improvement of Problems of Airport

The improvement requests for the corresponding problems of the following activities of the airport are as follow.

- Inadequate information disclosure
- Unclear schedule and person in charge
- Inadequate infrastructure

  In order to overcome and improve inadequate infrastructure, the following countermeasures might be considered.
  - To expand the warehouse apron;
  - To expand parking lots

- Inconvenient custom procedures

  In order to overcome and improve inconvenient custom procedures, the following countermeasures might be considered.
  - To extend business hour of the warehousing works;
  - To extend the warehousing works efficiently especially during peak time;
  - To handle air cargoes with care

2) Forwarding Activities Concerned through the Container Terminals in the Port

The international trade of sea transport has been dominated by containerized. The trade facilitation of sea transportation aspect is focused on the container terminal services in the Tanjung Priok Port.

i) Terminal Handling Charge (THC)

The terminal handling charge (THC) in Indonesia is much higher than neighboring countries, especially, it is more than twice as much as Thailand. For increasing the amount of cargo in Indonesia and promotion of investment, it is necessary that THC has to be the same level with neighboring countries or to be set up less for more competitiveness.

ii) Lead Time

About 80% of the container cargoes from Indonesia to Europe and North America are transported to Singapore or Malaysia by feeder vessels, and then they are transshipped into mother vessel bound for Europe and North America. By this transshipment, the lead time became long, and goods supply in a market will be overdue as a result. This kind of situation is one of the reasons that Indonesia loses its competitive power.

iii) Comparison of the Relative Efficiency and Cost among Major Ports in Asia

As shown in Figure 2.2.14 the relationship between productivity of the quay and cargo handling tariff is one of the aspects to show the less competitive (Port of Tanjung Priok) with foreign countries in Asia.

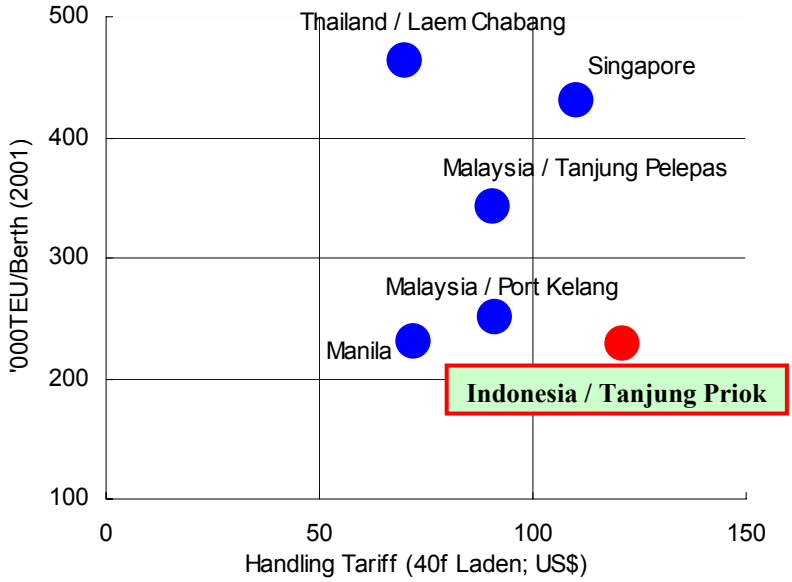


Figure 2.2.14 Relationship between Productivity of Quay and Cargo Handling Tariff for 40 Feet Laden

Note) Handling Tariff:
US$ per FEU (40f FCL Container)
Loading/Discharging plus moving to/from CT yard
10% discount from official tariff as for Singapore and Malaysian ports
Source: JICA Study Report "The Study for Development of Greater Jakarta Metropolitan Ports", November 2003

iv) Yard Security in the Port

It can be considered as one of the countermeasures to check a container seal number when a container is transferred into CY, and then issue the receipt certificate which indicates the seal number, which must be referred for all the procedures. Moreover, the security level in CY must be strengthened and any container movement check should be strictly carried out. Thus, on the whole, strengthening in respect of security is required.

3) Airport

The present conditions and problems about the Soekarno-Hatta International Airport are detailed in "2.2.3 Airport Infrastructure and Trade Volume through Airport".

4) Road Condition around Gate to Container Yard

The following problems are found and the improvement of this road condition around the gate to the container yard must be considered.

- The parking lots for container trucks are insufficient in the port at present. The truck which cannot be accommodated in CY for the customs procedures at the port is overflowed into the road (see photo 1 and 2).
- The vehicles which are waiting for entering to the gate are overflowed.
- Large traffic congestion is usually caused around the gate.
- The trucks are concentrated in front of the gate of JICT on Thursday and Friday night because of the shipping schedule
- The on-the-street parking of tank truck in front of PERTAMINA during the night is also worsening traffic congestion.

Photo 1 Road Condition around the Gate to CY

Photo 2 Congestion in front of the CY Gate

5) Road Condition around Empty Container Yard

The following problems are found and the improvement of this road condition around the empty container yard must be considered.

- The empty container depots are concentrated around Cakung and Cilincing area and many trucks are always parking along the road between the empty container depot in Cakung and the port (see photo 3 and 4).
- Large traffic congestion is occurred when the time of the road repair work after rainy season every year.
- The road condition become worsened by not only repair works after rainy season but also chronic bad road condition such as cave-in in the road, waiting of the garbage collection truck to the dump site, abandoned disabled car and unauthorized parking on the road, etc.
- The situation in the morning is the worst since the pickup and return of empty container are concentrated during this period.

Photo 3 Road Condition around the Empty Container Depot Area

Photo 4 Long Queuing at the Gate of Empty Container Depot

6) Customs

i) Recognition of Current Situation on Legal Systems of Customs Clearance

It is important to utilize effectively more the website or the monthly periodical of the customs house, etc. for the dissemination of decrees and notifications on customs clearance procedures including all released by other institutions. Besides, it is also necessary to establish the system which can facilitate for any individuals to access to all decrees, etc. at public facilities such as a library.

ii) Understanding Level on Decrees on Custom Clearance

It is necessary to encourage them to participate in the technical training program or something like it and to improve their capabilities so that the smooth customs clearance procedures can be facilitated.

It is important for the customs house staffs, who are bearing practical business at the site, to participate in the upskilling training so that their understanding levels on the custom clearance procedures including regulations can become higher and inconsistent correspondence can be eliminated.

The improvement of the custom clearance procedures cannot be expected without increase of human resource capability.

iii) Publicity of Urgent Matter

The information exchange with the customs house is going to be sped up by using electronic media through the import EDI started in 2003 and the export EDI started in May 2004. It is important to disclose timely the fact, the method dealing with troubles, restoration time, etc., which can provide all information in order to avoid any secondary disabling conditions.

iv) Customs Inspection

- Improvement of customs inspection station

- Opaque expenditure related to customs inspection

v) Obscurity of Customs Inspection Schedule

In order to minimize the time loss for the customs inspection and to carry out efficiently, it is indispensable to adjust the timing of an inspection arrangement such as the container towing and allocation of workers by the customs broker and the timing of dispatch of customs house personnel.

vi) Non-Tax State Revenue (PNBP: Penerimaan Negara Bukan Pajak)

A duty of payment of Non-Tax State Revenue (PNBP: Penerimaan Negara Bukan Pajak) was imposed from May 1, 2004 to the exporter and importer at the time of export and import procedure by the Decree 118/KMK.04/2004.

It is important to ask the government to disclose the actual applications of this budget for spending and also to carry out monitoring including the effect of this new regulation continuously at the same time.

vii) Utilization of EDI System

The shortage of human resources who can handle or be adaptable for new technology and the capacity-building are the most important issues for introducing any new system.

viii)Entire Customs Procedures

Customs house established the policy called "For Part of the Improvement of Service and Surveillance at the Customs Section". Under this policy, the combined team with the government has been formed since July 2002 in order to improve management and procedure of the customs section and has been working for the explanation of a policy document and hearing the opinions and views of relevant people.

The Indonesian government is currently taking the initiative in solving problems and trying to improve the customs procedures under the following policy. It is important to monitor accordingly whether the effect of this measure is fully achieved or not and to review it if needed.

I. INITIATIVE OF TRADE FACILITATION

A. Validation of New System for Channel's Determination
   1. Priority Channel (Gold – Card)
   2. Red Channel and Green Channel

B. Improvement of Payment System
   1. Improvement of Payment Document Form
   2. Electronic Payment Data Delivery System
   3. Mandatory Payment on Perception Bank (Issuing and Advising Bank)

C. Improvement of Price Database
D. Improvement of Goods Releasing System
E. Development of DGCE's Information System
   1. Modernization of DGCE's Automation System
   2. Completion of DGCE's website
   3. Development of Customs EDI's Community

II. INITIATIVE TO ELIMINATE SMUGGLING AND UNDER VALUATION

A. Importers Registration
B. Anti Smuggling Campaign
C. Improvement of Inspection Structure and Technology
   1. Inspection Structure
   2. Utilization of Hi-Co Scan X-Ray System
D. Supervision of Pre-Release Control
E. Incidental Inspection (Spot Check)
F. Post-Release Control Supervision

III. INITIATIVE TO IMPROVE THE PERSONNEL'S INTEGRITY

A. Completion of Ethical Code (Code of Conduct)
B. Forming of Ethical Code Committee (Code of Conduct Committee – CCC)
C. Improvement of the supervision functions for the enforcement of ethical code and behavior of DGCE's personnel by the Inspector of Section IV
D. Providing the Denunciation / Complaining Channel
E. Improving the Cooperation between National Ombudsman Commission and Ministry of Finance
F. Giving the Incentives

IV. FUNDING AND FUNDING SOURCES

7) Approvals and Licenses by Other Institutions

There is no clear description about period and amount required for these approvals and licenses.

It is necessary to coordinate views between institutions concerned and companies related to trading about the followings to improve for satisfactory systems:

- the improvement or elimination of the existing approval systems;
- the clarification of approval and license systems; and
- the addition of exceptional regulations, etc.

Based on the interview survey and on-site survey, the present conditions and considerable problems as identified for executing reasonable forwarding activities at port can be summarized in Table 2.2.36-1 and Table 2.2.36-2. And, the considerable problems at airport are summarized in Table 2.2.36-3 and Table 2.2.36-4.

Table 2.2.36-1 Problems of Executing Forwarding Activities on Export at Port

		Forwarding Activities	Actual and Considerable Problems	Considerable Countermeasure
Export	E-1	Confirm ship schedule and Inform to customer	N/A	N/A
	E-2	Receive shipping instruction from customer	N/A	N/A
	E-3	Prepare for export declaration document after receive necessary documents for export and Ask customer to check (sometime done by customer)	The decrees from Ministry of Industry and Trade, Customs House, etc. are not recognized to publics widely. There are cases that documents required for export customs clearance cannot be prepared timely since decrees are announced suddenly and enforced at the same time.	1. To prepare collection of decrees and notifications; 2. To inform any new decrees and notifications in advance before enforcement; 3. To utilize effectively website or monthly periodical of the customs office as the information distribution tools; 4. To esbalish public facility in order for any individuals to access to all decrees
	E-4	Book ship space (sometime done by customer)	N/A	N/A
	E-5	Receive delivery order from shipping company	N/A	N/A
	E-6	Contact transportation company and Arrange transportation	N/A	N/A
	E-7	Pay necessary expenses and Pick up empty containers from depot	It may sometime take 3 to 4 hours to pick up the empty containers depending on time, day of the week, and a time slot, which is too long.	1. To widen the road; 2. To construct an elevated expressway; 3. To extend business hours of empty container depot; 4. To carry out traffic control
	E-8	Transfer empty containers to customer	Cargo arrival time may be unable to be foreseen in case of traffic congestion.	1. To improve the road condition
	E-9	Export custom declaration (sometime done by customer)	A response is sometimes slow depending on day of the week and a time slot. Moreover, the way of information disclosure is not established in case an declaration by EDI system is impossible because of the system down or some other reasons.	1. To disclose any urgent matters timely
	E-10	Transfer containers to the port	Cargo arrival time may be unable to be foreseen in case of traffic congestion.	Same as E-8
	E-11	Pay necessary expenses to terminal operator on behalf of customer	Only few parking spaces for trailers are available during the procedure of E-11 to E-13. Because of this, traffic congestion is frequently caused.	1. To extend parking spaces in or around the port area 2. To carry out any procedures at gate efficiently
	E-12	Receive container loading card	ditto	ditto
	E-13	Arrange customs clearance to carry in containers to CY	ditto	ditto
	E-14	Inform contents of containers to shipping company	N/A	N/A
	E-15	Receive B/L from shipping company and Check it	N/A	N/A
	E-16	Pay necessary expenses to shipping company, Pick up B/L and Deliver it to customer	N/A	N/A
	E-17	Send shipping advice to concerned persons (sometime done by customer)	N/A	N/A

Note: N/A means any problem is not considered during this process.

Table 2.2.36-2 Problems of Executing Forwarding Activities on Import at Port

		Forwarding Activities	Actual and Considerable Problems	Considerable Countermeasure
Import	I-1	Receive necessary documents for import procedures from customer	The decrees from Ministry of Industry and Trade, Customs House, etc. are not recognized to publics widely. There are cases that documents required for export customs clearance cannot be prepared timely since decrees are announced suddenly and enforced at the same time.	Same as E-3 in Table 2.2.5.3-1
	I-2	Confirm ship schedule	N/A	N/A
	I-3	Coordinate schedule and import declaration with customer	The contact person is not clear in case the response from customs house is late. Moreover, the time required cannot be foreseen in case customs inspection becomes necessary. Furthermore, it is difficult to make exact delivery schedule since it will sometimes take lots of time to pick up containers from a CY after the completion of customs clearance.	1. To cleary specify the contact section and person in charge for any inquiries or troubles; 2. To specify both inspectors' name and inspection time in advance in written form; 3. To notify approximate time required for customs clearance
	I-4	Prepare for necessary documents for import declaration and Ask cutomer to check	In case that tax payment cannot be completed by Friday, preparation of necessary documents for import declaration cannot be carried out before 10:00 a.m. on Monday since the conversion rate of tax payment and customs declaration changes every week at present.	To extend business hour of the customs office flexibly in response to the users' convenience
	I-5	Prepare for tax payment document and Ask cutomer to check (sometime done by customer)	In case that tax payment cannot be completed by Friday, preparation of necessary documents for import declaration cannot be carried out before 10:00 a.m. on Monday since the conversion rate of tax payment and customs declaration changes every week at present.	ditto
	I-6	Pay tax on behalf of customer (sometime done by customer)	Tax payment is accepted only till around 10:00 or 11:00 depending on a bank, which is inconvenient.	To extend operation hours of the bank
	I-7	Import declaration	N/A	N/A
	I-8	Pay necessary expenses to shipping company on behalf of customer and Receive delivery order	It may take 1 to 3 hours to exchange D/O depending on shipping company. And it may be also impossible to exchange D/O on Saturday according to circumstances.	To treat all companies fairly and operate appropriately
	I-9	Request any extra document preparation to customer if customs house ask to prepare	N/A	N/A
	I-10	Prepare for customs inspection and Be present on behalf of customer	Since scheduling with customs inspectors is sometime difficult, it is hard to make a schedule of a customs inspection. It is often happened to keep waiting for customs inspection since customs inspection stations are undeveloped.	To cleary the contact section and person in charge in advance in order to make schedule specifically
	I-11	Pay necessary expenses to terminal operator on behalf of customer after customs clearance	N/A	N/A
	I-12	Contact transportation company and Arrange transportation	N/A	N/A
	I-13	Receive container handover document (SP2) from terminal operator	It may be kept waiting for issuance of container handover document (SP2) for a long time by the defect of a terminal operating system.	To establish reliable terminal operating system and prepare supportive measure in case of failure and defect
	I-14	Prepare for loading containers	It may be kept waiting for loading because of the undeveloped equipment in CY.	ditto
	I-15	Customs gate check	N/A	N/A
	I-16	Delivery confirmation	Cargo arrival time may be unable to be foreseen in case of traffic congestion.	Same as E-8 in Table 2.2.5.3-1
	I-17	Return empty container to the depot and Pay necessary expenses (sometime done by transportation company)	N/A	N/A

Note: N/A means any problem is not considered during this process.

