3. Analysis of Present Condition and Identification of Hindrance for Improvement

3.1 Legal and Administrative System in Import and Export Trade

3.1.1 Basic Objectives in Formulating the Improvement Strategy

Indonesia must not undermine its cost competitiveness before its longer-term strategies can take effect. The basic objectives in formulating trade facilitation action plan will be to realize national cost competitiveness in trade transactions strong enough to enjoy the merit of regional and multilateral market developments supported by such frameworks as AFTA, APEC and WTO.

At the same time, under the ever globalizing world business structure, in every public service concerning international trade transaction, clarity, convenience, user-friendliness and legal stability, coupled with forward-looking developments in infrastructures, which may excel neighboring economies will be minimal requirements in wining the foreign as well as domestic traders' confidence, which Indonesia definitely needs if the country is to develop as one of the trade-hubs in the Asia-Pacific.

Indonesia has been doing a series of serious efforts for opening up its market and for trade facilitation. In the light of, however, current developments in international trade markets, lots of forward-looking improvement for trade facilitation may be said required.

For example, as was seen in Chapter 2, APEC's Trade Facilitation Action Plan covers following four categories ; movement of goods (to include customs, port, health and quarantine and similar procedures), standards, business mobility and e-commerce. It means, namely, the sooner a particular country achieves the goals, the quicker advancements in the country's export/import is expected. It would be advisable to Indonesia to select its strategic goals making use of such menu of options of actions or measures, as crucial national targets in a forward-looking positive manner, not in a passive concept as "compliance" to international commitments as seen in the case of some of IMF agreements.

3.1.2 Menu of Trade Facilitation Actions and Measures

(This section quotes the menu of options confirmed at the APEC Ministerial Meeting in 2002)

3.1.3 Improvement Plan by Respective Authorities Concerned

(1) Ministry of Industry and Trade

As a part of its Industrial revitalization and Industrial development program, the Ministry has been and is progressing, in terms of foreign trade revitalization and development, various key initiatives. Among them, the initiatives which have particular relevance with trade facilitation may be said :

1) To harmonize trade policies in compliance with the international commitments (AFTA,

APEC, and WTO),

2) To penetrate and explore non-traditional markets,
3) To create free-trade agreements and utilize counter-trade scheme by using bilateral approaches,
4) To implement fair competition policy consistently.

Also, it may be worthy to note that the Ministry lists in its inter-net homepage, at the top of key policy issues and program, Presidential Decree No.54/2002 which is intended to allow the Government to make integrated and coordinated steps to improve the flows and distributions of goods in order to increase competitiveness in international market.

Another key pending subject in the Ministry's activities concerning trade facilitation is understood to be the enactment of Trade Law.

(2) Directorate general of Customs and Excise, Ministry of Finance

Directorate General of Customs and Excise (DGCE) is well aware that, as a trade facilitator, the Authority is expected to make the international flow of goods run smoothly, reducing related costs, and creating an efficient, transparent, predictable and easy to access customs services. Indonesia's customs procedures have been making progress in the same manner as the other APEC leading members in terms of HS Convention, Public Availability of Information, WTO Valuation Agreement, TRIPS, Clear Appeal Provisions, Advance Classification Ruling System, Temporary Importation and Risk Management.

DGCE's current Strategy Paper lists such initiatives as :

1) Validation of new system for channel determination (priority channel-gold card, green channel and red channel),
2) Improvement of payment system,
3) Improvement of goods releasing system, and
4) Development of DGCE's information system.

(3) The Economic Policy Package Pre and Post – IMF, or "White Paper"

Many policies and actions related to trade facilitation in varied degree are included in part III "Investment, Exports and Employment Program and Employment Generation" of the Package.

The package has been implemented since September 2003, and as at the end of May 2004, the Government (and IMF as well) evaluates there has been substantial progress in implementing the policy and operational measures.

For example, the National Team for Investment and Export formulated by the Presidential decree No.87/2003, being chaired directly by the president and comprising senior ministers, pushed the export promotion adopting both country-wise approach and commodity-wise approach.

3.1.4 Legal and Administrative Aspects Which Require Further Attention for Trade Facilitation

It may be appropriate to suggest the Government to pay more attention or take quick actions in terms of the following (1) through (8) subjects.

(1) The Presidential Decree No.54 / 2002 and follow-up actions henceforth.

It seems of vital importance for Indonesian Government as a whole to reconfirm recognition that smooth cargo flow is a key element in cultivating international competitiveness of the nation.

It may be of use for the Ministries concerned to recollect the wording of the Presidential Decree No.54 / 2002 which reads as follows :

"----- The coordinating team shall be assigned ;

a. to coordinate efforts to enhance the smoothness of law enforcement for violation against provisions of laws on exported and imported goods as well as their transport equipment,
b. to coordinate the intensification of efforts to eradicate all kinds of smuggling,
c. to coordinate the formulation of strategies to enhance the smoothness of export and import of goods,
d. to coordinate the planning, implementation as well as evaluation of activities to enhance the smoothness of flow of exported and imported goods. ----"

While the above items a. and b. have been attended in earnest, items c. and d. might need much more attention. (In the "White Paper", for example, the Presidential Decree 54 /2002 is cited only in terms of "Enhance coordination to stop smuggling".)

In order to cultivate international competitiveness of manufactured commodities as a whole, it would be of vital importance for Indonesia to reaffirm the total vision of the Presidential Decree, so that the establishment of over-all logistics system for export and import transactions could steadily be at the center of national trade and industry policy formulation, as an indispensable infrastructure spanning over the country's land, sea and air.

(2) Trade Law --- Prompt enactment is wished for.

The Trade Law Draft covers almost every aspect of domestic and international trade in brief wordings, and therefore, it is apparent that the coming Law is expected to be borne as an fundamental law in trade regulation which promotes subsequent introduction or revision of numerous relevant laws and regulations. The enactment of the Law is wished to be as quickly as possible, because this is the fundamental law from which numerous trees and branches have to grow henceforth.

It may be worthy to note that, in terms of international trade, such subjects as Free Trade Zone (Article 36), Intellectual property Rights (Article 71-73), and Electronic Transaction (Article 74-82) are all included in the Draft. Reference is done on these three subjects separately in the following clauses (3), (5) and (6).

(3) Free Trade Zone

The Trade Law Draft (Article 36) declares that the free trade zone is --- separate from regions of customs office so it is free from import tax, added value tax and sales tax ---, (following the exactly the same stipulation in Law No.36/2000"Free Trade Areas and Free Ports"). This makes clear contrast with the stipulation of Government Regulation 33/1996 on Bonded Stockpiling Sites which reads "Bonded stockpiling sites shall be buildings, places or areas within customs area".

This draft Article 36 may be worthy of notice as a means to stimulate economic growth, by prevailing a new area-wise system a little different from existing Bonded Zone system.

(Note) Malaysia has introduced aggressive Free Zone, by the Free Zone Act 1990, whose coverage is extended, in addition to manufacturing activities, to commercial activities and whose privilege can be used even by non-residents (foreign entities). The Free Zone is deemed a place outside the Principal Customs area except in respect of prohibition of imports and exports of particular goods stipulated by Customs Act 1967. Thailand also has introduced another type of Free Zone Program which creates business circumstances as if the products were manufactured abroad, removing certain disincentives associated with manufacturing in Thailand.

(4) Further progress in the Customs' procedures needed

Although Indonesia's Customs' procedures have been substantially simplified, clarified and effective of late, it has been pointed out that the DGCE's existing systems and facilities appear to be disjointed and developed in isolation of each other, and that there exists an urgent need for DGCE to review and refine its medium/long term vision for the use of technologies, including other departments' requirements, and further, including inter-operability in the international supply chain of goods and services.

(5) Intellectual Property Rights (IPRs)

In order to abide by the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPs), in 1997 three separate laws were promulgated on copyright, patents and trademarks each. In recent years, three other IPR instrument-related laws were enacted --- industrial design, integrated-circuit space design, and trade confidentiality.

On the other hand, however, what is crucial is the legal and institutional ability to provide immediate redress in the event of a third party IPR infringement. Also, much of the legislative details of the new IPRs laws are left to implementing regulations. It is desired to cultivate efficiency or dynamism in implementing and enforcing the IPRs laws strictly.

(6) Electronic Transaction

The Draft Trade Law has nine Articles (Article 74 – 82) on Electronic Transaction, endorsing law power of the electronic transaction as strong as the transactions made orally or on paper, requiring for electronic signature, and requiring for the maintenance of the data and information for the same period as in the case of paper documents, and so forth.

While all of these stipulations are essential, lots of more detailed regulations and guidelines must be established from now, so that Indonesia can make the most of coming international e-commerce regime.

(7) Development in Implementation of Competition Law

Neither in the "White Paper" nor "Transition Plan for 2005-2006", mention is done about Competition law, "the Law No.5/1999 on Prohibition of Monopolistic Practice and Unfair Business Competition".

In the context of trade liberalization, competition policy is now considered by WTO to be essential if countries are to enjoy the full benefits of trade liberalization.

More attention may be required for the Government in stressing the importance of implementation of competition law, building of competition culture, and public awareness of the benefit of competition law and policy.