Table 2.2.36-3 Problems on Executing Forwarding Activities on Export at Airport

	Forwarding Activities	Actual and Considerable Problems	Considerable Countermeasure
Export	E-1 Confirm ship schedule and Inform to customer	N/A	N/A
	E-2 Receive shipping instruction from customer	N/A	N/A
	E-3 Prepare for export declaration document after receive necessary documents for export and Ask customer to check it (sometime done by customer)	The decrees from Ministry of Industry and Trade, Customs House, etc. are not recognized to publics widely. There are cases that documents required for export customs clearance cannot be prepared timely since decrees are announced suddenly and enforced at the same time.	Same as E-3 in Table 2.2.5.3-1
	E-4 Book air cargo space to airline or air cargo agent (sometime done by customer)	Difficulty arises in reservation of a space depending on timing.	To expand space for air cargoes
	E-5 Receive AWB copy and labels from airline and air cargo agent	N/A	N/A
	E-6 Contact trucking company and Arrange transportation	N/A	N/A
	E-7 Export custom declaration (sometime done by customer)	A response is sometimes slow depending on a day of the week and a time slot. Moreover, the way of information disclosure is not established when an declaration by EDI system is impossible by the system down.	Same as E-9 in Table 2.2.5.3-1
	E-8 Transfer cargoes to airport	Cargo arrival time may be unable to be foreseen in case of traffic congestion.	Same as E-8 in Table 2.2.5.3-1
	E-9 Measure cargo weight after labeling	Carrying-in of export cargo to warehouse is concentrated around 7 to 9 p.m. Moreover, since the warehouse apron is narrow, the space for palletizing is difficult to be reserved and it makes cargo handling disorderly. Besides, only few parking spaces are available.	1. To operate the warehousing works efficiently especially during peak time; 2. To expand the warehouse apron; 3. To expand parking lots; 4. To handle air cargoes with care
	E-10 Pay necessary expenses to air cargo warehousing operator on behalf of customer and Receive measurement certificate	N/A	N/A
	E-11 Arrange customs clearance to carry in cargoes to airport warehouse	N/A	N/A
	E-12 Submit original measurement certificate to airline or air cargo agent	N/A	N/A
	E-13 Receive manifest from airline after loading	N/A	N/A
	E-14 Receive AWB from air cargo agent	N/A	N/A

Note: N/A means any problem is not considered during this process.

Table 2.2.36-4 Problems on Executing Forwarding Activities on Import at Airport

	Forwarding Activities	Actual and Considerable Problems	Considerable Countermeasure
Import	I-1 Receive necessary documents for import procedures from customer	The decrees from Ministry of Industry and Trade, Customs House, etc. are not recognized to publics widely. There are cases that documents required for export customs clearance cannot be prepared timely since decrees are announced suddenly and enforced at the same time.	Same as E-3 in Table 2.2.5.3-1
	I-2 Coordinate schedule and import declaration with customer	The contact person is not clear in case the response from customs house is late. Moreover, the time required cannot be foreseen in case customs inspection becomes necessary. Furthermore, it is difficult to make exact delivery schedule since it will sometimes take lots of time to pick up containers from a yard after the completion of customs clearance.	Same as I-3 in Table 2.2.5.3-2
	I-3 Prepare for necessary documents for import declaration and Ask customer to check	In case that tax payment cannot be completed by Friday, preparation of necessary documents for import declaration cannot be carried out before 10:00 a.m. on Monday since the conversion rate of tax payment and customs declaration changes every week at present.	Same as I-4 in Table 2.2.5.3-2
	I-4 Prepare for tax payment document and Ask customer to check. (sometime done by customer)	In case that tax payment cannot be completed by Friday, preparation of necessary documents for import declaration cannot be carried out before 10:00 a.m. on Monday since the conversion rate of tax payment and customs declaration changes every week at present.	ditto
	I-5 Pay tax on behalf of customer (sometime done by customer)	Tax payment is accepted only till around 10:00 or 11:00 depending on a bank, which is inconvenient.	Same as I-6 in Table 2.2.5.3-2
	I-6 Import declaration	N/A	N/A
	I-7 Pay necessary expenses to air cargo agent on behalf of customer and Receive original import declaration documents	It may take lots of time to break documents depending on air cargo agent.	Same as I-8 in Table 2.2.5.3-2
	I-8 Receive delivery order at D/O counter of airport warehousing operator	N/A	N/A
	I-9 Request any extra document preparation to customer if customs house ask to prepare	N/A	N/A
	I-10 Prepare for customs inspection and Be present on behalf of customer	Since scheduling with customs inspectors is sometime difficult, it is hard to make a schedule of a customs inspection. It is often happened to keep waiting for customs inspection since customs inspection stations are undeveloped.	Same as I-10 in Table 2.2.5.3-2
	I-11 Pay necessary expenses to airport warehousing operator on behalf of customer after customs clearance	N/A	N/A
	I-12 Contact trucking company and Arrange transportation	N/A	N/A
	I-13 Prepare for loading cargoes	Since warehouse for import cargoes at airport is closed at 5:00 p.m., delivery works are concentrated at around 4 to 5 p.m. Moreover, since the apron is narrow and few parking spaces are available, it takes lots of times to proceed shipment works. Besides, the cargo handling is also disorderly.	1. To extend business hour of warehousing works; 2. To operate the warehousing works efficiently especially during peak time; 3. To expand the warehouse apron; 4. To expand parking lots; 5. To handle air cargoes with care
	I-14 Customs gate check	Import customs clearance is ended at 4:00 p.m. It becomes impossible to proceed customs clearance till the next day when it passes over 4:00 p.m. since there is no extraordinary extension for business hours. For this reason, the lead time of customs clearance may become quite long depending on arrival time of an airplane.	1. To extend operation hour of customs clearance; 2. To operate the warehousing works efficiently especially during peak time
	I-15 Delivery confirmation	Cargo arrival time may be unable to be foreseen in case of traffic congestion.	Same as E-8 in Table 2.2.5.3-1

Note: N/A means any problem is not considered during this process.

2.3 Survey on Time Required for Processing Import and Export Cargo and Related Documents

2.3.1 Design of Survey for Time Measurement

(1) Objectives of Survey

This survey is aimed at measuring the time required for processing import and export cargo and related documents at the various steps of the foreign trade in the Jakarta Metropolitan Area, analyzing the individual time measurements statistically, obtaining the numerical picture of the cargo and documents processing situation, and thereby assisting in the planning of the Study on improvement of foreign trade environment in the Metropolitan Area.

(2) Items, Areas and Procedures of Survey

In this survey, recording of the required processing time for import cargo and related documents were made from the time when the incoming ship starts berth waiting off the Port of Tanjung Priok or arriving aircraft makes landing at Soekarno Hatta International Airport until the time when the importer takes delivery of his cargo; and for export cargo and related documents, from the time when the cargo is brought to the Port or the Airport by the exporter until the time when the ship or aircraft taking on board the cargo leaves berth or takes off. For both import and export cargoes, measurement of the required time was made in respect of Customs clearance, inland transportation and all other processes involved in the cargo movements to and from the Port or Airport. The measurements was carried out in accordance with the WCO guidelines.

1) Survey Items

The basic concept of process of import cargo for sea container freight and air freight is illustrated in the Figure 2.3.1 and Figure 2.3.2 respectively. The Figure 2.3.3 shows the container import process through JICT 1 in Tanjung Priok.

The major elements of cargo flow, in case of sea freight, are categorized into three stages, namely the ship enter to the port and berthing, discharging containers and stacking in yard and subsequent transportation and distribution of cargo to the consignee. In parallel with cargo process, the required documents which consist of the Port Service Agreement, Customs related documents, such as the tax payment, import declaration and import certificate of restricted items, were produced. The import process of air cargo also quite similar to the sea cargo explained above.

In case of export process, the procedure is rather easier than the import case comparatively due to the less involvement of tax issue and restricted subject.

2) Survey Areas

The survey was conducted at the Port of Tanjung Priok, Soekarno Hatta International Airport and within the Jakarta Metropolitan Area for the condition survey of road transportation.

3) Survey Method and Procedure

Recording of required time was performed in the manner described below.

i) Sea Freight

a) Import FCL Cargo

(1) Gate-out data were collected for 14 days. The survey point was the JICT 1 Gate which accounts for approximately 70% of international trade containers handled at the Port of Tanjung Priok.

(2) Survey men were deployed at the JICT 1 Gate to carry out random sampling in respect of the required number of containers given in (3) below. The items to be recorded were PIB No. (Import Declaration Numbers), Container Number and gate passage time.

(3) A total of more than 150 samples (half each in the morning and in the afternoon) was obtained for14 days. A total of more than 2,100 containers were recorded at the JICT 1 Gate for a period of 14 days. Ship data, quayside cargo handling data for relevant container ships were supplied from authorities based on the gate data. PIB data (import declaration) were checked at the Customs to obtain necessary container information.

(4) Ship arrival and departure service records (PPKB) of PELINDO II were obtained to corroborate the information listed in (3) above.

(5) Of the containers selected during 7 days as referred to in (1) above, about 6 containers were tracked by vehicle at random each day to record the time required for arrival at their destinations. The destinations were located in all directions and were included CFS areas.

b) Import LCL Cargo

(1) Survey men were stationed at the selected CFS on a temporary basis to check import declarations (PIB) so as to confirm the container numbers and B/L numbers for the selected LCL containers. (The number of PIB to be checked is proposed as 420.)

(2) The survey men entered the time required for Cargo clearance with the cooperation of Customs officers and CFS operators.

c) Import Conventional Cargo

(1) Cooperation of shipping agents and customs brokers were enlisted in filling out the survey slips on the basis of arrival information from PELINDO II and shipping lines.

(2) Survey men were stationed at the wharves and warehouses on a temporary basis during the cargo handling period to record time required for going through each step in the unloading operation of incoming ships and to obtain other information to be entered in the survey slips.

(3) 8 vessels were selected during the survey period for survey purposes on the basis of the actual track record of arrival.

d) Export FCL Cargo

(1) During the 7-day survey period a total of more than 420 export declarations involving 60 PEB per day were selected so as to cover major export items uniformly were checked at the Customhouse (Tanjung Priok Office 3 having jurisdiction over JICT 1).

(2) Gate records were obtained from the terminal operator to determine the dates of container arrival at the terminal by collating container numbers and PEB numbers.

(3) The export approval files of the Customhouse will be checked to record the times of approval issuance.

ii) Air Freight

a) Import Air Cargo

(1) The survey were limited to JAL, Garuda, Thai and Singapore Airlines flights arriving from Narita International Airport, Kansai International Airport, Bangkok International Airport and Singapore International Airport. Field survey was conducted consecutive 10 days and a total of more than 50 flights were surveyed on the basis of an average of 5 flights a day.

(2) Survey men were deployed beside the aircraft and in front of and inside the bonded shed to measure and record the starting and finishing times of the respective processes of transporting, bringing into the shed and breaking into on separate air waybills.

(3) Information on air waybill numbers were extracted from import declarations at the Customhouse and approximately 400 air waybills (PIB) were selected at random to measure and record the time required for issuance of carry-out permits.

(4) The consignments were tracked by vehicles about six times each in the morning and in the afternoon on four days to measure and record the time required for transportation from the airport shed to their final destinations.

b) Export Air Cargo

(1) Export PEBs were selected randomly in advance from export declarations in several days to record the information of approximately 100 air waybills (PEB).

(2) The starting and finishing times of the respective processes of obtaining export permits or undergoing Customs inspection for the export cargos in the bonded shed, unitization into consolidated cargo, storage and finally loading onto aircraft were measured and recorded accordingly.

(3) The time required for Customs clearance and carrying out of the bonded shed were processed statistically to compile the necessary data.

2.3.2 Implementation of Time Measurement Survey

(1) Survey Procedure

The Study Team has carried out a Test Run during the first study in Jakarta conducted in March 2004 and obtained the information with respect to the type of data which would be able to record directly by team reading and availability of some sort of data from EDI in the computer or paper records print out by the authorities.

Figure 2.3.4 indicates the entire procedure of data collection from field and authorities together with the data sorting steps for the case of FCL container import.

(2) Survey Places and Authorities for Data Collection

The place of sites and authorities where the required data were recorded by the surveyors and collected the paper records by us are summarized below according to the type of cargo.

1） Import and Export of FCL

(a) JICT 1 Gate (b) Customs Service Office, (c) JICT Container yard,
(d) Toll Road and Artery Road, (e) PELINDO II, (f) Office of JICT 1,

2） Import of LCL

Inland Container Depot – CFS

3) Import of Conventional Cargo

(a) General Cargo Berth GD304, (b) Warehouse, (c) PERINDO II

4） Import and Export of Air Cargo

(a) Spot in Apron, (b) Cargo Warehouse, (c) Customs Office,
(d) ANGKASA PURA II, (e) Road around Airport

(3) Survey Period

The actual period of data collection at site and data inputting to computer by the Consultant are shown in the Table 2.3.1.

Table 2.3.1 Survey Period for Time Measurement

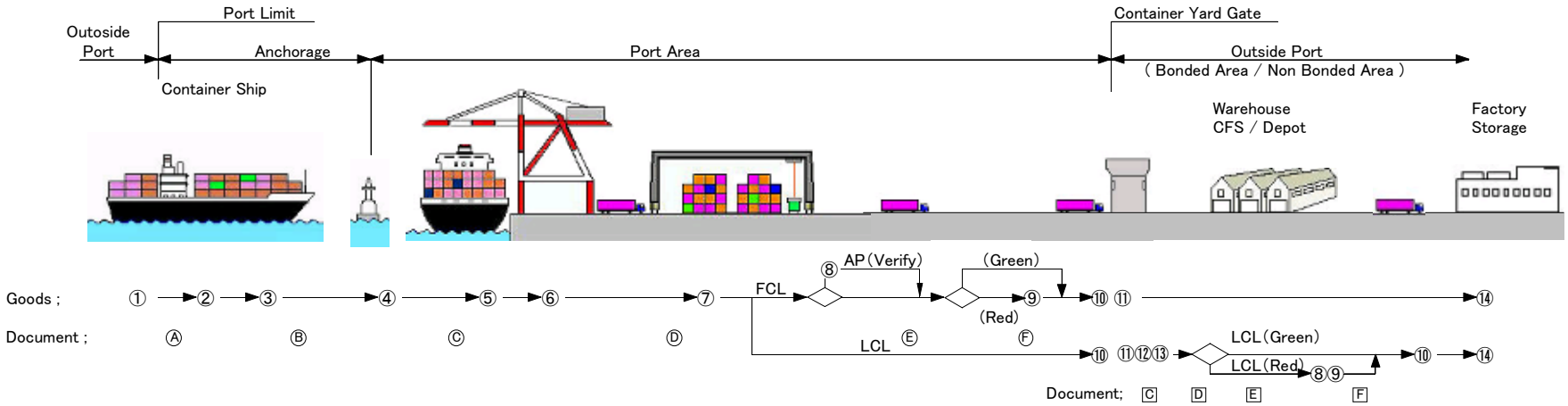
No.	Period / Item	01 Week	02 Week	03 week	04 Week	05 Week	06 Week	07 Week	08 Week
	Month/Date	6/07 to 6/13	6/14 to 6/20	6/21 to 6/27	6/28 to 7/04	7/05 to 7/11	7/12 to 7/18	7/19 to 7/25	7/26 to 7/31
01	Preparation								
02	JICT 1 Gate								
03	Customs Service Office								
04	JICT 1 Office and Yard								
05	Road (Travel speed)								
06	PELINDO II								
07	CFS								
08	General Cargo Berth and Warehouse								
09	Airport and Warehouse								
10	Customs (Airport)								
11	ANGKASA PURA II								
12	Data Inputting								

(4) Number of data Recorded with Survey Points

The number of data collected and analyzed through the study is summarized in Table 2.3.2.

Table 2.3.2 Number of Data Recorded

Type of Cargo		Data Sampling Places for Analysis	No. of Samples
Port of Tanjung Priok	**Import**		
	FCL Container	JICT 1	2,207 Containers
	LCL Container	CFS	350 PIB
	Conventional Cargo	General Cargo Berth GD304	36 PIB
	Export		
	FCL Container	JICT 1	544 PEB
Soekarno-Hatta International Air Port	**Import**		
	Air Cargo	Cargo Warehouse	397 PIB
	Export		
	Air Cargo	Cargo Warehouse	103 PEB



Major Point of Cargo Flow (Import)

①	Arrival at Port Limit	⑧	Submission of Necessary Document
②	Anchor Start	⑨	Preparation of Physical Inspection
③	Anchor End	⑩	Loading to Lorry
④	Enter Port	⑪	Gate Out
⑤	Docking	⑫	Arrival at CFS
⑥	Loading Start/End	⑬	Devanning
⑦	Stacking in Container Yard	⑭	Arrival at Destination

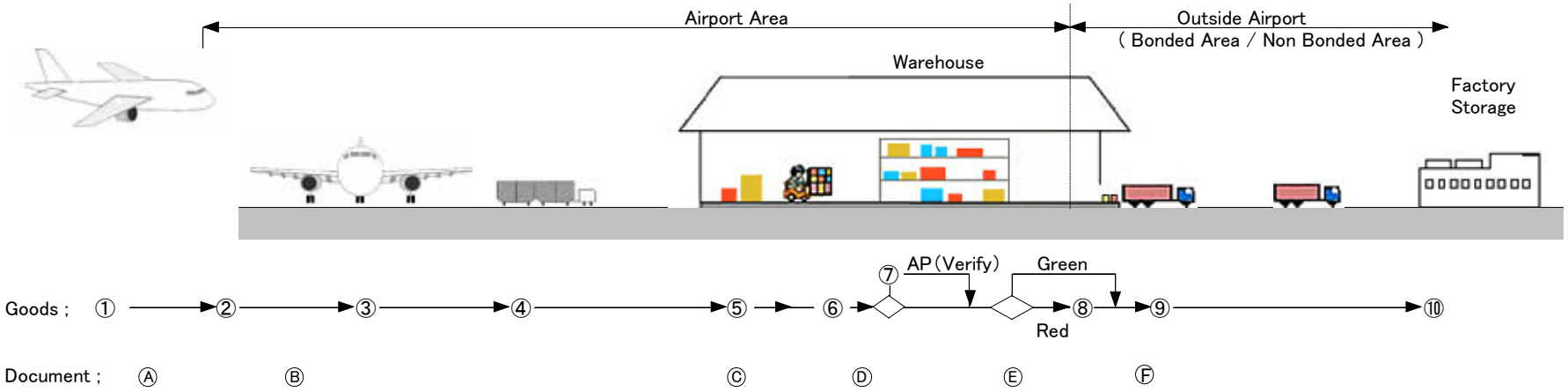
AP : Analyzing Point

Major Point of Document Flow (Import)

Ⓐ	Ship	Information of Arrival (to Cusutoms)
Ⓑ	Ship	Service Request / Agreement (to PELINDO II)
Ⓒ	FCL	Submission of Required Document (to Customs)
C	LCL	(Manifest, Packing List, Payment Reciept, Quarantine Certificate etc.)
Ⓓ	FCL	Declaration of Import (PIB ; Customs)
D	LCL	
Ⓔ	FCL	Response to Declaration / Instruction to Declaration
E	LCL	
Ⓕ	FCL	Approval for Release of Goods (SPPB)
F	LCL	

Note ; Import Procedure of Convensional Cargo is similar to this container clearance flow

Figure 2.3.1 Import Cargo Clearance Flow (Goods and Documents) Sea Freight



Major Point of Cargo Flow (Import)

①	Approach to Airport	⑥	Temporary Storage in Warehouse
②	Landing	⑦	Submission of Necessary Document
③	Unloading ULD/Pallet Cargo	⑧	Preparation for Physical Inspection
④	Transport to Warehouse	⑨	Loading to Trailer / Lorry
⑤	Breakdown of ULD/Pallet Cargo	⑩	Arrival at Destination

AP : Analyzing Point

Major Point of Document Flow (Import)

Ⓐ	Information of Arrival (to Cusutoms / Airport)
Ⓑ	Service Request / Agreement (to ANKASA PURA II)
Ⓒ	Submission of Required Document (to Customs)
Ⓓ	Declaration of Import (PIB ; Customs)
Ⓔ	Response to Declaration / Instruction to Declaration
Ⓕ	Approval for Release of Goods (SPPB)

Figure 2.3.2 Import Cargo Clearance Flow (Goods and Documents) Air Cargo

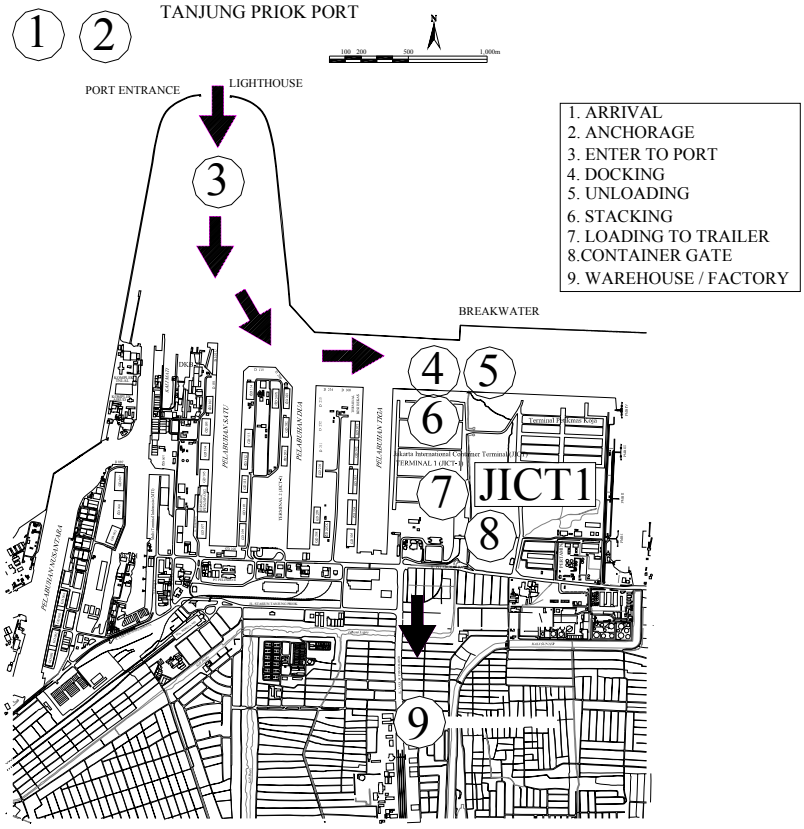


Figure 2.3.3 Import Container Flow through JICT1

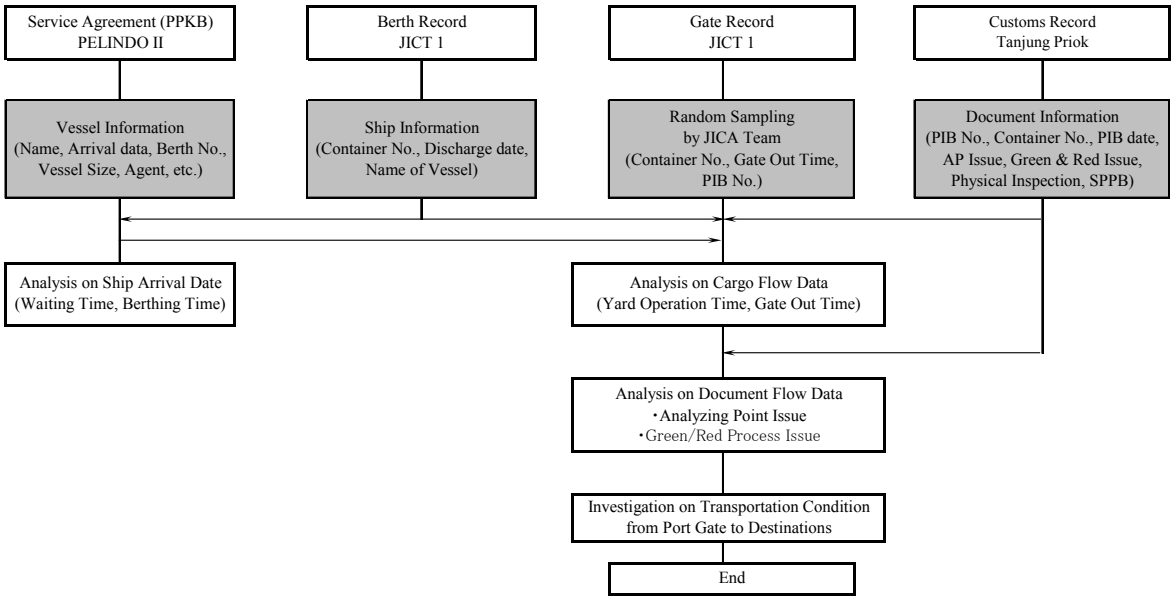


Figure 2.3.4 Flow Chart of Survey for FCL Container (Import)

2.3.3 Analysis of Survey Results

(1) Overview

Figure 2.3.5 illustrates the detailed import clearance process in terms of cargo flow and document flow including the analyzing points (AP) and Green/Red cannel issue of measuring time required for clearing the various stages in the process.

The first part of this subsection analyzes the time measurements taken in the import FCL container flow in respect of the following items:

1) Time from ship arrival in port area to issuance of entry clearance;
2) Matters relating to ship covering entry clearance, berthing, cargo loading/unloading and departure;
3) Time measurements of container flows from berthing to exit from terminal gate; and
4) Transit time of containers from terminal gate to destinations in and suburbs of Jakarta.

This will be followed by analysis of the time measurements at the various stages of the document flow involved in the customs clearance of import FCL containers; the analysis consists of the first and second analyses.

1st Analysis

a) Time elapsed from vessel berthing to container exit from terminal gate (Gate Out) after the processing of import declaration (PIB) and issuance of import approval (SPPB);

2nd Analysis

b) Time required for processing of containers classified under Green Line category;
c) Time required for containers going through the physical inspection procedure when classified under Red Line category; and
d) Time elapsed from PIB submission to completion of the AP procedure.

The terminology used in the import clearance process illustrated in Figure 2.3.5 is explained below.

[A] G Green: Passing AP without trouble and subsequently classified under Green Line category.
[B] AP Green: Clarification is requested at AP and then proceeding to Green line.
[C] R Red: Passing AP without trouble and then categorized as Red line cargo
[D] AP Red: Clarification is requested at AP and then categorized as Red line cargo.

"Green", "Red" and "AP" in the above terminology explanations refer respectively to the following:

[a] "Green": Classified importer who is registered with the Customs Administration with a good reputation for a certain period of time. Physical Inspection of cargo is not required normally.

[b] "Red": Different importer from the above category or whose imports are designated as special items even when these are imported by the Green Category Importer. Cargo may be inspected.

[c] "AP": Analyzing Point where the PIB (import declaration) is verified and relevant documents are examined and confirmed, if necessary, pursuant to the pertinent regulations or licenses or upon payment of applicable duties.

The document flow for the import FCL containers taken up in this Subsection as a typical case is broadly applicable to other types of cargo and air cargo as well.

(2) Import FCL Container

1) Elapsed Time Survey on Incoming Ships

i) Survey Data

- Ships surveyed: Container ships laden with sample containers under survey which arrived at JICT 1 (Jakarta International Container Terminal) during the survey period.
- Total number of ships surveyed: 60 Container Ships
- Survey period: 15th to 28th June, 2004

ii) Arrival Time of Vessel and Its Waiting Time in Outer Harbor

Figure 2.3.6 gives the waiting times of 60 container vessels for turns to be berthed at JICT 1.

This figure shows that 41 vessels entered the harbor within five hours after their arrival in the outer harbor, while the remaining 19 vessels had to lie at anchor at the anchorage ground for over six hours and five of them had to wait for more than 24 hours.

The fact that more than 20% of the incoming vessels have to wait for 12 hours or more after their arrival at the outer harbor may be primarily accounted for by the inadequate container terminal capacity.

iii) Time from Vessel Entry to Start of Loading/Unloading

Figure 2.3.7 gives the times elapsed between the start of the entry maneuverings of vessels and their berthing. In the figure, 54 of the 60 vessels, or 90%, entered the harbor within an hour after enter approval at the outer harbor, while five vessels took one to three hours to enter the harbor. The exact reason for the delays remains yet to be investigated, but waiting for vessels from the opposite direction to pass in the approach channel or delays in obtaining tugboat or pilot services may be considered to be the primary reasons.