(8) Towards the introduction of "One-Stop"(Single Window) legal system in import and export process

While the desirability of this system is self-evident, many pre-conditions need to be satisfied, for example :

i) reduction or abolition of application forms and items of required information, based on through business process review at administrative offices,
ii) common use of the same application form to the maximum extent among ministries and agencies concerned, establishing a network among government agencies,
iii) international standardization of application forms as per FAL Convention,
iv) to establish application by electronic data as a general rule,
v) adoption of internationally compatible data formats based on such standard electronic formats as UN/EDIFACT or other standard electronic formats, and
vi) to maximize the contribution of e-commerce and ICT business application to business entities' daily operation.

In view of the above, efficient and effective coordination and cooperation among all the agencies through proper inter-agency coordination units might be crucial to the establishment of "One-Stop" service for the facilitation of the country's international trade and transport.

3.2 Trade and Customs Related Issues and Problems

The Directorate General of Customs and Excise has been holding a regular meeting with stakeholders including traders and customers in order to have communication concerning trade related regulations and facilitation. Meeting with Jakarta Japan Club was held in February 2002 to respond to the request of Japanese manufacturers and traders. Following points are discussed and reached to some agreements concerning the effort to improvements.

(1) Customs procedures and officers

There are three problems in the implementation of regulations. 1) There are inconsistencies among officers for implementation of regulations becuase of the lack of standard guidelines of interpretation. 2) New regulations are enacted abruptly or sometimes retroactive, which does not allow customers to prepare for the change. 3) Sometimes even customs officers in the service office do not know the new or change of regulations. Situation behind this is a lack of comprehensive compilation of customs and trade related law.

Working style of officers is not efficient and cause delay of processing. Processing of documents should be substituted in the absence of signer. This tendency is shown more conspicuously on Fridays for the Islamic prayers and physical exercise. Unreasonable delays happen at import customs procedure. It sometimes makes importers assume that officers may solicit unofficial money especially when the holiday season comes close.

It is difficult to make corrections of minor errors such as mistakes in entering numbers of address or weight. There is no reference or "rule of thumb" for field officers to cope with irregularities flexibly. As a result nobody can handle in proper manner in an orderly way.

(2) EDI system related problems

Abrupt suspension of customs clearance, called blocking, arising from minor mistakes or conflicting views between the customs officials and the declarers. This sanction stops the rest of all the declarations. Measures should be taken to permit other PIB to be processed.

When the process delays, there is no way of knowing the reason. The situation and the reason needs be made traceable by EDI or web page so that importers will be able to take immediate action to cope with the situation.

After declared by EDI, submission of document by the original for release of cargo should be reconsidered according to the international trend of facilitation. Based on the risk management by importer profile and commodity data, process might be facilitated to the same level of the international trend which accepts copies and submission is not required.

(3) Friday Problem

As for the Friday problem, there are two elements that made importers headache. One is Muslim prayer on Friday which is large and takes longer than other days. Another is the delay of duty payment results in re-calculation of duties and re-writing of documents.

The customs takes the day of payment as the basis of calculating the duty, and as long as the payment is completed during the week, submission of document on Monday is accepted. If the payment becomes next week even though the document preparation was completed within the week, the document should be re-calculated according to the new exchange rate announced on Monday. Bank Mandiri opens on Saturdays at Tanjung Priok branch in order to facilitate the payment of duty. Payment on Saturday validates the documents using the exchange rate of the same week even if it is made on Monday in the following week.

(4) PNBP (Penerimaan Negara Bukan Pajak)

This is a fee to use EDI for customs declaration decided by the state government. Rationale behind this PNBP seems that the investment to develop EDI has to be shouldered by both government and user, because the benefit of EDI is enjoyed by the uses for quick response as well as government.

The concept of PNBP is based on the suggestion by IMF in 2003, consisting of 1) Establish a special fund, 2) $10 flat fee to ensure the future of customs to continue its trade facilitation initiatives.

Problem is that PNBP does not go to the special fund. Instead it goes to general revenue account in the state budget system. Therefore, the money paid is not guaranteed to be used to continue to improve the service of the customs including EDI improvement.

This is a topic that Ministry of Finance including DG Budget needs to understand the special characteristics of fund for specific purpose.

(5) Refund of tax payment

Delay and shortage of refund bring difficulty in cash management of export-oriented manufacturers. Apparel related products are subject to 40% import duty, but upon re-export to Japan, tariff refund is granted according to conditions. VAT of material for export encouraged items such as shoes are granted to exempt from tax and be refunded after 2 months of export. The process is slow and forced to wait more than one year, even when refunded, the amount is less than it should be.

This is a topic that Ministry of Finance including DG Tax and DG Budget needs to understand the situation and need to find measures to facilitate procedures.

3.3 Process Improvements and Correspondence to Users

(1) Improvements in Process

Several international efforts have been made to facilitate trade processing by coordinating customs authorities among ASEAN countries including assistance from international agencies such as WCO and World Bank. The result of efforts may come out in the form of quick processing, transparency and standardized documentation including EDI in customs procedures.

In addition to these activities, improvements in valuation procedures and risk rating for identifying illegal trade will be important to secure the safety of international trade.

The consulting team proposes following points in order to facilitate trade activities of bona fide users.

1) Regular meeting should be held to communicate inviting customers and other officers from other departments so that interdepartmental effort will be possible. Promote speed and transparency by improving and updating the Customs Database including importer and exporter profiles, price database, valuation procedure, tariff calculations, import and export priority facilties..

2) Improve predictability for the business community through website and publication including guarantee of service level indicating standard time required for transaction and officer in charge of control. This is know as Key Performance Indicator, which should be made by the DGCE so that the EDI service will be able to appeal the merit of using it.

3) It is important to check and guarantee the operation by substitutes at times of absense or on Friday. In addition, assessment by private sector should be conducted in order to ensure the level of service.

4) Organizational response or new organization is expected to coordinate and inseminate understanding and interpretation to officers and users as well so that the implementation of regulation becomes consistent. Major tasks of the organization is assumed to be the fololwing.

   a) Improve consistency in interpretation of the rules. Standard Operating Procedure should be developed and instructed to officers at regional offices. This includes principles of officers attitude to cope with irregularities.

   b) At the time of new regulations to enact, announcement system should be established using more than one media sources such as newspaper and website well in advance so that users will be able to prepare for the new procedures.

   c) Prepare consultation desk and provide possible technical assistance including HS code and documentation.

   d) Conduct training programs for both officers and customers so that users will be better familiarized with the regulations and systems.

e) Appeal from users at post clearance audit and complaint of regulations should be handled to make fair determination of what is right and what should be done to make things bette.

(2) Promotion of Electronic processing by EDI

It is encouraged to reduce documentation taking into account the existing international standards including UN/EDIFACT, ASEAN and their related conventions. Electronic system such as EDI should grow from the primary stage of substituting documents to higher level of data sourcing and working as decision making information system. For that purpose following points should be noted.

1) In order to make the current EDI as reliable one, with upgrading databases and remedies of current problems in the program, maintenace organization should back-up the EDI system and security control 24 hours.

2) System implementation should be intended to extend to other government departments such as MOIT and MOA so that check and approval will be made smoothly without documents.

3) Statistical data should be summarized and reported periodically to top management as the Customs Management System. Experience at service office should be compiled and make them possible to browse and search appropriate answer at times of inquery.

3. 4 Improvement Required in Port Infrastructure

3.4.1 Government Policy for Sea Transportation

(1) Transportation Policy in Economic Policy Package with IMF Activity

Through President Instructions No. 5/2003 on Economic Policy Package with IMF Monitoring, three transportation policies with action plans and the port operation policies have been stipulated as follow to accelerate the process of economic revival and to stimulate a more equitable distribution of the development results.

Table 3.4.1 Transportation Policy in Economic Policy Package with IMF Monitoring

Policy Measures	Action Plans
1).Rehabilitate the damaged transportation means and infrastructure and enhance the facility of inter-modes shifting	1). Road transportation: Continue the rehabilitation of East Sumatra highway and north Java Coastal Road. 2). Improve the transport of goods to and from the Tanjung Priok Port 3). Sea Transportation: Rehabilitate the port of Tanjung Priok Port
2). Develop transportation means and infrastructure in areas with large economic potential.	1). Road Transportation i) Extend highways in South Kalimantan, West Sulawesi, and Kalimantan Border area ii) Extend Jakarta Outer Ring Road
3). Enhance the participation of the private sector and the community in the provision of transportation means and infrastructure.	1). Propose revisions to Highway Law, Road Transportation Law, Sea Transportation Law.
4) Port Operation Policy	1) To establish the base line of the performance index and monitor these index duly and continuously through collection of accurate data and information of port services and operation. 2) To enhance the efficiency of port operation through port rating and to perform bench marking with neighbor countries ports.

Source: INPRES 5/2003 CMEA

(2) The Aimed Policies for Development of Sea Transportation

1) Strategic Policies of Sea Transportation

To improve efficiency of operation, revising laws and regulations through the amendment of Law No 21/1992 on international shipping and the ratification of the International Convention on Maritime Lines and Ship Mortgage 1993 is required.

2) Strategic Policies on Port Affairs:

i) To revise laws and regulations to establish efficient port operations with high competitive strength.

ii) To develop port infrastructure through ports knots stipulation according to the role and function hierarchy.

iii) To prepare a port development scheme through the participation of private sector in the development and operation of port business fields.

3) Strategic Policies on Safety:

i) To increase adequacy and reliability of shipping safety facilities, including navigation, port master affairs and sea and coast guarding.

ii) To fulfill international regulations including STCW 1995 (International Convention on Standard of Training, Certification and Watch keeping of Seafarers 1995), ISM code and ISPS code.

4) Status of Tanjung Priok Port

Tanjung Priok Port should function as the status of International Hub Port, and should be properly managed as competent port services among the ASEAN region.

3.4.2 Analysis on the Port Related Factors Impeding Trade Facilities

Major factors impeding trade facilities with the port related matters in Indonesia can be itemized below. Some of them are closely related to the investment climate.

(1) Tariff

Duties and tax is the most obvious barrier to free trade. Free trade, especially in AFTA, will expedite trading activity among relevant countries.

(2) Production Cost

Production cost of export goods has been increased due to the hike of labor, electricity cost, fuel cost and material/parts procurement cost.

(3) Logistic Routes by Infrastructures

The traffic congestion and inefficiency in logistic route, such as in port and road, impede reliable distribution of goods in trade. The high logistic cost and time will reduce the competitiveness of Indonesian products in the world market.

1) Time Factor as port related matters

Transit/dwelling time of cargo in the port area is long and unreliable due to inefficiency of shipping operation, cargo handling, customs clearance and land transport management as well as complicated documentation.

2) Cost Factor as port related matters

Almost all kinds of dues and charges in the port are high compared to other major ASEAN ports, Unofficial payments are also sometimes required.

(4) Yard Security

Pilferage in a container terminal is often reported. It is required to monitor the incoming containers to the terminal and outgoing from the port with the registered container numbers by CCTV, or by installing fixed type of X ray scan at the gate of terminals.

(5) Banking

Banking sector remains fragile, solvency problems as a number of banks continues. It is reported from the custom offices that there are number of miss typing of amount to be paid, code number of agents, goods which are verified by the custom offices prior to issuance consignees. This is also one of facts to cause longer time of custom clearance procedure.

(6) Standardization

Failure in catching up with international standardization in the port services, custom procedures container/general cargo terminal operation would be a barrier to trade.

(7) Trade Promotion Incentive

There is no comprehensive tax holiday system and/or incentive measure to promote trading activity. On the contrary, many local governments have enacted taxes as revenue-raising measures (“retribution”), which acts to discourage trading activity.

Free trade zone or export processing zone has often seen in other Asian ports to attract industry and increase trade competitiveness and generating promotion incentive.

3.4.3 Analysis of Present Conditions of Tanjung Priok Port

(1) Identified Deficiencies of Port Infrastructures and Facilities

1) Deficiencies of Port Facilities

The present physical arrangement of port facilities of Tanjung Priok port is almost the same as it was developed at the time of the Dutch colonial era and the port productivity has been gradually deteriorated compared to major ASEAN ports.

i) Critical Issues

- Lack of speedy and credible cargo transit through the port
- Lack of safe and secure cargo handling
- Lack of available port facilities and space to accommodate the cargo demand
- Lack of fair and transparent dues and charge

ii) Causes of Such Unfavorable Situation

a) Limited capacity of ship navigation by the one way traffic of the access channel with shallow depth.

b) Limited capacity of inland transport of the access road between the port and industrial complex.

c) Limited land space of the existing port operational area by disorderly developed land use

d) Low efficiency/productivity of cargo handling export/import containers due to capacity constraints of the backup yard area

e) Institutional defectiveness in trade facilities including inefficient customs service procedure due to large volume of documents required and inefficient and inflexible terminal operating system and ineffective EDI system etc.

As a result, the port productivity will be gradually deteriorated without any improvement of the port facilities and operation efficiency.

2) Comparison of Port Productivity and Operation with the Case of Thailand and Malaysia Ports

i) Port Productivity

The Laem Chabang port in Thailand handled 2.66 million TEU in 2002 and plans to expand the container berth of 1,800 m to handle 3.4 million TEU containers additionally as phase 2 project started from 2000 (in total around 6 .0 million TEU to handle).

The Port Klang in Malaysia handled 3.84 million TEU in 2003 and plans to expand the west port located in the Pulau Inda toward the Malaka Strait for 6 additional berths of 2,000 m to handle 3.0

million TEU.

Considering the aggressive future development programs of major ports in neighbor ASEAN countries, no improvement of Tanjung Priok port facilities will let the port's function paralyzed in near future, and which will surely depress the investment climate especially for foreign investors. As a result, global companies will withdraw, and Indonesian products will lose competitiveness in the international market, especially in the ASEAN market.

ii) Port Operation and Services

The comparison of port facilities, operation and services among the Tanjung Priok port, Laem Chabang and Port Klang is prepared in the Table 3.4.3.1 for the reference to set the performance index and development target of the Tanjung Priok port by the government agencies concerned.

From the compariosn it is clear that the container berth length of the Tanjung Priok port and container handling efficiency is lesser than the other two ports.

The Tanjung Priok port should set target of operation and efficiency of port services and to provide the reasonable competitiveness in the ASEAN region with internationally stadarized trade facilities.

(2) Analysis of Infrastructure and Facilities

1) Port Facilities

According to the port affair regulation (PP69, 2001)

- The central government (DGSC) will assist the IPC2 to develop the access navigational channel, basin to the port and breakwater required for public port services.
- IPC2 –Tanjung Priok Port Branch Office will develop and rehabilitate the berthing facilities, yards facilities and port related inner roads by the own budget.

IPC 2 has planned to renovate the existing wharf area as follows:

- To demolish some sheds of low utilization ratio, like No. 201, 202 and 301 into open storage yard for smooth cargo movement and container storage area.
- To develop container berths by renovating the existing bulk cargo berths of No 115/105 and 214/300 area.

The existing port facilities under the present conditions cannot accommodate future export/import cargo demand required by the hinterland development.

Improvement and/or development of port facilities, particularly the following facilities and port related inner road are urgently required.

i) Automobile Terminal Development

The export/import trade of automobiles among the ASEAN region is expanded under the AFTA. The Tanjung Priok port requires the exclusive automobiles terminal. The present export and import automobile traffic volume is as follows:

Makers	Export	Import	Remarks
Car maker A	1,000 units / month	100 units / month	Export to/ import from Thailand
Car maker B	700 units / month	700 units / month	
Car makers	500 units / month	200 units / months	Export to Thailand and Philippine

Source: JICA Study team

It is forecast in next few years that the export and import volume of cars will increase with the growth rate of 20 % per year.

At each time of ship call the port office inform the cargo berth to berth to the shipping agent. The agent arrange necessary number of exporting cars to the specified yard and arranges the security measures for storage of export and import cars. This provision is considered temporary arrangement and insufficient for practical export/import automobile trade.

ii) Port Related Road Improvement

The existing inner port roads shall be widened. The direct connection between the inner port road and surrounding road of port shall be developed to avoid the congestion with city traffic and port related traffic. The truck parking area of export/import containers and bulk cargo along with the roads shall be planned.

iii) Navigational Channel, Basin and Breakwater

The existing access channel inside the port shall be widened by relocation of the existing breakwater alignment to make two ways traffic.

The port cannot cope with the future increase in ship calls under this situation. One gate operation in the port are *dead ends*, it is urgently required to ensure at least two gates operation.

iv) Conventional Cargo Wharf

There are some conventional wharfs handling domestic and export/import cargo together, which shall be separated for domestic cargo and foreign trade terminal respectively from the points of efficient security and smooth cargo movement and effective custom clearance procedure.

The conventional cargo wharfs shall be integrated by the commodities basis of foreign trade and domestic for the following advantages,

- to improve the cargo handling efficiency,

- for proper security checking,
- minimizing traffic congestion with container trailers and general, bulk cargo trucks inside the port roads area
- to shorten the time of custom clearance procedures

2) Implementation of the Urgent Rehabilitation Projects of Tanjung Priok Port

i) Necessity of Urgent Rehabilitation Projects

Establishing an effective cargo distribution system for reliable transportation services are urgently required for.

- To increase and maximize the capacity/productivity of the existing port facilities
- To promote existing trade capacity as well as new industrial investment by achieving the best use of the existing facilities and providing good services

The Urgent Rehabilitation Projects of Tanjung Priok Port are proposed to solve the causes of unfavorable situation of the port which is one of the main components of the master plan formulated by JICA Study for the Development of Greater Jakarta Metropolitan Ports in 2002/2003 including the feasibility study for development of the second port as supplement to the Tanjung Priok Port.

ii) Components of the Project

a) Demolition of the existing breakwater and construction of a new breakwater to make two way traffic of ship call.

b) Widening and deepening of the existing access channel and the central turning basin inside port.

c) Construction of road widening inside the port

d) Development of Existing Custom Office Building Area of JICT 1 Area

e) Consulting Services

3) Progress of Development of Second Port Concept

The JICA Study had recommended to develop a supplemental port to the Tanjung Priok Port. Indonesian Port Corporation 2 (IPC 2) has been examining the feasibility of development of second port. Subsequently IPC 2 has started the berth construction and reclamation works for development of container yard along the planned long term development plan of JICA study.