Measurements of the time required for vessels to start unloading after berthing are given in Figure 2.3.8. As seen from the figure, 43 vessels (72%) started unloading within an hour after berthing, while seven vessels were kept waiting for two hours to more than 24 hours. The reasons for the delays may be ascribable to delays in the terminal arrangements for receiving containers or in the

issuance of unloading permits by the customs authorities.

iv) Discharging Time

Figure 2.3.9 presents the container vessel operation time from the start of unloading to the vessel departure from the berth.

Any accurate evaluation cannot be made as to whether the whole of the vessel operation time was devoted to unloading operations, since no field survey was undertaken in this regard. However, the figure indicates that 23 vessels (38%) left their berths in a day's time after starting the unloading operation, while 27 vessels (45%) stayed at the berth for a period of 1 to 1.5 days after the unloading was started.

Moreover, 10 vessels remained at their berths for 1.5 days or longer. It seems that some appropriate measures should be implemented by the port authority to encourage earlier vessel departures from the berths after the completion of handling operations so as to further reduce the turnaround time of vessels calling at this busy container terminal.

2) Time Measurements of FCL at Container Yard

i) Survey Conditions and Data Recording

- Sample Containers: 2,207 boxes
- Survey Period: 15th to 28th June, 2004
- Survey Place: Container Gate of JICT 1

The target for the number of sample containers to be surveyed was set at 6% of the number of those containers taken out through the container terminal gates each day. Table 2.3.3 gives the number of sample containers chosen at the gate of container terminal each day throughout the survey period.

ii) 1st Analysis of Import FCL Containers

For the purpose of our analysis, the measurements of the times required for clearing the various stages of the import process are compiled into the four graphs drawn in the following figures.

Figure 2.3.10 Days of dwell at container yard until Gate Out after berthing of container vessel
Figure 2.3.11 Days elapsed until submission of PIB after vessel berthing
Figure 2.3.12 Days elapsed from PIB submission to SPPB (import approval) issuance
Figure 2.3.13 Days elapsed from SPPB issuance to container exit from terminal gate

The data compiled in these figures indicate that 40% of the import containers sampled were taken out of the container yard within five days after their arrival there for temporary storage. It took 13 days for 90% of the import containers selected as samples to leave the yard.

For 32% of the sample import containers, the submission of import declarations (PIB) was made on the same day as the berthing of vessels, for 58% it was made after a lapse of three days following

the berthing, and for 87% the PIB was submitted seven days after the berthing.

With reference to the days elapsed from the submission of the PIB to the issuance of import approval (SPPB), 50% of the import containers chosen as samples were issued with SPPB on the same day and cumulative 80% four days after the submission of the PIB. After the issuance of the SPPB 47% of the sample import containers were taken out of the container terminal through the gates on the same day, while 14% still remained at the yard after the lapse of seven days.

To sum up, approximately 20% of the import containers were taken out of the container terminal in about four days after their unloading by clearing all the import formalities, while nearly 30% of the containers continued to stay at the yard after the lapse of seven days.

iii) 2nd Analysis of Import FCL Containers (Green and Red Lines)

Figure 2.3.14 shows the percentages of four different categories of customs clearance, namely, G Green, R Red AP Green and AP Red into which the 2,207 import containers selected as samples were grouped. Those containers categorized as Red Line requiring physical inspection accounted for 53% of the total, those categorized as Green Line accounted for 46.4% and those for which the PIB was required to be verified and documents were required to be examined and confirmed represented 51.7%.

Figure 2.3.15 indicates the average length of time elapsed from the submission of the PIB (import declaration) to the issuance of the SPPB (import approval) in respect of the four categories noted above. The customs clearance time for the G Green containers averaged 33 minutes, while the import containers categorized as AP Green, R Red and AP Red took an average of approximately 22 hours, 77 hours and 100 hours, respectively, to obtain the SPPB.

From this it can be seen that the AP formalities took approximately 20 hours, while the processing time for the containers categorized as Red averaged about 70 hours.

For the import containers under the four different categories, ① the time elapsed from the berthing of vessels to the PIB submission and ② the time elapsed from the issuance of the SPPB to the exit of containers from the container terminal gates were determined to obtain the total length of time required for completing the whole process from the berthing to the container exit from the gate (see Figure 2.3.16). From this figure it is evident that the time requirements of the process from the berthing of vessels to the PIB submission are equally about three days for the import containers under the four categories. For the process from the issuance of import Approval (SPPB) to the container exit from the terminal gate, the containers categorized as G Green or AP Green took two to three days, while those grouped into R Red and AP Red categories required only about one day.

Thus even those import containers classified under G Green and AP Green categories took about 6.5 days to exit from the container terminal gates after the berthing of the vessels bringing them to the terminal, due primarily to delays in submitting import declarations (PIB) and making arrangements

for containers to exit from the terminal gates. On the other hand, those import containers grouped under R Red and AP Red categories required approximately eight days to be taken out of the terminal after the berthing of their vessels. In any case, the whole process from the vessel berthing to the container exit from the terminal took an average of seven days. Incidentally, a recent Japanese survey made public indicated the time requirements of 3.1 days for the entire process from the vessel arrival until the issuance of import approvals while Singapore takes 1 day and Germany/USA take 2 days as shown in Figure 2.3.17. The Japanese survey, covering a one-week period from March 12 to 18, 2003, involved the statistical processing of 2,400 import declarations by customs authorities.

Figure 2.3.18 presents the results of statistical processing of the findings of physical inspection of 498 sample import containers categorized as R Red. From this figure it can be noted that the length of time elapsed from the PIB submission until the customs ruling of import containers as falling under Red category averaged 49 minutes (0.03 day), the time elapsed from the ruling until the start of physical inspection averaged 68 hours (2.87 days), the physical inspection took an average of two hours, and the time elapsed until the issuance of import approval (SPPB) after the inspection averaged five hours (0.23 day). Thus a total of 3.2 days were required to obtain the SPPB after the PIB submission. This indicates that a very long time was needed to make preparations for import containers under R Red category to undergo physical inspections.

(3) Import LCL Containers

1) Survey Conditions and Data Recording

- Samples: 350 import declarations (PIB)
- Survey Period: 18th June to 15th July, 2004
- Private CFS (PT. PUNINAR, PT. DWIPA, RT.MASAJI)

2) Elapsed Time Survey

Figure 2.3.19 presents the results of the elapsed time survey.

As can be noted from this figure, the dwell times of individual consignments at the CFS are distributed almost equally between one day and eight days and approximately 10% of the consignments were taken out of the CFS each day after going through all the necessary procedures. The peak of the consignment departures took place on the second and third days of storage at the CFS when 15% of all consignments staying there were taken out. The average dwell time at the CFS was 5.6 days.

Table 2.3.4 gives the breakdown of the dwell times. The time elapsed from the stripping of import LCL containers to the submission of import declarations (PIB) averaged 5.4 days (96%) and this delay was primarily responsible for the protracted stay of sorted consignments at the CFS.

(4) Import General Cargo

1) Survey Conditions and Data Recording

- Samples: 36 import declarations (PIB)
- Cargo Vessels Sampled: 8 vessels
- Survey Period: 21st to 28th June, 2004
- Survey Place: General cargo berth (GD 304 in Port of Tanjung Priok)

2) Elapsed Time Survey

The general cargo vessels started discharging their cargoes within one to two hours after berthing and the discharging operations were completed in an average of 30 hours. Subsequently, the cargoes went out of the port area with import approval. The time elapsed from the berthing of the vessels to the cargo exit from the terminal gates averaged approximately 32 hours (see Table 2.3.5).

The sample cargo items fell under the two categories: AP Green and AP Red. Checking the customs clearance formalities revealed that in the case of general cargo, it was a general practice of importers to file advance import declarations with the customhouse in respect of their consignments prior to the vessel arrival. Table 2.3.6 indicates the customs clearance procedures.

The advance import declarations were filed with the customhouse 29 hours before the berthing of vessels and the AP procedure was finished on completion of cargo discharging operations.

(5) Export FCL Containers

1) Survey Conditions and Data Recording

- Samples: 544 containers
- Survey Period: 23rd to 29th June, 2004
- Survey Place: JICT 1

2) Elapse Time Survey

Within the scope of the customs formalities covered by the Survey Team, export cargoes were generally cleared through the customs only by undergoing document examination. This procedure was categorized into two cases: Case A involving customs requirements for document modifications and Case B allowing the issuance of export approval without document modifications. Case A accounted for 12.5% of all the sample export FCL containers covered by the survey.

Figure 2.3.20 presents the times elapsed until the arrival of export FCL containers at the container yard after the submission of export declarations (PEB) and issuance of export approval. As seen from the table and figure, 66% of the export containers selected as samples were brought into the container yard within a day after the submission of the PEB to the customs. The longest time elapsed was seven days. Nearly 90% of the sample containers were carried into the container yard within three days after the PEB submission.

Acceptance of export containers at JICT1 started three days prior to their scheduled loading onto vessels, and actually most containers were brought to the container terminal one or two days before the scheduled dates of loading.

The customs clearance time from the PEB submission to the issuance of export approval averages 47 hours for Case A and 24 hours for Case B (see Table 2.3.7).

(6) Import Air Cargo

1) Survey Conditions and Data Recording

- Samples: 397 import declarations (PIB) – Sapling details are shown in Table 2.3.8
- Survey Period: 22nd June, 2004 to 1st July, 2004
- Survey Place: Soekarno-Hatta International Airport
- Flight Nos.: GA880, JAL725, JAL713, SQ158, SQ162 and TG413

2) First Analysis of Import Air Cargo

Figure 2.3.2 of Subsection 2.3.1 provides a schematic representation of the import clearance process for inbound air cargo.
Figure 2.3.21 gives the breakdown of the times elapsed from aircraft landings to air cargo exits from transit sheds. As seen from the figure, no airborne consignment was taken out of the sheds within 24 hours, but 74% of the air consignments in storage were carried out of the sheds on the second and third days of storage. Fourteen percent (14%) of the air consignments chosen as samples were categorized as Red Line cargo whose exit from the sheds reached the peak on and after the fifth day of storage.

All of the Green Line cargo was taken out of the sheds by the eighth day of storage. Figure 2.3.22 gives the average times required in each stage of the import clearance process for the Green Line air cargo. As can be noted, the times elapsed from aircraft landings to the PIB submission ranged from 30 hours up to 40 hours, and the time elapsed from the PIB submission to the SPPB issuance remained almost constant at about four hours, while the times elapsed from the SPPB issuance to cargo exit from the terminal gates tended to increase with greater length of time spent at the transit sheds.

3) Second Analysis of Import Air Cargo (Green Line and Red Line Cargo)

The percentages of import air cargo according to the four categories of customs processing, namely, G Green, R Red, AP Green and AP Red, were calculated with the results as illustrated in Figure 2.3.23**.** As seen, import airborne containers categorized as Red Line requiring physical inspection accounted for 14%, those categorized as Green Line accounted for 86% and those for which the import declarations (PIB) were subjected to the AP processing represented 53%.

Figure 2.3.24 shows the average times required in the four categories of customs processing for completing the whole process from the PIB submission to the SPPB issuance. As can be noted, the

import air cargo in G Green category took an average of seven hours to finish the process, while the cargoes in the categories of AP Green, R Red and AP Red required 14 hours, 94 hours and 126 hours, respectively, before they were cleared through the customs with import approvals.

(7) Export Air Cargo

1) Survey Conditions and Data Recording

- Sample: 103 export approvals (PEB) – Table 2.3.9
- Survey Period: 30th June, 2004 to 3rd July, 2004
- Flight No.: GA 880, JL 714, JL 726, TG 414 and SQ 163
- Survey Place: Soekarno Hatta International Air Port

2) Elapsed Time Survey

The average time elapsed from the cargo arrival to loading onto aircraft was approximately eight hours. Most of the outbound air consignments selected as samples were carried to aircraft within approximately 11 hours after their arrival at the transit sheds. Figure 2.3.25 illustrates the times required for the sample air consignments to finish the export clearance process and Table 2.3.10 gives the average, minimum and maximum times elapsed at the various stages of the air cargo export clearance process. The longest time elapsed of 24 hours was recorded for some outbound air consignments waiting at the transit shed racks to be consolidated into Unit Loading Devices (ULD).

(8) Transit Time Survey in Jakarta and Suburban Areas

1) Survey Conditions and Data Recording

- Sample: 147 tracer vehicle runs for tracing container/air cargo trailer trucks
- Survey Period: 15th to 28th June, 2004
- Survey Place: Jakarta and suburban areas in all directions from Tanjung Priok Port and vicinity of Soekarno-Hatta International Airport

Figure 2.3.26 shows road direction map and vehicle runs given in table 2.3.11 below.

During the survey period the Survey Team ran tracer vehicles from the gates of JICT 1 and the Warehouse of the Soekarno-Hatta International Airport to trace container trailer trucks leaving these points in order to measure the transit times from their places of departure to their final destinations in Jakarta and suburban areas and to observe the road travel conditions of the trailer trucks.

Date	Direction (from Tanjung Priok)						Total
	East	South	West		North		
2004 June			via. Cawang	via. Ancol	Cakung Area	Sunta Area	
15	4	1	1	1	5	2	
16	6	2	3	0	1	3	
17	4	3	2	3	0	3	
18	4	2	1	1	1	3	
19	4	3	1	2	5	2	
20	2	0	0	1	7	6	
21	5	3	3	2	0	3	
Total	29	14	11	10	19	22	105

Table 2.3.11 Number of Run and Direction (from Tanjung Priok)

2) Times Elapsed

The survey results are compiled in the following figures:

① Figure 2.3.27: East Direction from Tanjung Priok Port
② Figure 2.3.28: South Direction from Tanjung Priok Port
③ Figure 2.3.29: West Direction from Tanjung Priok Port through Cawang
④ Figure 2.3.30: West Direction from Tanjung Priok Port through Ancol
⑤ Figure 2.3.31: North Area (Near Tanjung Priok Port)
⑥ Figure 2.3.32: Approach Roads to Destination after Exit from Toll Gate

The survey results indicated that there was no significant difference between the container transit times recorded in the morning and in the afternoon, and that the transit times ranged between one hour and two hours and did not vary very much with directions of travel.

After leaving the port the trucks ran at an average speed of 20 km/h in its vicinity until they entered the toll road where the speed increased to 45 km/h initially. With increasing distances from the urban area the truck speed gradually increased and finally attained approximately 60 km/h.

The survey results further revealed that the average travel speed of the trailer trucks tended to increase with greater distances from the urban area of Jakarta and to slow down markedly on ordinary roads after the trucks exited from interchanges near their final destinations.

In the transit time surveys to CFS buildings, warehouses and factories in the area behind the Port of Tanjung Priok, an average trailer truck speed of 25 km/h was recorded and in several cases the recorded average speed was as low as 10 km/h.