The construction cost is about 84 billion Rp which is arranged by their own budget and works started from December 2003 at the site of Bojonegara, Banten Province Western Jawa, where is about 100 km west from the Tanjung Priok Port. The scope of Works is as follows:

- Deck on pile structures type, 102 m long x 40.8 m width in the depth of -16 m for large container ship
- Dredging works in front of the berth and
- 2 lines access road of 400 m length from the land where the land acquisition was completed.

4) Development of Inland Container Depot (ICD) and Free Commercial Zone around Port Area

i) Case of Inland Container Depot (ICD) for Laem Chabang Port of Thailand

The ICD of 1.0 million sqm are developed at the Lard Krabang area about 100km north from Laem Chabang port and east from the Industry parks surrounding the Bangkok city.

The land of ICD is owned by State Railway of Thailand (SRT) who leases such land to the 6 shipping companies to develop and operate ICD for the Laem Chabang Port, the necessary custom clearance procedure are conducted here by the custom office of Thailand.

ii) Case of Free Commercial Zone in Port Klang Malaysia;

The Ministry of Finance of the Central government of Malaysia established the Free Commercial Zone around the port area in 1990. The Ministry of Transportation designated PKA as the Free Zone Authority (FZA) in each port area such as, North port in April 1993, West Port in June 1996, South port in January 2004.

All operation in the terminals of the Port Klang is considered inside the free commercial zone (FCZ). So that the custom control is minimized. in order to encourage commercial activities, investment, trading, banking, grading and port activities of import and export cargo activities. As a result of such reform of regulation the traffic volume through the ports in 2003 has increased 100% from those in 1993.

The benefits by establishment of FCZ are as follows:

- Lower cost (cash flow)
- Less restriction of transshipment to re-export
- Simple documentation of procedures on line transshipment
- Storage, consolidation, regional distribution and value adding to import cargo get simple,

iii) Development Concept of ICD in the Hinterland of the Port

Free trade zone or export processing zone has not yet been developed in or adjacent to the Tanjung Priok Port. Such zones are often seen in other Asian ports to attract industry /investment and encourage trade competitiveness among the ASEAN region.

a) Present Conditions of ICD Around the Port

The existing inland container depots (ICD) in the hinterland of the Tanjung Priok Port have small bonded area with the custom branch office inside of the ICD, which are located scattered around the port has been used for the temporary storage of import and export containers from the JICT and Koja and others terminals. It is observed that the facilities are poor and not adequate facilities to support the containerized logistic transport system.

b) Custom Clearance Procedure in ICD

The necessary custom clearance documentation of export/import cargo can be done by cargo owner through the custom branch office in the ICD.

These custom offices in ICD operate independently. The custom office of each ICD and the central office in the port are not connected by on line system for interchange of data and information.

This situation causes duplication of documents submission and time consuming manner. In order to improve custom clearance services the custom offices in the ICD and the port should be integrated its process and procedure and connected by on line system through introduction of EDI or internet connection.

c) Present Truck Transportation of Containers between the Port and Industry Complex

The present truck transportation can make only one trip per one day between the factory and port because of heavy traffic congestion through Metropolitan Jakarta and surrounding roads of the port and longer waiting time of queue to enter the yards in the port.

By having the ICD between the port and industrial estates and introducing two separate truck shuttle service system between the factory and ICD, and from the ICD to the port, the time of cargo transport can be substantially reduced and rationalized the frequency of transportation

(3) Management and Operation of the Port

1) Present Operators of Conventional Terminal

Berth productivity in terms of throughput per unit length of quay wall of container cargo is in general, annually 350,000 TEU per 300 m long of berth. The container through the conventional terminal has been handled around 261,000 TEU per 500m long in 2002 due to the shortage of cargo handling equipment by the operators. The berth occupancy rate of the conventional berth has reached in average 50-60% in 2002, while IPC 2 sets the target of 70%.

This figure seems to show the inefficiency of terminal operation from ship operators' viewpoint and as a result it is caused to incur higher cost to users.

2) Fixed Berths Operation System

The conventional terminals of the Tanjung Priok Port are used only by the stevedoring company

who make annual lease contract with IPC 2 on the contracted wharf. The incoming ship can berth along the berth only in which the stevedoring company contracted under the "Fixed berths assigned to each operator system". Otherwise the ship must wait for berthing till the berth assigned to the stevedoring company is got cleared.

Therefore the cargo operation efficiency, particularly in the conventional terminals is low and the berth waiting time of ship is got longer.

3) Management of the Port Operation and Services

i) Achievement of Efficient Customs Clearance

a) Time Required for Custom Clearance

Transit/dwelling time of cargo in the port area is long and unreliable due to inefficiency of shipping operation, cargo handling, customs clearance and land transport management as well as complicated documentation.

It was reported from the Survey that around 46.4% of the import cargo took over around 6 days and 53.6% is 8 days, in average 5.5 days to clear customs.

According to the statistic data of MLIT (Ministry of Land, Infrastructures and Transport of Japan) 2003, the case of Japan takes 3 days for customs clearance and Singapore takes 1 day.

b) Arbitrarily Developed Government Agency Office Buildings and Complicated Custom Procedures

The port related government offices seem to be arbitrarily located in the port area. In particular, there are three Customs Offices at respective administrative areas, therefore shipping agents and consignees have to submit documents to different offices for customs clearance in the same port.

ii) Activating Promotion of the Port

IPC-2 had not taken activating activities with holding meetings for the following purposes among the others with related parties and users such as shipping companies, shippers, consignees and potential users

- To exchange necessary information and viewpoints
- To obtain precise information on the shipping market
- To grasp the needs of users
- To clarify the sales points of the port
- To reinforce port sales promotion activity to potential users.

iii) Establishment of Effective Training System of IPC 2

IPC 2 had developed good training system for port workers/gangs for improvement of cargo handling efficiency. IPC 2 and port operators should jointly activate of introducing Quality Control (QC) circle and maximum use of the function of the available Port Training Center (PTC)

iv) Proper Maintenance and Rehabilitation of Port Facilities and Equipment by IPC2

The following defects in the port facilities, particularly in the conventional terminal area should be rehabilitated.

- Some general cargo wharf are observed that the clearance between the high water level and the top elevation of these wharf is not enough to place the ship ramp of larger cargo ships on the wharf safely and to form allowable slop with ramp.

  The placement of ship lamp is waited till the acceptable level of tide, which cause additional time of berthing and longer time of loading/unloading operation safely.

- The width of apron between the face line of wharf and shed is narrow; some of the unused sheds and warehouse along the cargo wharf should be demolished and used for open storage area of truck parking area, car pool area for loading and unloading.

(4) Management and Operation of International Container Terminals

1) Observations of Container Terminal Operation in Tanjung Priok Port

i) Terminal Prices

Terminal prices are fixed at higher level compared with other terminals of major ports of ASEAN region.

ii) Monopolized Container Operation Services

JICT and Koja are currently enjoying what can be called a monopoly of container operation service in the Jakarta Metropolitan region. Under present terminal market situation, it is hard for JICT/Koja to find any reason to reduce terminal tariff rates.

iii) Optimum Staffing Arrangement of Container Terminal Operation

Current JICT and Koja seem to be overstaffed in comparison with other terminals with similar throughput. This situation was caused by the transition agreement involving IPC-2 employees at the establishment of JICT and Koja.

In some advanced ports, the research and development being promoted on automated operation of container equipment. New innovations will eventually further decrease the manning scale.

The number of staffs per gantry crane is compared between the world standard and the case of JICT/Koja container terminals. It is found that for both JICT and Koja, the standard size of one

gang per gantry crane per shift is almost double that of the world standard.

As long as labor costs in Indonesia are far less than the international standard, this situation might be tolerable. But from the long term managerial view point, it is important to enjoy a surge in its container volume when it cut its handling charge by 30%.

2) Dissatisfaction with Quality of Terminal Services

Main points of dissatisfactions rose by shipping lines and shippers/consignees are listed below.

Item	Dissatisfied Party	Complaints
Equipment maintenance	Shipping lines / Agents	Due to mal-function of gantry crane and shortage of spare parts, longer time required for repairs, schedule of ships at port and container loading/unloading is delayed
Gantry production	Shipping lines / Agent	Low production of GC due to shortage of chasses trucks to transport containers to the yard, which increases the amount of time for ship at port.
Pilferage in yard	Shipping lines / Agents Shippers / Consignees	Rampant pilferage of content from container occurs.
High charge level	Shipping lines / Agents Shippers / Consignees	Compared with other major terminals, too high and raised one-sidedly. Actual charge level quoted in US dollars is felt to be the highest in the world.
Ship's waiting time	Shipping lines / Agents	More than two hours waiting is not rare under the window system.
Miss-operation	Shipping lines / Agents	Due to careless container planning and computer error, containers were placed in the unscheduled location and exceeding capacity of ship loaded and unloaded.

Source; JICA Study team

(5) Analysis of Utilization of Existing EDI System of IPC 2

1) Case of EDI of IPC 2

EDI system which has already been established in Tanjung Priok port is not fully utilized and optimized yet. The custom office in the port still receives the declaration form from the consignees partially by hard copy for the process.

At present for ship and cargo through the port about 18 different kinds of documents are required to submit, which are circulated and distributed among 10 different document users.

The documents distribution and circulation for approval of clearance from concerned agencies are required lengthy times. In order to minimize number of duplication of same documents and time consuming of distribution and circulation from one to the other agencies, the process shall be

rationalized and shortened the time of checking documents by utilizing EDI more effectively.

It seems that the level of knowledge and experience of IPC2 staff pertaining to EDI is not sufficient to develop and operate EDI by themselves.

It is reported from some port users that since introduction of EDI of the Customs Office the number of physical checking of import cargo by custom office has increased to 20-30% of the total import cargo volume compared from the prior to the EDI introduction at 10-15% of import cargo volume. The cost to importers has increased due to charges by using EDI system and additional checking fee of physical checking by custom office.

2) Case of Use of EDI by Exporter of Fishery Products

i) Comments on Utilization of EDI of the Custom Office

The company adopted EDI system by on line system of custom procedure through the provider of PPJK. The company registered to DGBS (Custom and exercise) office to get licensed code number of export and import business.

The EDI on line system is interconnected with Custom office, Financial Dept, Bank, Companies of import and export business. The company pays the custom due through the two methods; - Deposit some amount in the bank to withdraw at each export case, - pay in cash by each export case.

The cost of usage of EDI got higher and expensive. The company contracts the provider of PPJK to connect EDI of DGCE for custom process and pay the subscription fee to them at each usage.

The company considers the introduction of EDI is very good, because of quick processing and less documentation to minimize the time of getting the custom clearance, in stead of visiting 18 windows of custom office in the port at each export. But it is more important to socialize the system of EDI and stimulate operation know how to users.

ii) Comments on Impediments for Modernized Trades through EDI

Today the most significant impediments for introduction of EDI are lack of human resources and the lack of knowledge of modernized new technology for trade facilities. The government offices like custom offices are still used for typical traditional machineries to typing the slips and computer software for procedure and process.

3) Case of Port Klang in Malaysia

They (PKA) had introduced the EDI system called Port Klang Community Services (PKCS) for exclusive Port Klang services for trade facilities with paperless custom procedure. The diagram indicating the linkage with port related institutions and port users through the PKCS is shown below.

The custom had established their own EDI system called Custom Information System (CIS) far in advanced from the PKA case to cover the nation wide custom services and connecting to PKCS.

(6) Present Conditions of Port Security

1) Yard Security of the Port

The Directorate General of Customs and Excise, Ministry of Finance established 1 unit of the X ray scan inside the container terminal yard area of JICT 2 and 2 units of the X ray scan in JICT 1. There is no X ray scan in Koja terminal. There is no X ray equipment in the conventional berths area. There are two units of the X ray checking scan at the passenger terminal

Fig. 3.4.1 X ray checking facility of Custom office at JICT 1

X ray checking the contents of container

Entrance Gate of X ray Test Facility at JICT

Container Checking Through X ray Booth

Content of Container on X ray Monitoring Screen

JICT 1 started to seal up the exit container at the exit gate of JICT 1 for ensure the security of imported containers and preventing the pilferage inside the yards.

Fig 3.4.2 Sealing Container at the Exit Gate of JICT 1

Attachment of Sealed Sheet on Container at Gate after Custom Checking at JICT 1

Checking Seal Number and Lock of Container by Custom Officer at JICT 1 Gate

2) Port Security

In case the port security level is set by the DGSC and MOC as the security level 3 according to the ISPS international standard code, the port must comply to have the necessary equipment and facilities at all berths and port areas together with the following arrangement.

i) To set up a security committee composed of related organizations in order to prevent such incident as pilferage in the port.

ii) To introduce sufficient hardware for port security such as fence and CCTV, which should be monitored from a central office of the Port, together with a constant surveillance system

iii) The following facilities at the Tanjung Priok port will be provided as the International Hub port to comply the ISPS code upon the approval by the DGSC.

a) X ray checking containers,

b) GPS,

c) CCTV is installed at gates, cargo yards, port control center and wharf.

d) The security plan by the respective terminal operator and submitted to the DGSC of Ministry of Communications through IPC 2.

3) Ship Safety

"International Convention on Maritime Search and Rescue (SAR Convention) 1979" which become effective since 1985, recommends a contracting Government to establish a ship reporting system for application within its search and rescue region.

In Asia-Pacific region, many systems have been established and operated, such as AMVER(Unired States), JASREP(Japan), STRAITREP(The Strait of Malacca and Singapore) and these have greatly contributed to maritime safety, especially in the sea areas of less rescue forces.

Considering that Indonesia, as a large maritime state in the world, has a vital responsibility for ensuring maritime safety and protecting marine environment, generating international trade security, Indonesia Ship Reporting System have not been planned and implemented yet to obtaine the reliable maritime safety according to the agreement of the international convention.

The following recommendations regarding the maritime safety for ships traffic within the Indonesian teritories among the others:

i) Indonesia Ship reporting systems shall be worked out to be practical manner of report and identifying the reporting area by coordinating with neighbor countries .

ii) Atomatic Identification System (AIS) by using VHF should be introduced in order to adopt an automatic positioning detecting system.

Table 3.4.2 Port Activities and Service facilities of Tanjung Priok Port, Laem Chabang Port and Port Klang

	Indonesia	Thailand		Malaysia	
	Tanjung Priok Port (year 2002)	Laem Chabang Port	Bangkok port	Port Klang (2003)	
1. Traffic Volume		(year 2002)	(year 2002)	North port	West port
1.1 Containers (TEU)	2,684,000	2,656,949	1,110,561	2,540,465	2,300,770
Import	1,244,000	1,317,910	516,690	1,301,674	1,166,262
Export	1,439,000	1,339,039	593,871	1,283,791	1,134,508
Domestic	261,000				
1.2 Cargo Volume (ton)	37,818,000	1,351,738	1,903,760	5,100,000	6,460,000
Import	19,864,000	93,148	1,789,507		
Export	17,954,000	1,258,590	114,253		
1.3 Liquid Bulk (ton)	8,462,246			2,296,241	3,302,916
1.4 Passengers	1,433,011	221,792		228,544	
2. Ship call (units)	17,068	5,672	2,519	8,084	7,826
	89,284,000 GRT				
3. Port Facility					
3.1 Berth Length					
Container Terminal	2,087 m	2,100 m	East Quay: 1,320 m	2,711 m	2,000 m
General Cargo	7,737 m	1,600m	West Quay: 1,545 m	1,358 m	600 m
Private,	773 m				
Passenger Terminal	250 m	400 m	115 m	43 m	660 m
3.2 Storage Area					
Open yard (sq.m)	for general cargo: 381,702			77,236	95,942
	for container: 230,297				
Container yard (sq.m)	1,411,479	629,200	148,200	91.6 ha	90 ha
Ware house (sq.m)	45 units :185,228	3,240		47,000	18,198
Bonded warehouses			9,554		
Dangerous Cargo warehouse			967		
CFS (sq.m)	7 units: 17,737 sq.m in general cargo berths	16,160		43,692	132,000
Transit Sheds (sq.m)			231,975	11,803	9,360
3.3 Depth along Berth					
Container berth	-8.5 m to -12 m and -14 m	-14 m	-8.2 m	-11m to -15m	-11 m to -15 m
General Cargo berth	-4 m to -12 m	-14 m	-8.2 m	-9 m to -12 m	-11 m to - 15 m
Private Berth	-8.5 m to -12 m				
Bulk Cargo Berth	- 8.5 m to -12 m	-14 m	- 8.2 m	- 10 m to - 11.5 m	- 11 m to -15 m
Passenger Berth	-8.0 m	- 14 m	- 8.2 m	- 2.2 m	- 11.5 m
3.4 Depth of channel	-10 m to -14 m	-14 m	-8.5 m to -10.72 m	- 15 m with 2 m at HWL	-15 m from Malaka strait