The results of transit time from toll exits to final destinations indicate the road conditions of Tangerang and Bitung areas along the westbound routes were generally bad, and some trucks were unable to run at a higher speed than 10 km/h on the ordinary roads and even toll road of the Cikarang and Kerawang areas along the eastbound routes.

(9) Overall Evaluation

The surveys indicate that the times required for deliveries of import seaborne and airborne cargoes to their consignees as well as road transportation times were nearly twice longer than those revealed by recent similar Japanese surveys. However, the longer average times required for completing the import and export clearance processes at the Port of Tanjung Priok and Soekarno-Hatta International Airport may be reduced readily by implementing ameliorative measures such as the enhancement of the container terminal functions; expansion of the port and airport transit sheds, car parks, and other necessary facilities; procedural improvements relating to the submission of import declarations; introduction of efficient physical inspection system; and upgrading of the roads around the port and airport.

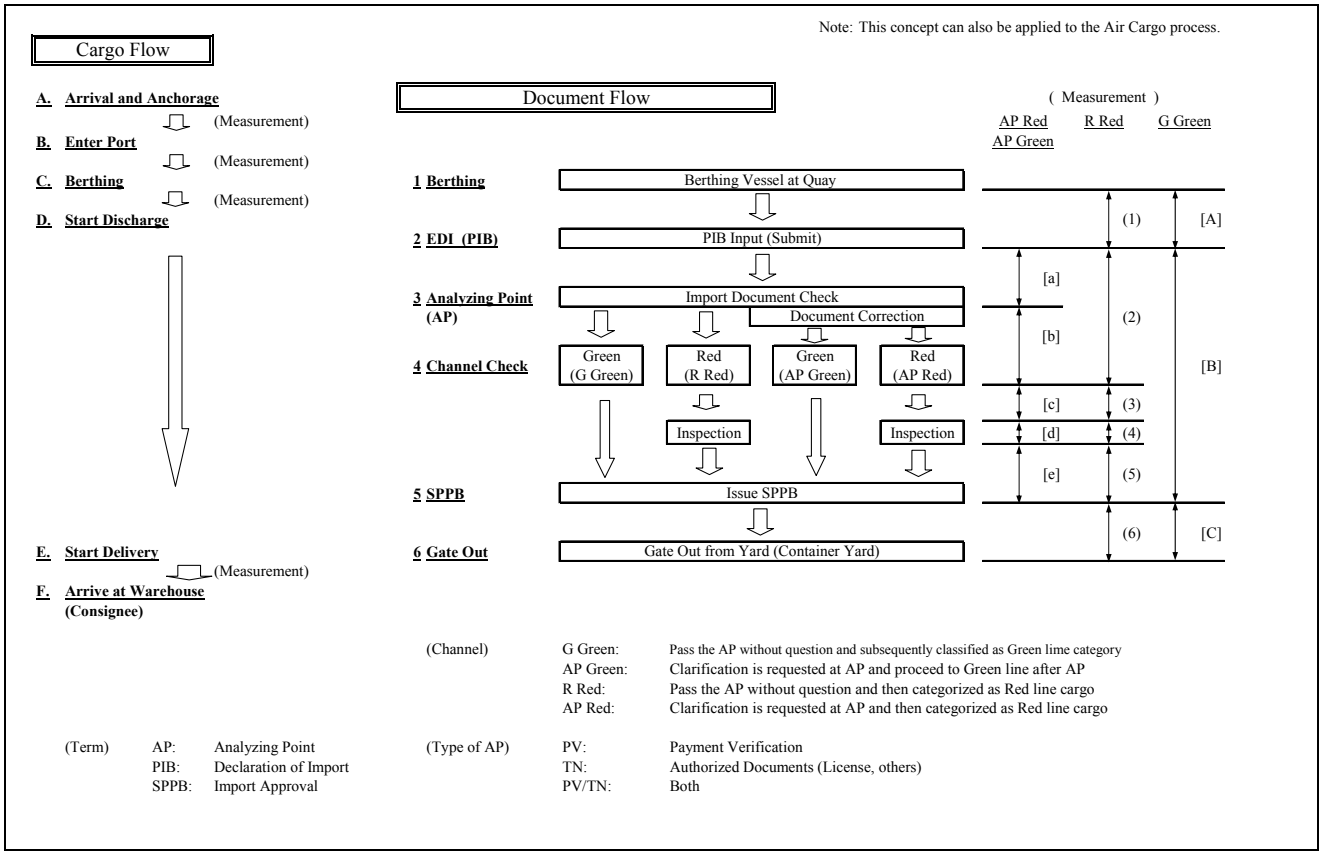


Figure 2.3.5 Measurement of Time Required for Import Process for Both Cargo Flow and Document Flow

Table 2.3.3 Total Sample Number of FCL Import and Export

Sample: **FCL Import**
Date : 15th June to 28th June 2004
Place : JICT 1

Date		Gate No.			Total
Jun-04	Day	6	7	8	
15th	Tue	46	61	63	170
16th	Wed	60	62	64	186
17th	Thu	60	67	58	185
18th	Fri	57	59	64	180
19th	Sat	60	63	12	135
20th	Sun	54	20	0	74
21st	Mon	60	60	64	184
22nd	Tue	60	58	61	179
23rd	Wed	60	60	59	179
24th	Thu	59	64	65	188
25th	Fri	59	59	59	177
26th	Sat	60	54	47	161
27th	Sun	0	20	0	20
28th	Mon	57	68	64	189
Total		752	775	680	2207

[Unit ; Container]

Sample: **FCL Export**
Sample: 23rd June to 29th June 2004
Place: JICT 1

Date	Day		Sample
Jun-04			
23rd	Wed	AM	43
23rd	Wed	PM	41
24th	Thu	AM	48
24th	Thu	PM	41
25th	Fri	AM	55
25th	Fri	PM	42
26th	Sat	AM	38
26th	Sat	PM	46
27th	Sun	AM	4
27th	Sun	PM	3
28th	Mon	AM	43
28th	Mon	PM	39
29th	Tue	AM	51
29th	Tue	PM	50
Total			544

[Unit ; Container]

Arrival Data of Container Vessel

1. Survey Period: 15th June to 28th June 2004
2. Berth: JICT 1, Port of Tanjung Priok
3. Total No. of Vessel: 60 Container Vessels

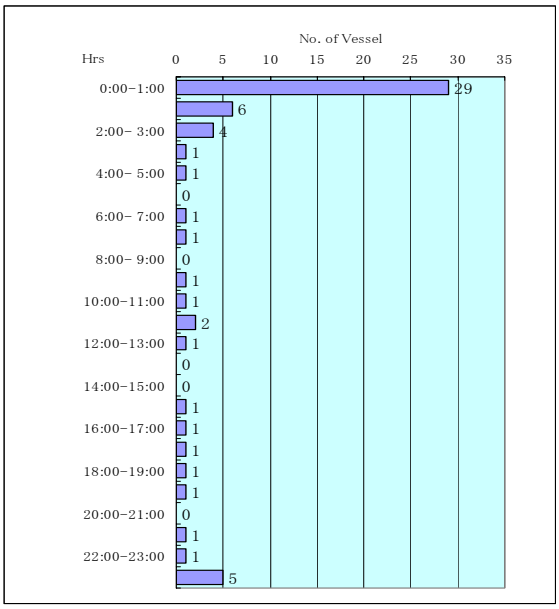


Figure 2.3.6 Waiting Time at Anchorage before Enter Port

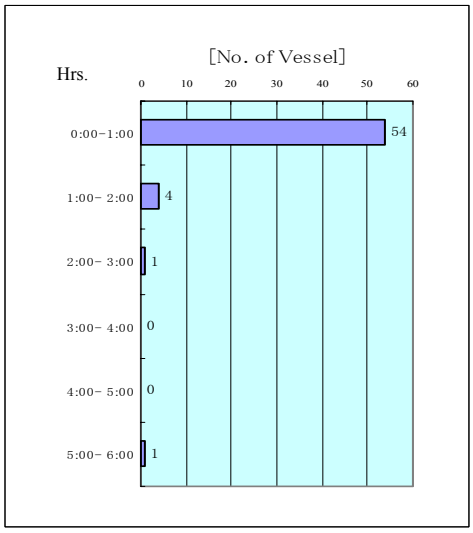


Figure 2.3.7 Enter to Port and Berthing from Anchorage

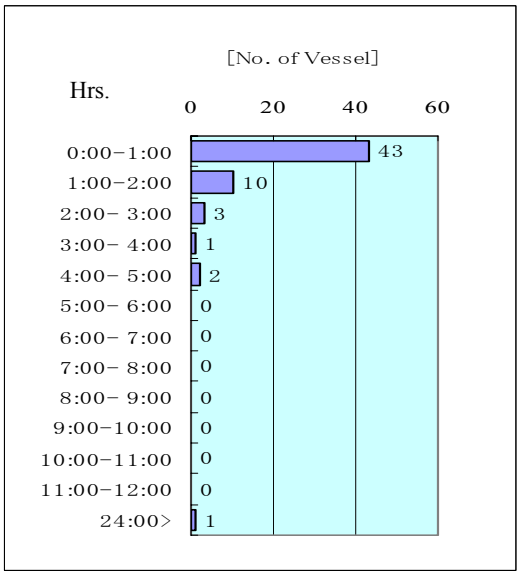


Figure 2.3.8 Start Unloading Operation after Berthing

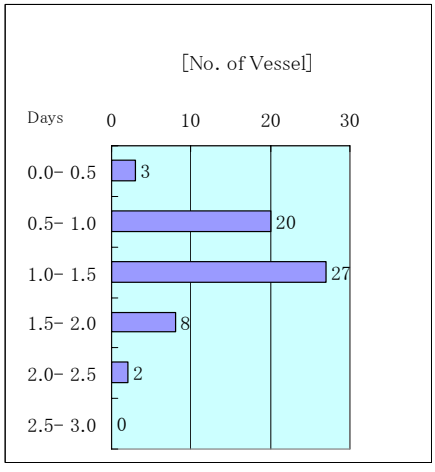


Figure 2.3.9 Dwell Time at Berth

[1st Analysis – Import FCL]

Required Days for Processing Import Container in the Container Yard

Case: FCL Imported

Survey: 15th June to 28th June 2004

Place: JICT 1

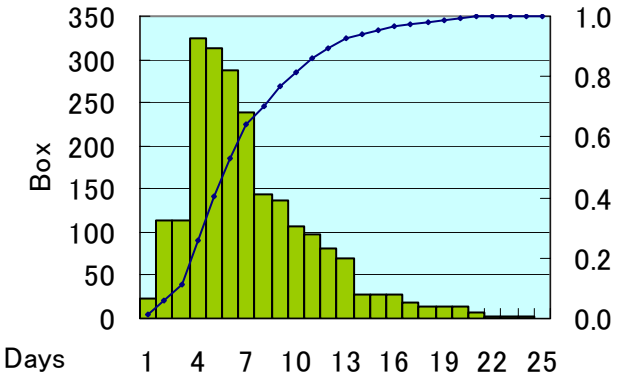


Figure 2.3.10 After Berthing to Gate Out

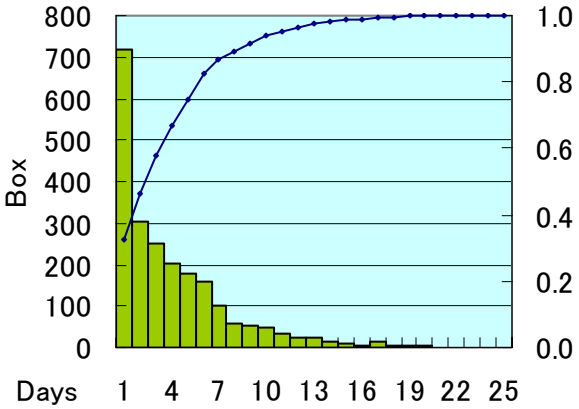


Figure 2.3.11 After Berthing to PIB Submit

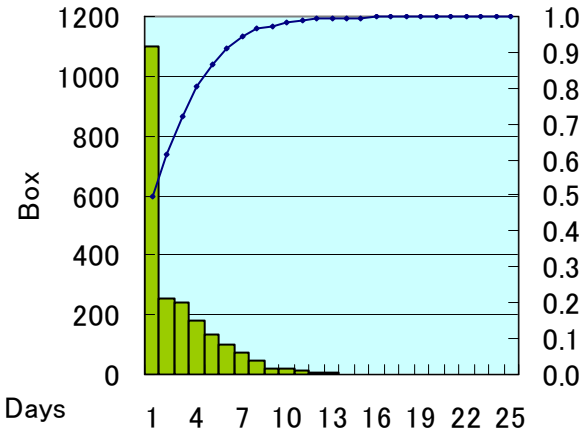


Figure 2.3.12 After PIB Submit to Issue SPPB

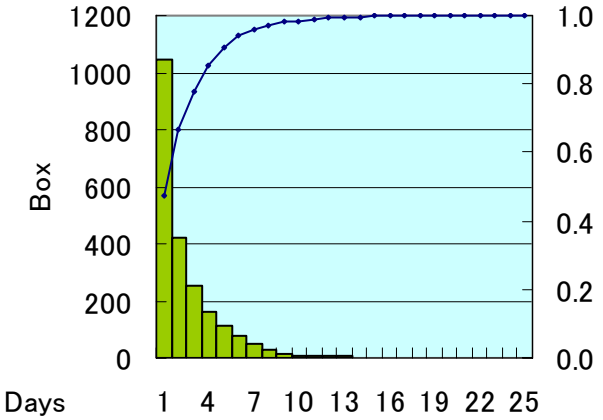


Figure 2.3.13 After Issue SPPB to Gate Out

Legend : PIB (one container box) Cumulative (%)