Table 3.4.2 Continue

3.5 Inland Container Depot	Operate by private companies. inside and around the port in total 28 ha. Only storage of containers, no custom service provided.	At Lard Krabang area; 227,000 sqm Custom service is provided. Shipping company operate ICD. Railway area;1134 sq.m	There is Special Export Zone situated behind Transit Shed No.6 for store FCL & LCl containers to stay up to 30 days.	PKA plans to develop the Pulau Indah Free Zone behind the Westport to make a regional ASEAN distribution center as well as a trade abd logistic center. The project is comprising manufacturing activities, light industries facilities, as a self-contained development. All the support services required are readily available within the area with minimal bureaucratic requirements including customs formalities and other rules and regulation		
4. Cargo handling Equipment						
4.1 Containers Quay Cranes						
Container Terminals	24 units	15 units for 5 terminals	14 units for 2 container terminals	24 units	20 units	
Cont Handling Speed	20-23 TEU / hr	31 TEU / hr		33 TEU /hr		
Convention Berth	2 units	No				
4.2 General cargo			For two quays (west and east)			
Fork lift	71 units		200 units			
Mobil crane	6 units		45 units		2 units	
5. Number of Private operators						
5.1 Container Terminal	3 private operators	5 private terminal operators	The port's Stevedores and private forewarders handle import & export containers	1 private terminal operator for Northport and other for Westport separately operate, manage and maintain all the facilities including the maintenance dredging around the berths and channel. PKA has not operated the port after privatization from 1992.		
5.2 Conventional cargo	14 private operators	6 private operators	By Bangkok port as port operator for importing and exporting cargo.			
6. Terminal Handling Charges						
	us$ 150 / 20 feet container	us$ 104/20 feet container		us$ 90/20 feet container		
	us$ 230 /40 feet container	us$ 156/40 feet container		us$ 135 /40 feet container		
7. Other Facilities						
7.1 EDI system	IPC 2 introduced EDI system and used partialy. The container terminal operators did not introduce the EDI connecting to IPC 2 and custom offices.	PAT at Laem Chabamg has not yet introduced EDI system for custom procedures and process.	PAT opened one stop services for paying charges and fees at the Bangkok port. EDI system is reluctantly introduced., but E-payment system of port tariff and charges was introduced at both ports.	PKA had already introduced the EDI system called "Port Klang Community Services"(PKCS) for exclusive Port Klang services for trade facilitation with paperless custom procedures. The custom office had established their own EDI system called "Custom Information System" cover the nationwide and connecting to PKCS.		
7.2 Security	It is often reported the pilferage in the yard from the contents of containers. The port has been complied with ISPS code of IMO in July 2004 and registered accordingly.The port handle dangerous cargo in the port area.	PAT at Laem Chabamg and Bangkok port announced in 1993 to handle dangerous cargo in the port area. The both ports has already complied to the ISPS codeof IMO.		PKA had already provided the following facilities as the primart port to comply the ISPS code under the responsibility of the maritime department of GOM. (i) X ray checking container, (ii) GPS, (iii) CCTV , (v) The security plan of each port is prepared by respective terminal operator according to ISPS code.		

Table 3.4.2 Continue

7.3	Export Processing Zone		The Laem Chabang Industrial	PAT opened the small and midum	Minitry of Finance GOM established Free Commercial Zone(FCZ) around the port area. THE PKA is designated as the Free Zone Authority(FDA) in each port. All operation in the port is considered to be operated inside the free commercial zone. The custom control is minimum. The free zone is deemed to be a place outside Malaysia to encourage commercial activities, trading, banking, and port activities of import and export trade.
	Other facilities	There is no Inland container Depots to carry out customs procedures around the port area. There are number of bonded factories in the sourounding area of the port where the custome procedures and export declaration documents can be processed.	Estate is situated just behind the sea port. The total area 576 ha consisting general industrial Zone (280 ha) and Export Processing Zone (147 ha). in which custom clearance service is provided. 135 of established factories operate in the Estate.	enterprises (SME) export promotion center to help SMEs exporters in exporting their products.	
8. Future Development Plan					
		(1) Development and operation of industrial estate and container terminals at Bojonegara for supporting Tanjung Priok port. (2) Optimization of 22 ha of Dock Koja Bahari space in the Tanjung Priok port. (3) Development of old conventional berths of Nusantara basin for multipurpose terminals.	(1) Development of container terminals of Phase 2 project constructing 1,800 m container berth, and 500m passenger terminal berth in the basin 2 to expand the capacity of containers to 3.4 mil TEU additionally with water depth of -16 m.	PAT plans to develop coastal shipping facilities and regional ports in Ranong province to extend the transportation of goods carried along the Andaman coastaline to Myanmar and South Asia and expanding trade with countries bordering the Mekong River.	The westport located in the Pulau Inda is planned to expand toward the Malaka Strait along the extension of the present berth alignment with 6 additional berths. The expansion of North port is required, but due to limitation of the area on land and sea, no more expansion of North port but concentrate to Westport.

3.5. Improvement of Airport Infrastructure

The scope of this study covers the process and procedure from the acceptance of documents and cargoes/goods at the bonded warehouse in Soekarno-Hatta International Airport up to the departure of aircraft as to export, and from the arrival of aircraft up to the delivery of documents and cargoes/goods at the bonded warehouse in the airport as to import.

The analysis of present condition and hindrance for improvement identified through the study mentioned above, the study of time required for release of goods and also through hearing/interview with airfreight forwarders, etc. are described as follows:

3.5.1 Hardware field

(1) Import Cargo Handling Area

1) Analysis of Present Condition and Identification of Hindrance for Improvement

The existing import cargo handling area does not have an enough space to break down ULD cargoes and also to perform arrival cargo checks efficiently, smoothly and safely. Also, under present conditions, there are many ULD cargoes to be held temporarily outside the bonded warehouse facility, which constitutes the main cause of wet cargo damage, especially during the rainy season.

(2) Import Truck Dock Platform

1) Analysis of Present Condition and Identification of Hindrance for Improvement

The existing import truck dock platform space (depth: 4m) is too narrow to move and maneuver forklift when loading of import cargoes onto the truck. But when it comes to peak time, the truck dock platform becomes too crowded with released import cargoes and has no space for people to pass through the truck dock platform. Also there is no space to deploy a necessary number of forklifts flexibly as the need arises. Therefore, most of the physical cargo handling work, such as loading of import cargoes onto the truck, is relied on the manpower of clients instead of forklifts.

Furthermore, since the structural style of the existing truck dock is quite outdated, the height of the truck dock platform cannot be changed to the height of the truck bed. Moreover, the existing truck dock platform has not been designed with the consideration of wing type large-size trucks.

These truck dock problems are serious bottlenecks to promote the delivery of import cargoes by ULD and to ease the congestion of truck docks as well as parking lot for trucks. This truck dock problem is also causing a secondary shortage problem of cargo handling equipment such as forklifts.

(3) Cargo Handling Equipment

1) Analysis of Present Condition and Identification of Hindrance for Improvement

As already mentioned, the existing truck dock platform does not have enough space to deploy a necessary number of forklifts flexibly, which therefore causes a secondary shortage problem of cargo handling equipment.

(4) Wet Cargo Damage

1) Analysis of Present Condition and Identification of Hindrance for Improvement

Many complaints have been raised against cargo traffic handling irregularities, especially against wet cargo damage caused during the rainy season. Main cause of the wet cargo damage at Soekarno-Hatta International Airport lies in the shortage of total import bonded warehouse space. Under the existing bonded warehouse conditions, there are many ULD cargoes to be held temporarily outside the bonded warehouse facility. Moreover, since the lengths of the existing bonded warehouse eaves are too short, it is impossible to protect ULD cargoes from wet-damage, especially during the rainy season.

(5) Lighting Setup in the Airport Bonded Warehouse

1) Analysis of Present Condition and Identification of Hindrance for Improvement

The existing lighting is too poor for warehouse workers to perform documents and cargo handling effectively in the bonded warehouse. Such inadequate lighting not only worsens the warehouse work environment, but also has a high possibility of leading to the occurrence of a serious cargo traffic handling irregularity. Also such inadequate lighting may become a factor which promotes the occurrence of suspicious pilferage in the bonded warehouse.

(6) Traffic Congestion in the Parking Lot

1) Analysis of Present Condition and Identification of Hindrance for Improvement

The parking lot of trucks waiting for pick-up of released import cargoes becomes too crowded when it comes to peak time of import cargo handling, which makes it difficult for cargo vehicles to move smoothly.

(7) New Cargo Terminal

1) Analysis of Present Condition and Identification of Hindrance for Improvement

As already mentioned, the existing bonded warehouse facility is already too narrow and the structural style of the warehouse is too outdated to handle international cargoes efficiently, smoothly and safely. The existing Cargo Terminal facility of Soekarno-Hatta International Airport is inferior in many respects compared to those of Bangkok International Airport in Thailand and Kuala Lumpur International Airport in Malaysia.

The expansion and renovation of the existing bonded warehouses are essential but these will be merely an emergency evacuation temporary countermeasure until a new cargo terminal is constructed. The construction of a new cargo terminal with more state-of-the-art equipment, facilities and more user-friendly warehouse work environment is essential in order to cope with the increase of future cargo demand as a hub cargo not only in Indonesia but also in Asia.

3.5.2 Software Field

(1) Control and Storage System of Import Cargoes

1) Analysis of Present Condition and Identification of Hindrance for Improvement

The present data processing method not only takes a lot of time but also causes duplication of manual input work of Air Waybill numbers, and also hides a high possibility of data-input errors of Air Waybill numbers, arrival checks and storage locations of import cargoes, etc. Furthermore, these kinds of data-input errors will lead to serious cargo handling traffic irregularities such as delivery errors and delivery delays of import cargoes, etc.

3.5.3 Institutional Aspects

(1) Function of Forwarder's Bonded Warehouse outside the Airport

1) Analysis of Present Condition and Identification of Hindrance for Improvement

Since June 2001, airfreight forwarders have been permitted to have their own bonded warehouse outside the airport.

Regarding the bonded transportation of import cargoes, that is, the bonded transportation from the bonded warehouse of PT. Garuda or PT. JAS in the airport to the forwarder's bonded warehouse outside the airport is permitted only for BULK cargoes after breakdown of import ULD cargoes at the bonded warehouse in the airport, but the bonded transportation of ULD cargoes is not permitted.

While, in respect to the bonded transportation of export cargoes, that is, the bonded transportation from the forwarder's bonded warehouse outside the airport to the bonded warehouse of PT. Garuda or PT. JAS in the airport is not permitted for all export cargoes (BULK/ULD cargoes).

Originally, the function of the bonded warehouse in the airport and that of the forwarder's bonded warehouse outside the airport are different. The main function of the former is to deliver more cargoes as swiftly as possible by ULD without breaking down the import ULD cargoes in the airport. The main function of the latter is to pick up ULD cargoes in the airport as quickly as possible and transport the ULD cargoes in bond to their own bonded warehouse outside the airport and import customs clearance should be made at the

forwarder's bonded warehouse in compliance with the request of the respective consignee, as the case may be.

(2) Transportation of Cargoes between Japan and Indonesia via Singapore, Bangkok and Kuala Lumpur

1) Analysis of Present Condition and Identification of Hindrance for Improvement

At present, a lot of cargoes between Japan and Indonesia are carried via third countries.

The first reason why many cargoes between Japan and Indonesia are carried via third countries is due to the fact that the capacity (supply) of air cargo transportation between Japan and Indonesia is not enough, because there is no direct freighter service between Japan and Indonesia.

The second reason is that many regulatory problems, actions and restrictions in respect to trade related systems and procedures still exist in Indonesia.

Regrettably, it is a real situation that the scale and cargo handling capacity of the existing air cargo terminal in Soekarno-Hatta International Airport is inferior in many respects compared with those of Kuala Lumpur International Airport in Malaysia and Bangkok International Airport in Thailand, where we conducted trade environment investigation as the close-related third countries with Indonesia.

3.5.4 Operational and Organizational Aspects

For these 10 years, the concept of Just-In-Time (JIT)) has become dominant throughout the world. In air cargo transportation, reliability, accuracy, safety, swiftness, and at an appropriate cost are very important factors. Also, many enterprises, especially Japanese-affiliated companies require high quality standard of air cargo services.

(1) Broken Cargo Damage

1) Analysis of Present Condition and Identification of Hindrance for Improvement

Much of the broken cargo damage occurs by rough and careless handling of warehouse workers, especially concerning precision machinery such as electric and electronic parts and goods. This is obviously caused due to a lack of thinking toward the safety and maintenance control in addition to the fundamental code of professional ethics of warehouse workers.

(2) Cross-Forwarding of Cargoes

1) Analysis of Present Condition and Identification of Hindrance for Improvement

At the time of bond-in check of export cargoes and also at the time of buildup check of export cargoes onto ULDs, there are cases where AWB number check, piece count

and destination check are not properly performed, which cause a serious cargo traffic handling irregularity such as cross-forwarding of cargoes to wrong destinations.

(3) Mind toward Safety and Maintenance Control

1) Analysis of Present Condition and Identification of Hindrance for Improvement

There are cases where ULD cargoes with container's door open are carried by dollies. In the event that any of the ULD cargoes being dropped on the way from inside of the ULD on the dollies, it is very dangerous and may lead to the occurrence of cargo damage or other accident. It is highly expected that the handling volume of precision machinery such as electrical and electronic parts and goods to be carried by air will increase from now on. In this sense, a solution to this kind of problem is very important.

(4) Effective Control and Proper Handling of "Long-Term-Storage Import Cargoes"

1) Analysis of Present Condition and Identification of Hindrance for Improvement

Import cargoes which elapsed one month or more after the arrival at Soekarno-Hatta International Airport are to be transferred as "long-term-storage import cargoes" to the Customs Bonded Warehouse. But it is in a difficult situation to find more space to accommodate such cargoes in the Customs Bonded Warehouse, since many "long-term-storage import cargoes" have already been stored in the Customs Bonded Warehouse,.

As a result of such a situation, these "long-term-storage import cargoes"are obliged to be stored in the bonded warehouses of PT. Garuda and PT. JAS and they have come to occupy too much space in the bonded warehouses.

Since "long-term-storage import cargoes" in the Customs Bonded Warehouse have not been controlled properly by storage location, it is an almost impossible situation to look for a specific cargo once they are transferred from the bonded warehouse of PT. Garuda or PT. JAS to the Customs Bonded Warehouse.

(5) Release of Import Cargoes Requiring Longer Time

1) Analysis of Present Problems and Hindrances and Improvement Plan

At present, there are complaints from clients saying that the time from arrival of aircraft to release of goods takes too long.

According to the results of the time measurement for export and import processes, the average time of 67 hours 59 minutes were used up only for the process interval between the notice of Red Channel and the start of customs cargo inspection as against the average total time of 117 hours for that between Submission of PIB and Issuance of SPPB. Since the

longest time was spent on processing of this portion, the process portion is considered that an improvement is required.

On the other hand, according to the hearings by way of questionnaires and interviews with airfreight forwarders and customs brokers, strong dissatisfactions were indicated toward the present situation of the customs cargo inspections. Because it is very difficult to get in touch with customs officers in charge and takes too much time for making an appointment for the presence of customs inspections due to circumstances of absence or shortage of customs officers.

3.5.5 Security Aspects

(1) Pilferages

1) Analysis of Present Condition and Identification of Hindrance for Improvement

Pilferage cases occur frequently in Indonesia, even in the airport bonded warehouses of PT. Garuda and PT. JAS, especially concerning high-valued goods. Pilferage cases are a serious problem to the consignee and its customs broker.

(2) Coming of Cats Inside the Bonded Warehouse Facility

1) Analysis of Present Condition and Identification of Hindrance for Improvement

Every time when visiting the bonded warehouse of the Cargo Terminal in Soekarno-Hatta International Airport, several cats can be seen in the bonded warehouse facilities even in the daytime. This situation cannot exist in other countries. From a sanitary and safety control point of view against human and cargoes (food, etc.), this situation cannot be left as it is.

(3) Security in General

1) Analysis of Present Condition and Identification of Hindrance for Improvement

Under the existing cargo terminal condition, there is a possibility that outsiders can easily steal into the crowded bonded warehouse and also access the apron side of the cargo terminals.

3.5.6 Investigation of Trade Environment in Third Countries

In order to collect relevant additional information for comparison with the data and information obtained from the study, investigations in third countries were carried out during the period from May 30, 2004 through June 5, 2004 in Thailand and Malaysia which have close relationship with Indonesia.

The comparisons with these countries are shown in Table 3.5.1 to Table 3.5.3.

Table 3.5.1 Comparison of SHIA with Third Countries (Thailand and Malaysia)

Comparison Table with Third Countries (Thailand and Malaysia) [Part I]

Item	Indonesia	Thailand	Malaysia
Airport Name	Soekarno-Hatta International Airport	Bangkok International Airport	Kuala Lumpur International Airport
Opening Year of Airport	1985	1914	1998
Airport Land Area	1,800 h	621 h 1,500 h	3,000 h(First Phase)
Runway	3,660m x 1 3,600m x 1	3,700m x 1 3,500m x 1	4,000m x 2
Operating Parent Body	PT Angkasa Pura Ⅱ	Airport Authority of Thailand	Kuala Lumpur International Airport Berhad (KLIAB)
Handling Capacity	18,000,000 passengers /Year	?	25,000,000 passengers /Year
Annual Passenger Movements	14,830,000 (2002)	13,120,000 (2002)	16,400,000 (2002)
Future Plan	?	New airport is under construction	Future plan: 10,000 h Runway: 4,000m x 4 by 2020 Handling capacity: 60,000,000 passengers/year

Table 3.5.2 Comparison of SHIA with Third Countries (Thailand and Malaysia)

Comparison Table with Third Countries (Thailand and Malaysia) [Part II-A]

Item	Indonesia	Thailand	Malaysia
Airport Name	Soekarno-Hatta International Airport	Bangkok International Airport	Kuala Lumpur International Airport
Total Cargo District Land Area	67,290㎡	167,000㎡	430,000㎡
Cargo Terminal Warehouse Operator	PT Garuda (Export) PT JAS	TG = Thai Airways International TAGS = Thai Airport Ground Service	MH Askargo (Malaysian Airlines) KLAS （KL Airport Service)
Total Cargo Terminal Bonded Area	46,825㎡	107,064㎡	92,900㎡ (MASkargo)
Cargo Terminal	Bldg.No. 510 PT Garuda (Export) Bldg.No. 520 PT Garuda (Import) Bldg.No. 520 PT JAS (Import) Bldg.No. 530 PT Garuda (Import Rush Handling) Bldg.No. 530 PT JAS (Export)	Terminal 1(TAGS Import Warehouse） Terminal 2 (TG Customer's Airlines） Terminal 3 (TG) Terminal 4 (TAGS Export Warehouse)	MASkargo Terminal KLAS Terminal
Building Structure	1-story structure	2-story structure with vaulted ceiling in warehouse part	MASkargo 2-story structure including warehouse
Building Size	Bldg. No.510 168m(W) x 84m(D) Bldg. No.520 168m(W) x 100.8m(D) Bldg. No.530 151.2m(W) x 84m(D)	Terminal 1: 264m(W)x109m(D) Terminal 2: 288m(W)x111m(D) Terminal 3: 252(W)x112.5m(D) Terminal 4: 180m(W)x100m(D)	MASkargo 312m(W)x132m(D)
Bonded Area	46,825㎡	107,064㎡	92,900㎡
Handling Capacity	?	300,000t	675,000t/Year 1,000,000t/Year (Full Capacity) 3,000,000t/Year (Expandable with new Terminal)