[2nd Analysis] Document Process of Import FCL

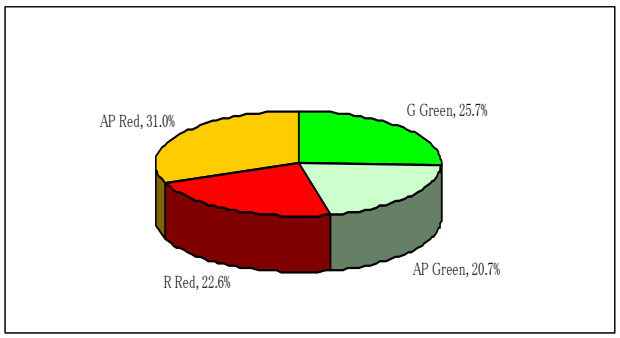


Figure 2.3.14 Percentage of Different Channel

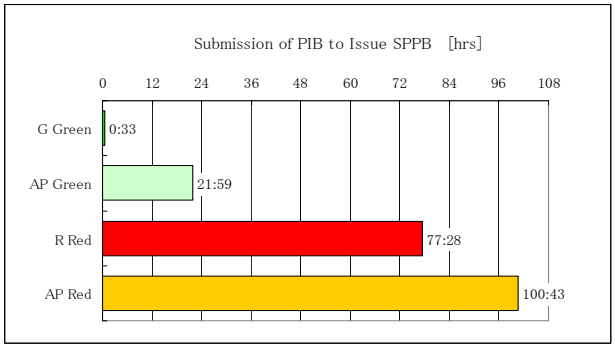


Figure 2.3.15 Average Required Time for Documents Process

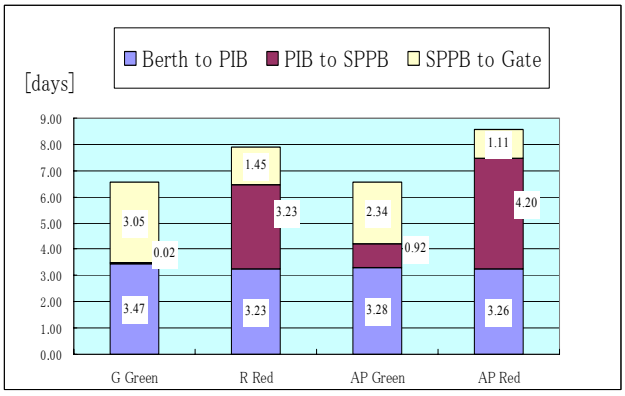


Figure 2.3.16 Average Required Days from Discharge at Berth to gate Out

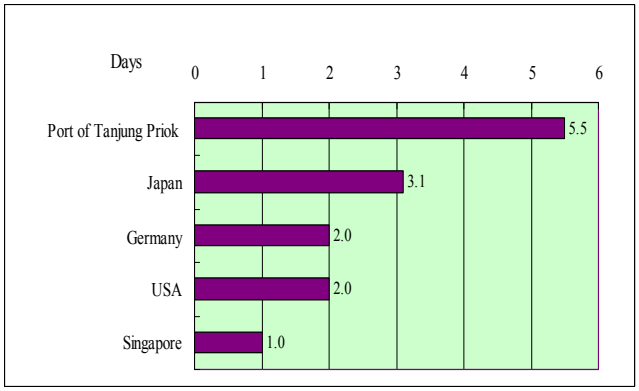


Figure 2.3.17 Comparison of Lead Time among Countries – Container Import
(Lead Time: From vessel arrival to Issue SPPB)

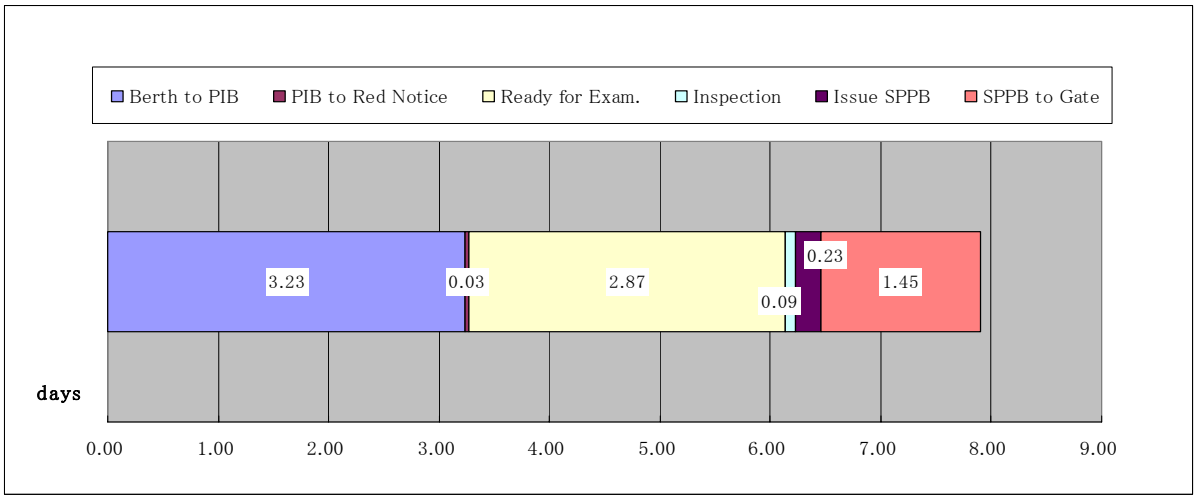


Figure 2.3.18 Breakdown of required time for Red Channel process - FCL

Import of LCL – Surveyed at CFS

Cargo: LCL Import
Survey: 18th June to 15th July 2004
Place: Private CFS (PT. PUNINAR, PT. DWIPA, PT. MASAJI)
No. of Sample: Total 350 PIB

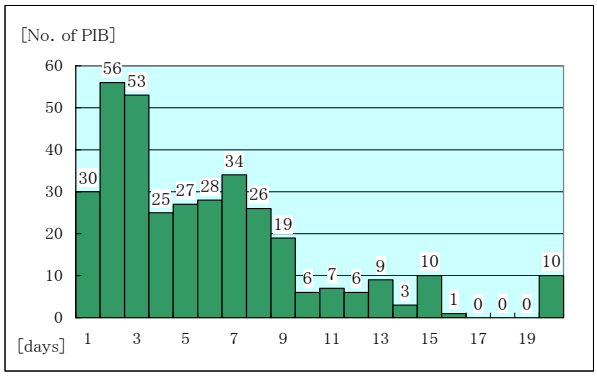


Figure 2.3.19 Required Days from Arrival at CFS to Gate Out of CFS

Table 2.3.4 Average Time Required in Each Process

Unit : Hour: Minutes

Required Days for Clear	Container Arrive at CFS to Start de Van	Start de Van to Completion	Complete de Van to Submit PIB	Check Document Physical Exam. Issue SPPB	After SPPB to Take Out	Total Time
1	1:16	1:11	12:00	0:13	0:12	14:54
2	1:53	0:40	27:26	1:13	0:47	32:02
3	1:47	0:33	53:59	0:24	2:21	59:05
4	2:58	0:54	71:54	1:19	3:46	80:54
5	4:42	0:42	102:52	0:12	0:09	108:38
6	1:58	0:35	125:47	0:10	0:50	129:22
7	1:13	0:41	145:37	0:10	3:08	150:51
8	1:55	0:39	170:38	0:18	2:45	176:17
9	4:26	0:41	192:35	0:14	0:11	198:08
10	0:25	0:32	210:56	0:14	16:13	228:22
11	0:44	0:33	246:06	0:12	0:09	247:45
12	0:18	0:33	267:13	0:12	0:12	268:30
13	0:25	0:37	297:31	0:13	4:06	302:54
14	0:49	0:36	289:30	0:12	24:18	315:26
15	0:30	0:33	338:58	0:12	3:44	343:58
16	0:28	0:42	380:19	0:10	0:11	381:50
20 > (not include)	(0:58)	(0:40)	(610:52)	(0:18)	(12:36)	(625:25)
Average (hr)	1:59	0:42	129:16	0:29	2:34	135:01
Average (day)	0.08	0.03	5.39	0.02	0.11	5.63
(%)	1.48%	0.52%	95.74%	0.36%	1.90%	100%

Import General Cargo

Table 2.3.5 Cargo Flow – After berthing to Gate Out

Survey: 21st June to 28th June 2004
Place: Tanjung Priok Port (General Cargo Berths)
No. of Ship 8 Ships
Sample : 36 PIB

Unit : Hours

No.	(1)	(2)	(3)	(4)
Steps	Berthing to Start Unloading	Unloading Operation Time	Issue SPPB to Gate Out	Total
Max Time	2:10	60:16	2:40	-
Min Time	0:40	7:05	0:00	-
Average Time	1:24	30:06	0:20	31:50

Table 2.3.6 Document Flow – PIB Submit to Issue SPPB

AP Green Case Sample; 34 Cases Unit : Hours

No.	(1)	(2)	(3)	(4)	(5)	(6)
Steps	Berthing to PIB Submit	PIB Submit to AP Request	AP Request to AP Clear	AP Clear to Channel Check	Channel Check to Issue SPPB	Total (2) to (5) (PIB to SPPB)
Average Time	- 29:57	1:28	5:08	27:34	0:00	29:18
Remarks	PIBs were submitted before Berthing				All cases were judged as Green	

AP Request: Analyzing Point requests to resubmit the necessary documents.
AP Clear: All documents including payment evidence are accepted.
Channel Check: PIB is checked whether Green or Red Category.

Export FCL

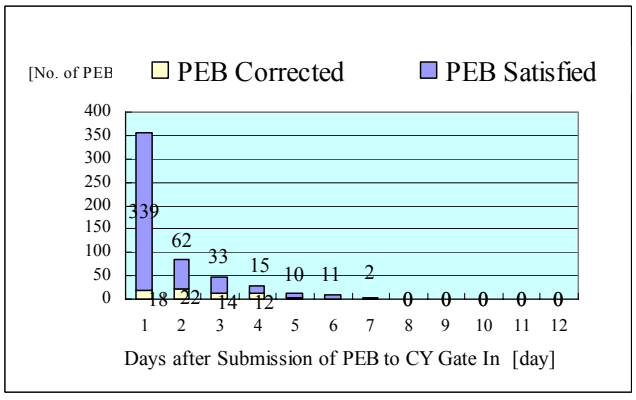


Figure 2.3.20 Required days for export Process

Table 2.3.7 Required time of Customs Clearance Process

After submission of PEB to Issue the Approval for Export (Unit; Hrs)

Case	Description	Average	Min	Max
Case A	Correction of Document is requested	47:22	4:04	148:54
Case B	Documents are satisfied without Correction	24:12	1:06	146:10
Case	Average	27:16	1:06	148:54

Air Cargo - Sampling

Table 2.3.8 Sampling Number of Import PIB

Unit: PIB

Date		Day	Fright						Total
			GA880	JL713	JL725	SO158	SQ162	TG413	
2004									
June	22	Tue	12	8	19	5	10	5	59
June	23	Wed	5	11	7	8	5	15	51
June	24	Thu	4	4	5	3	2	6	24
June	25	Fri	0	0	0	0	0	0	0
June	26	Sat	4	2	17	12	5	4	44
June	27	Sun	8	8	11	4	9	16	56
June	28	Mon	9	8	13	7	9	13	59
June	29	Tue	1	11	6	5	11	13	47
June	30	Wed	5	2	12	3	10	8	40
July	1	Thu	4	0	6	1	2	4	17
	Total		52	54	96	48	63	84	397

Table 2.3.9 Sampling Number of Export PEB

Unit: PEB

Date	Fright					Total
	GA 880	JAL 714	JAL 726	TG 414	SQ 163	
30-Jun-04	3	5	0	0	0	8
1-Jul-04	2	8	13	6	3	32
2-Jul-04	3	7	7	3	2	22
3-Jul-04	5	7	9	16	4	41
Total	13	27	29	25	9	103

Air Cargo - Import

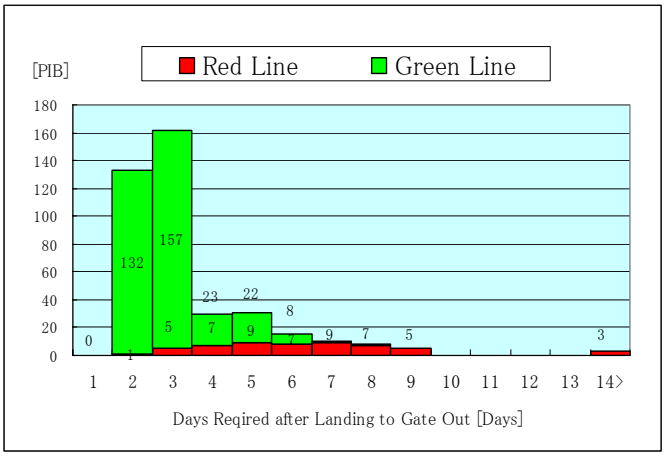


Figure 2.3.21 Average required days for Import Process

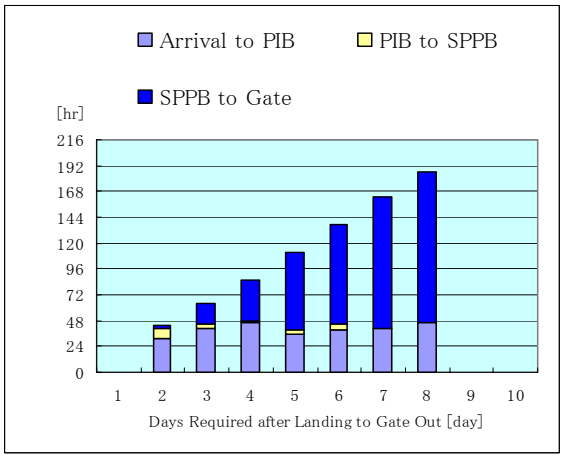


Figure 2.3.22 Average Required Time in Each Process

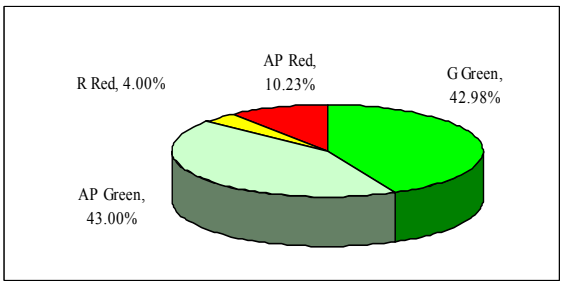


Figure 2.3.23 Percentage of Different Channel

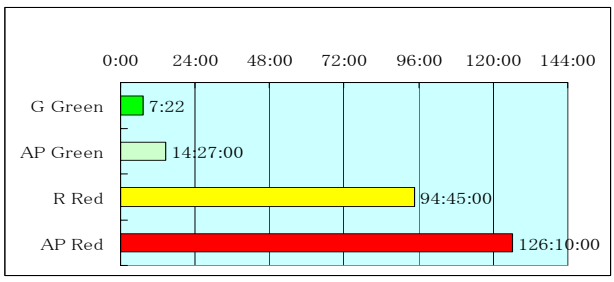


Figure 2.3.24 Average Required time for Documents Process [PIB to SPPB]

Air Cargo - Export

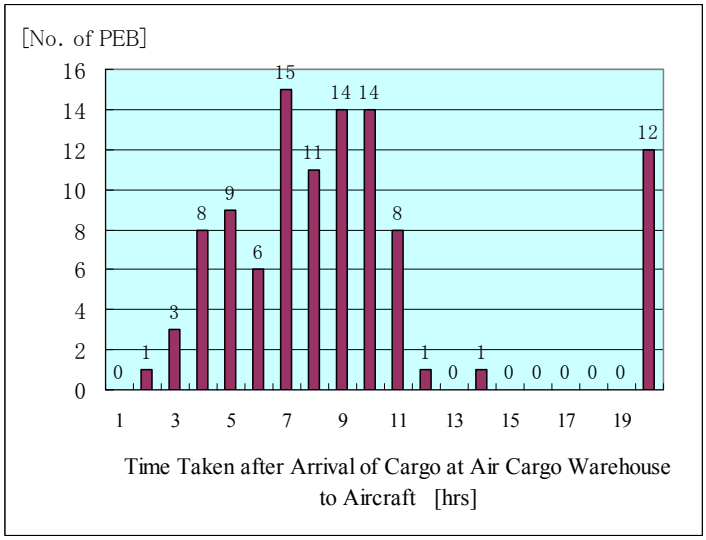


Table 2.3.10 Required time in Each Process

Unit: Hrs

No.	Export Operation Process		Operation Hours		
	Start	End	Average	Min	Max
1	Arrival Cargo at Warehouse	Receive/Confirm Cargo and Temporary Storing	0:08	0:00	0:49
2	Temporary Storing	Keep on Rack after Customs Check	0:32	0:00	7:45
3	Keep on Rack	Build Up ULD Start	2:45	0:00	24:12
4	Build Up ULD Start	Build UP ULD End	0:48	0:00	4:00
5	Waiting		1:03	0:00	4:46
6	Loading to Trailer (Start)	Loading to Trailer (End)	0:39	0:00	2:21
7	Waiting Transport		0:17	0:00	3:33
8	Transport from Warehouse	Arrival at Plane Side	0:56	0:03	2:20
9	Loading to Plane		0:19	0:07	0:27
10	Loading Finish	Taxing Start	0:25	0:09	0:59
11	Total		7:57		

Figure 2.3.25 Required Time for Export Process

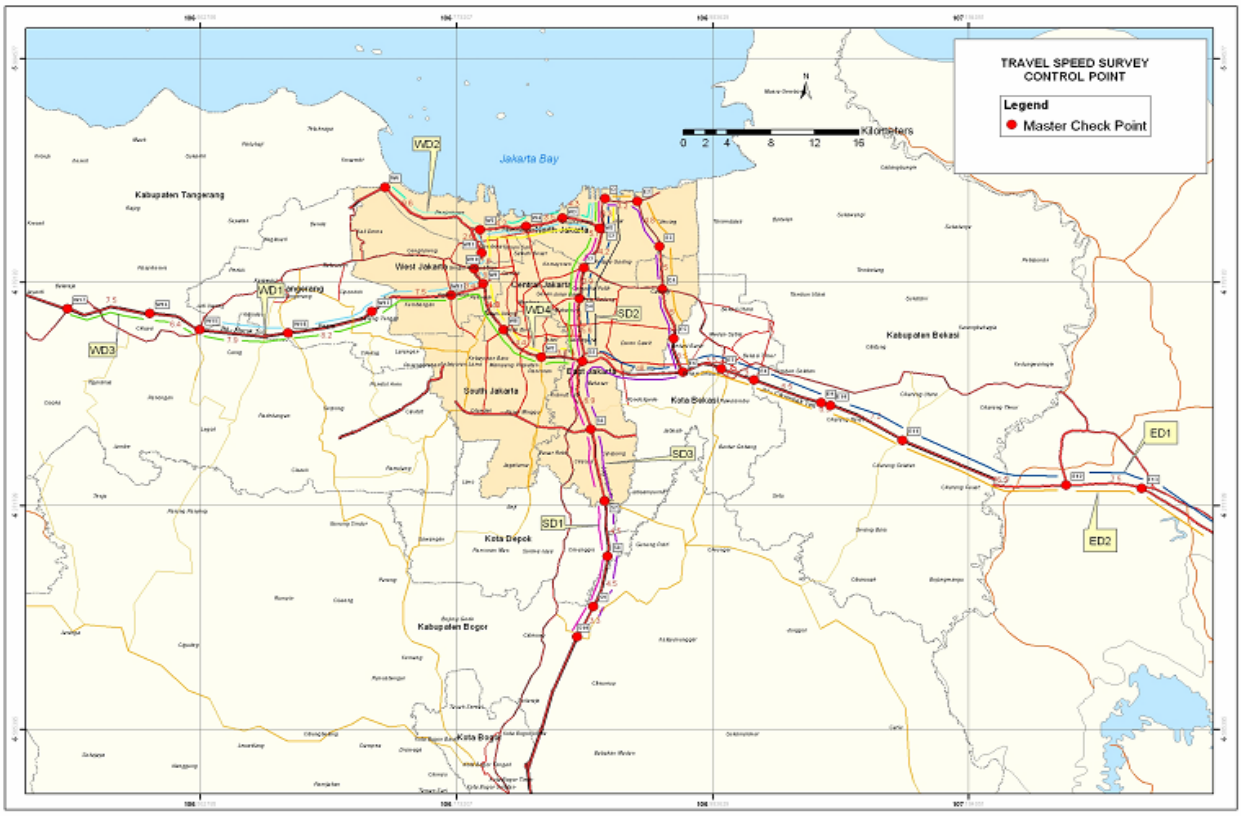


Figure 2.3.26 Traffic Survey – East, South, West and North of Jakarta

Travel Speed of Container Trailers Between Points

[Legend] ○ Average Speed of the Each Sectio
■ Travel Speed (Morning)
▲ Travel Speed (Afternoon)

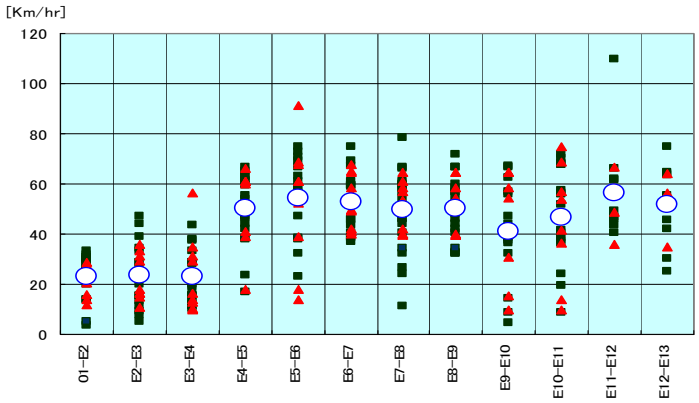


Figure 2.3.27 East Direction

Point No.	Name of Point (Type of Road)
01:	JICT I Main Gate (Arteri)
E2:	Cakung-Cilincing T-intersection (Arteri)
E3:	Cakung interchange (Arteri)
E4:	Cakung Selatan Interchange (Toll)
E5:	Bintara Interchange (Toll)
E6:	Cikunir Interchange (Toll)
E7:	Bekasi Barat Interchange (Toll)
E8:	Bekasi Timur Interchange (Toll)
E9:	Jl. Raya Setu Intersection (Toll) *Not Intercha*
E10:	Cibitung Interchange (Toll)
E11:	Cikarang Interchange (Toll)
E12:	Kerawang Barat Interchange (Toll)
E13:	Kerawang Timur Interchange (Toll)

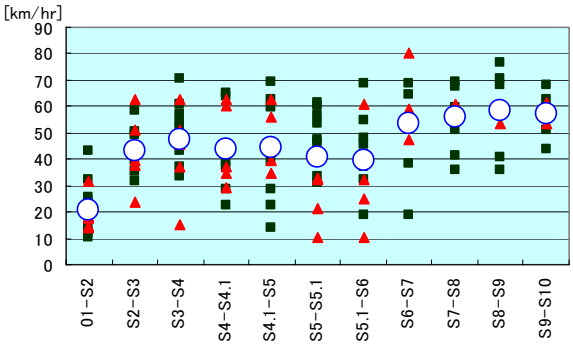


Figure 2.3.28 South Direction

Point No.	Name of Point (Type of Road)
01	JICT I Main Gate (Arteri)
S2	Tanjung Priok Toll Gate I (Toll)
S3	Cempaka Putih Interchange (Toll)
S4	Rawamangun Interchange (Toll)
S4.1	Perempatan tol D.I. Panjaitan - Basuki Rahmat (Toll)
S5	Cawang Intersection (Toll)
S5.1	Perempatan tol Jagorawi - Pd. Gede (TMII) (Toll)
S6	Taman Mini Interchange (Toll)
S7	Cibubur Toll Gate
S8	Cimanggis Interchange (Toll)
S9	Gunung Putri Interchange (Toll)
S10	Citeureup Toll Interchange (Toll)

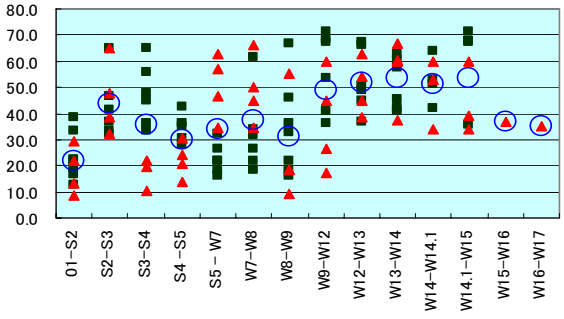
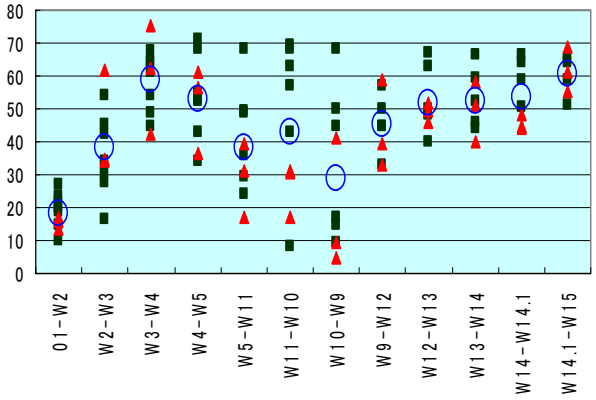


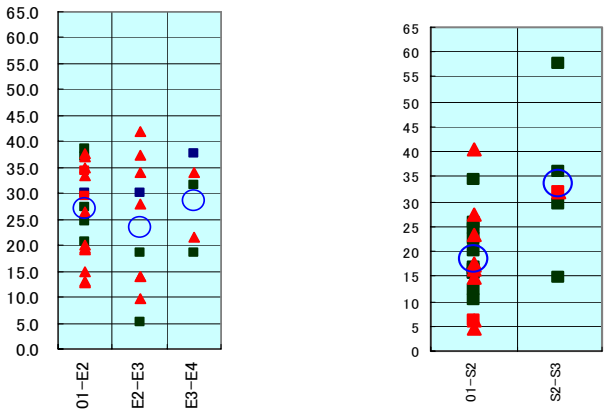
Figure 2.3.29 West Direction (through Cawang)

Point No.	Name of Point (Type of Road)
01	JICT I Main Gate (Arteri)
S2	Tanjung Priok Toll Gate I (Toll)
S3	Cempaka Putih Interchange (Toll)
S4	Rawamangun Interchange (Toll)
S5	Cawang Intersection (Toll)
W7	Pancoran Interchange (Toll)
W8	Semanggi Interchange (Toll)
W9	Tomang Intersection (Toll)
W12	Kebun Jeruk Toll Gate
W13	Karang Tengah Toll Gate
W14	Tangerang Interchange (Toll)
W14.1	Karawaci (Toll)
W15	Bitung Interchange (Toll)
W16	Cikupa Interchange (Toll)
W17	East Balaraja Interchange (Toll)



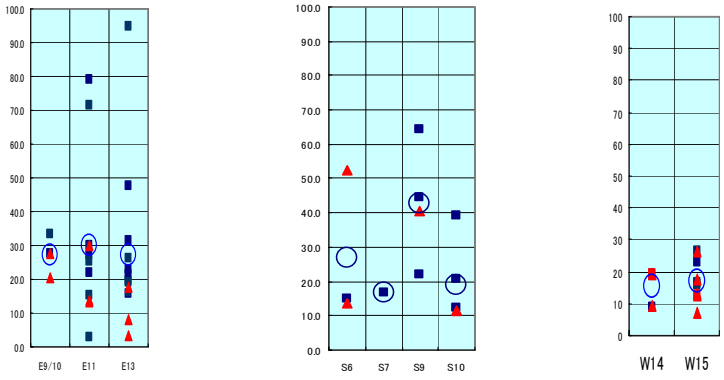
Point No.	Name of Point (Type of Road)
01	JICT I Main Gate (Arteri)
W2	Tanjung Priok Toll Gate II
W3	Ancol Timur Toll Interchange (Toll)
W4	Ancol Barat Toll Interchange (Toll)
W5	Pluit Interchange (Toll)
W10	Grogol Interchange (Toll)
W11	Jl. Jembatan Besi Intersection *Not Interchange*
W9	Tomang Intersection (Toll)
W12	Kebun Jeruk Toll Gate
W13	Karang Tengah Toll Gate
W14	Tangerang Interchange (Toll)
W14.1	Karawaci (Toll)
W15	Bitung Interchange (Toll)
W16	Cikupa Interchange (Toll)
W17	East Balaraja Interchange (Toll)

Figure 2.3.30 West Direction (through Ancole)



Point No.	Name of Point (Type of Road)
01	JICT I Main Gate (Arteri)
S2	Tanjung Priok Toll Gate I
S3	Cempaka Putih Interchange
E2:	Cakung-Cilincing T-intersection (Arteri)
E3:	Cakung interchange (Arteri)
E4:	Cakung Selatan Interchange

Figure 2.3.31 North Area around Tanjung Priok Port



Point No.	Name of Point (Type of Road)
E9:	Jl. Raya Setu Intersection (Toll)
E10:	Cibitung Interchange (Toll)
E11:	Cikarang Interchange (Toll)
E13:	Kerawang Timur Interchange (Toll)
S6	Taman Mini Interchange (Toll)
S7	Cibubur Toll Gate
S9	Gunung Putri Interchange (Toll)
S10	Citeureup Toll Interchange (Toll)
W14	Tangerang Interchange (Toll)
W15	Bitung Interchange (Toll)

Figure 2.3.32 After Toll Gate Exit to Final Destination

2.4 Result of Questionnaire survey on the Customs operations

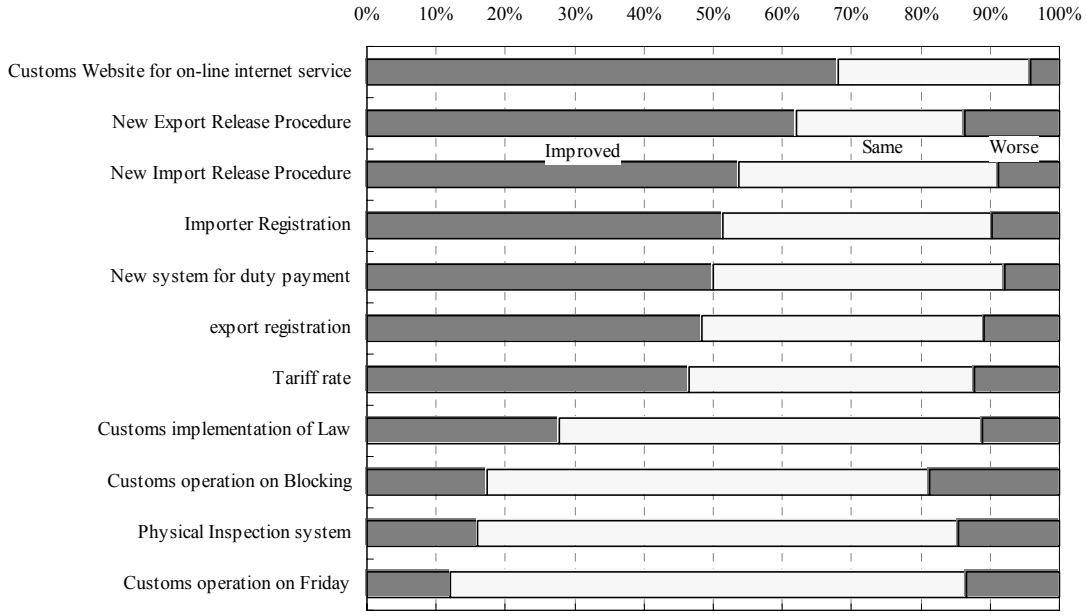
(1) Evaluation of the recent effort of the Customs

Itemized evaluations are asked concerning the customs effort in recent years. As is shown in the following figure, many users appreciate the recent effort of Website and import/export release procedures. New system of duty payment is also appreciated and 50% of people responded as improved.

On the other hand, among the items recognized as "not improved", operations concerning "blocking" is regarded worst. Because of the introduction of a new EDI system, automatic blocking, without giving sufficient time of communication or correction over minor mistakes, is regarded unfair and gives significant negative influence on the process of other declarations by the same forwarder. This item is regarded as has become worse than before by nearly 20% of respondents, and the people who answered worse outnumber the people who answered better.

Following this item, there are several other items regarded as worse or more or less the same. These are "physical inspection" and "poor operation on Friday." Both of these items are recognized by 70% of people as they are the same with before and have become worse than before by approximately 15% of respondents.

Figure: Evaluation of Recent Effort of the Customs



(2) Evaluation of the Customs EDI

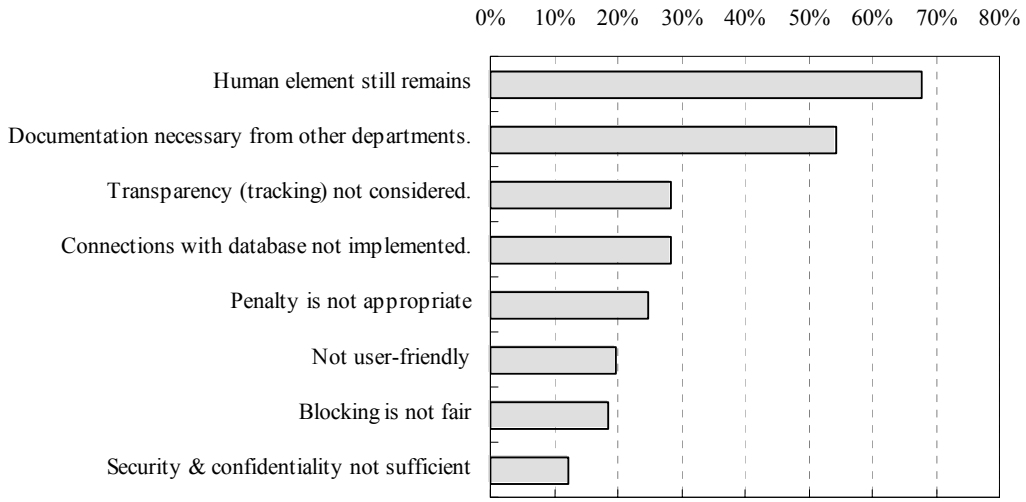
The appreciation of the Customs EDI is clear in the table which summarizes the overall evaluation of EDI employed in the customs procedure. 34 out of 84 respondents, which reached 40%, answered that EDI made customs procedure better or become very good. But at the same time just half of the respondents (42) answered it is still in the same level. Answers to worse or new problems are minor with total of 9 which is only 10 %.

Table: Evaluation of EDI

	No. of Respondents
Become Very good	8
Better	26
Better than before but not very much different	42
Worse	4
New Problems	5

As for the concept of EDI, majority of people commented that "Human element still remains a great deal" and "Documentation is necessary from other department". Nearly one third of respondents concerned about "Lack of transparency" "Lack of database connections" and "improper penalty" respectively.

Figure: Evaluation of the Concept of EDI



(3) Recent Problems

Next table relates to the recent problems experienced by the interviewee and raked by the degree of seriousness from 1 as most serious. In the table, items are grouped by the ranks of 3 and are summarized. The result shows that highly ranked trouble areas are the lack of preparations for the implementation of regulations. These high ranked problems are "Interpretation of new regulation" and "New regulation without prior notice". (Items 1 & 2 in the table)

Table: Trouble area in recent years

Ranking the most serious as 1, next is 2 …and grouped by three ranks	1 - 3	4 - 6	7 - 9
1. Interpretation of new regulation	**47**	13	6
2. New regulation without prior notice	**42**	18	2
3. Lack of information relaying from HQ to Service office	**37**	23	7
4. Organizational problem between customs and related agencies	**36**	17	11
5. Customs Documentation	**28**	22	11
6. Electronic Customs Procedure	**24**	24	9
7. Customs Due payment	**8**	22	21
8. Post-Clearance Audit	**7**	15	29
9. Others	**3**	3	9

Following to these, communication problems arise such as "Lack of information relaying from HQ to Service office" and "Organizational problem between customs and related agencies". These are organizational problems including communication among agencies and between central

and local offices. (Items 3 & 4 in the table) Documentation and EDI related troubles are also experienced and ranked highly serious too. (Items 5 & 6 in the table)

The most serious reason that causes troubles is identified as "Inconsistent interpretation of regulations by officials". The second issue is the "High rate of irregular cost" which refers to the corruption of officials.

Following reasons are "Lack of human resources" and "Lack of IT related technology", both of which represent the weakness of the country in the aspect of software. Education is important, including IT technology, from the level of life-style which relates to the workmanship and integrity of officers. Lastly but not the least, insufficient infrastructure is a continuing serious problem in Indonesia including port and airport facilities.

Table: Underlying Reason of Problems

Ranking the most serious as 1, next is 2 …and grouped by two ranks	1 - 2	3 - 4	5 – 6
1. Inconsistent interpretation of regulation by officials	52	34	2
2. High rate of irregular cost	35	0	7
3. Lack of human resources	27	19	15
4. Lack of information and related technology (Website on-line service)	24	22	14
5. Lack of supporting infrastructure at Port or Airport	15	2	9
6. Others	4	3	5

(4) Do you agree to Customs' contention?

There are possibilities that cargo handling to draw out of the port yard delays, or documents contain mistakes, or preparations are not ready to open the containers at the time of physical examinations. Even in these cases, people may still put blames on the customs for the delay of operations. Therefore questions are prepared to ask forwarders and consignees to what degree they agree to the contentions of the customs. Questions asked such as: To what degree do you agree to the customs contention that…

A. forwarders/consignees are slow to pull out the cargo after SPPB?

B. consignees' documentations contain mistakes because of lack of training of the staff of forwarders.?

C. forwarders/consignees preparation is poor for Physical Inspection.

Answers give consignee's view that forwarders are waiting for their cargo to be able to pull out as soon as possible. So the answers to the question A become high ratio of "No" indicating that "less than 30%", some respondents strongly refused the possibility of blames on their side.

But there are certain recognitions about the responsibility of forwarders especially in the mistakes in the documents (question B). Some forwarders responded that they are also responsible for the delay because of their mistakes in the documentations.

Table: & Figure: Degree of agreement by users to contentions of the Customs

	less than 30%	30 -50%	50%	50-70%	Over 70%	Total Response
A. Consignees are slow to pull-out ?	89%	8%	3%	1%	0%	80
B. Mistakes in Documents ?	64%	18%	**15%**	**1%**	**3%**	80
C. Preparations to physical inspections?	76%	12%	8%	4%	0%	76

The third one concerning the poor preparation for the inspection may in some cases responsible by the forwarders for arrangement of fork-lift and keys to open containers. But again the system of inspection on the side of the customs is not user friendly such that appointed officers are often not available soon. Forwarders often have to look for officers to set up appointments for the inspections which take an extra day.

(5) Communication with Other Departments

Other than the customs there are several other departments involved in the import/export procedures such as getting permit or approval from the department of industry and trade, quarantine, ministry of health etc. Following table indicate the responses that forwarders experienced difficult to communicate at the time of documentations to be done.

Table: Department identified as difficult to communicate

Deprindag (Ministry of Trade & Industry)	53	63%
DJ Bea dan Cukai (Directorate General of Customs & Excise)	48	57%
BPOM (Agency for Food & Drug Supervision)	18	21%
Deptan (Ministry of Agriculture)	11	13%
Depkes (Ministry of Health)	10	12%
Dephut (Ministry of Forestry)	8	10%
BKPM (Capital Investment Coordination Board)	7	8%

Department of Industry and Trade issues regulations and guidelines based on the industrial policy, which resulted in issuing permit and registration. Consignee and industry people need to communicate with related sections of the department, but it is oftentimes difficult to communicate.

Expected improvements are identified as a result of good communication between private and government as well as among departments. It is expected by the majority that processing time and cost will be reduced. Excess documentation and its duplication will also be avoided.

Table: Expected improvements by smooth communication with above departments

Items to be expected	No. of respondents	Ratio
Processing time will be minimized	69	82%
Less costly	62	74%
Documentation will be less	39	46%
Duplication of documents will be avoided	29	35%

(6) Improvement of Infrastructures

Request to improve facilities are listed by the users. Following table shows items of request to be improved as soon as possible. Security is listed as the most imperative item to be improved with agreement of 55% of people. Secondly, 54% of people agreed that officers are expected to be trained so that implementation of regulations become clear and avoid unnecessary time and cost. This item needs to be related to the increase of officers to which 29% of respondents agreed, because both of these items are related to the efficiency improvement of the government services including processing of documents and import/export transactions.

Table: Request for the improvement of facilities and trade system

Item of request	Response	Ratio
Security to be improved	46	55%
Officers need to be trained for enforcement of law.	45	54%
Access Road outside the port area needs to be improved	39	46%
Warehouses needs to be upgraded	37	44%
Organization needs to be changed in order to deal with the recent EDI development	34	40%
Bonded area and its system need to be better prepared	27	32%
Yard inside the port area needs to be enlarged	26	31%
Number of officers need to be increased.	24	29%
Parking needs to be increased	23	27%
Lighting needs to be improved	20	24%
Others	12	14%

Access Road to port area is a continuing issue for a long time which gained agreement from nearly half of the respondents. This issue needs to be solved by higher level rather than just a matter of road construction. Warehouse upgrading and yard expansion are also important issues to be solved in the port area.

Bonded area and its system relates to both seaport and airport which are requested to allow less constrained transactions for the benefit of bona-fide traders.

2.5 Characteristics of Trade Environment in Thailand and Malaysia

Quick interview survey to Thailand and Malaysia is conducted during the survey period, spending two days of May 31 and June 1 in Thailand, and June3 and 4 in Malaysia. Objective of the visit is to collect trade related information in these countries so that lessons learned from these countries can be reflected in the action plans. Information from interview visits to these countries are summarized in the following points.

(1) Characteristics of Trade Environment in Thailand and Malaysia

1) Trade facilitation measures advocated by ASEAN meeting are implemented such as priority channeling idea using green lane in all countries. As a result, processing time has reduced and customs seem to be satisfied in both Thailand and Malaysia. Another example is EDI, which is implemented in these countries and contributed to quick processing of customs clearances. The level of development as customs EDI seems not as far as that in Indonesia, but the implementation of system is smooth and does not cause any inconvenience.

2) Customs duty tariff rates assumed to be higher than that of Indonesia but there were no significant claims for the level of tariff. The reason might be 1) most of the interviewed companies enjoy the merit of special tax exempt status, 2) these countries have proper delegation of authorities so that problems can be solved at field level quickly.

3) Physical Examination at the time of customs clearance are in Thailand but actual detailed examination is approximately 5% for air cargo in Thailand. The ratio is similar in Malaysian air-cargo.

4) Operation hours interrupted by prayer on Friday for Muslim is a problem in Malaysia but not as significant as that in Indonesia. Officers in Malaysia are strictly controlled by code and punishment. The working attitude changed approximately 5 years ago by the strong leadership of the top. This problem does not exist in Thailand.

5) Customs officers in both Thailand and Malaysia are properly instructed for the implementation of each regulation. However, changes of regulations are enacted by very short notices, and customs have difficulty to prepare for the change.

6) Meeting and Communication between Customs and Private companies are conducted in both Thailand and Malaysia. Most problems are solved at field office level as everyday practise, and semi-annual meetings are implemented as a place to discuss policies and pending issues among related agencies.

7) Both Thailand and Malaysian government provide large area of Free Trade Zones adjacent to port areas in order to invite direct investments from foreign countries. Development of infrastruture seems to be planned together with these regional and industrial develpment policy.

(2) Major interview information at Thailand including Comment from Private companies concerning trade environment

1) Second Port system of Laem Chabang with Inland Depot at Lat Krabang works well in Thailand. Containers unloaded at Laem Chabang are directly carried to the bonded inland depot where customs clearance is done. Thereby the port can handle cargo almost double the level of planned capacity.

2) Inland depot, locating just outside the outer ring road of Bangkok, functions as hub to inland physical distribution both to the city of Bangkok and northern industrial zone.

3) The port and the inland depot are connected by both railway and toll road. The State Railway Thailand, SRT, operates by only 13 trips a day by single track. Some terminal operators use the railway whereas some others condemn the poor operation of railway and use trailers as the major mode of transportation.

4) Because of trade imbalance, being export approximately twice as much as import, container boxes are short in Thailand. Some manufacturers export 4 times more than the import in volume as the ocean cargo.

(3) Major interview information at Malaysia including Comment from Private companies concerning trade environment

1) Infrastructure is well planned and equipped under the government policy to facilitate trade and thereby introduce direct investment. Port Klang and Tanjung Pelepus for ocean cargo and KL international Airport for air cargo. Because of these well equipped infrastructures, all of these facilities funcstions as hub of asia, being port Klang with Evergreen line, Tg Pelepus with Maersk line, and KLIA with cargo from Thailand by both land and air for transhipment to EU and US.

2) The central government provided legal facility to invite direct investment under the concept of Free Commercial Zone in 1990 around the port area.

3) Port Klang has developed its own IT system called Port Klang Community Service, PKCS, providing connection to the customs' developed EDI system called Customs Information System, CIS. The total system is under the initiative of the Port EDI and the Royal Malaysian Customs is hoping to improve its system by learning from the EDI developed by the Indonesian Customs.