Table 3.5.3 Comparison of SHIA with Third Countries (Thailand and Malaysia)

Comparison Table with Third Countries (Thailand and Malaysia) [Part II-B]

Item	Indonesia	Thailand	Malaysia
Annual Airfreight Movements	175,626t (2003)	890,000t (2003)	586,000t (2003)
Average	3.8t /㎡	8.3t /㎡	6.3t /㎡
Comments	1. The present warehouse facility of Cargo Terminalin Soekarno-Hatta International Airport is already too narrow and the structural style of the warehouse is too old to handle air cargoes efficiently, smoothly and safely. 2. The warehouse work environment is very poor because inside the warehouse is too dark, narrow and crowded. 3. Most of the physical cargo handling work has been relied on the manpower of cargo clients instead of forklift when loading of released import cargoes onto the trucks. 4. There were many people who are obliged to spend a lot of idle time in and around the warehouse truck dock and customs office.	1. The airport bonded warehouses visited this time were TAGS import warehouse of Cargo Terminal 1and TAGS export warehouse of Cargo Terminal 4. 2. The ceiling of the warehouses is very high, ventilation of the warehouse was very good and the air in the warehouse felt very clean. 3. The warehouse facilities have been well-designed structure with user-friendly, because the flat floor space, except the high-rise storage rack for import cargoes, work stations for building up export cargoes and ramp-side roller bed facilities for export ULD cargoes, can be used widely and effectively. Note: TAGS = Thai Airport Ground Service	1. The airport bonded warehouses visited this time were export and import warehouses of Malaysian Airlines' "AdvancedCargo Centre" (ACC).. 2. The warehouse has been designed for effective use of three dimensional spaces of warehouse and labor-saving with the introduction of the advanced state-of-the-art cargo handling facilities. 3. All the warehouse was kept very neat and clean. 4. In Malaysia, the concept of "user-friendly" has been disseminated, especially in the field of trade related systems and procedures. 5. The whole area of MASkargo ACC Terminal and Forwarders Warehouse Facility has been designated as "Free Commerical Zone" and within the area, export and import cargoes can be moved freely without any customs procedures for bonded transportation. 6. In the middle part of the MASkargo Warehouse Facility, a corner of "Priority Business Centre" has been established where key-clients can kill their waiting time over a cup of coffee or tea at any of the day (available 24-hour) 7. At the MASkargo warehouse counter, you can complete all kind of procedures at one place such as pick-up of cargo documents (AWB etc.), settlement of air freightage of charges collect import cargoes, storage charges, etc. 8. At the customs' "One Stop Centre" in the airport, you can also complete all necessary customs and quarantine procedures in one place. "One Stop Centre" is open 24-hour of the day.

3.6 Improvement of Inland Trade/ Transport Infrastructure with Road Network

(1) Future Road Network (Arterial Road and Toll Road)

1) Concept of Jakarta Outer Ring Road (JORR)

The Jakarta – West Java toll road system has been implemented in the following sequences since 1979.

- Jagorawi toll road has been open to the public since 1979
- The Jakarta – Merak toll road since 1984
- The Cengkareng Access since 1985
- The Jakarta – Cikampek toll road since 1988

As an integral part of the Jakarta – West Java toll road system, Jakarta Outer Ring Road is expected to play the following important roles:

- Alleviation of serious traffic congestion;
- Supplementing the function of the radial toll road and the Cengkareng Access; and
- Improvement of land use in DKI Jakarta, Tangerang and Bekasi.

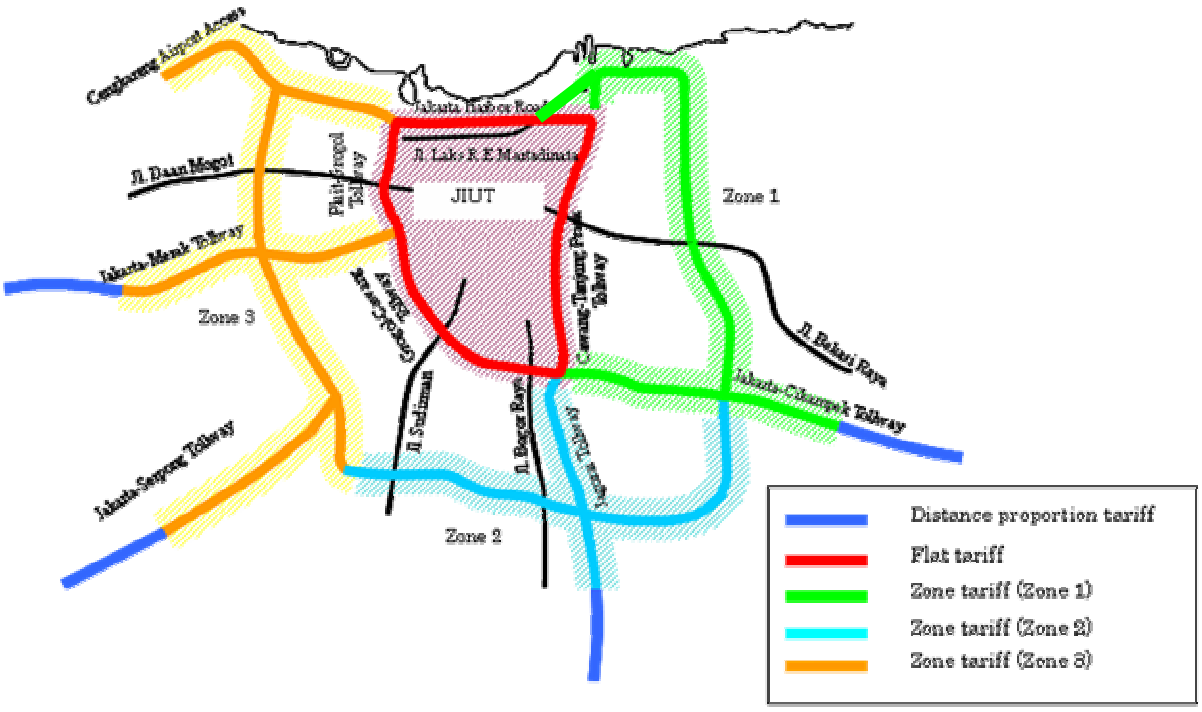


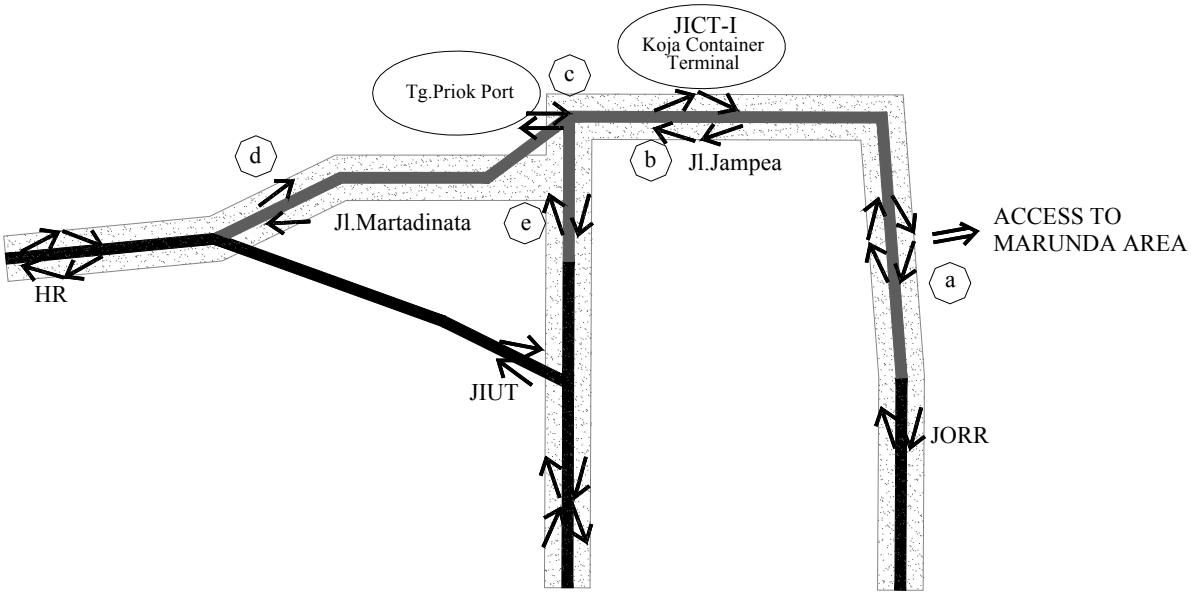
Figure 3.6.1 Concept of Tariff System in Jakarta Outer Ring Road

2) Aim of JORR/ JORR Northern Extension (Tanjung Priok Access)

Large/ heavy trucks especially trailer trucks to/ from the port are recommended to use the Outer Ring Road instead of the JIUT through the city for shorter access to the industrial estates in the eastern region (Karawang, Bekasi, Cikarang).

The proposed improvement access to Tanjung Priok port from the three directions are summarized below:

- Eastern access: Construction of a new elevated road to provide direct access from the East, i.e., between JORR and the port, and widening Jl Jampea.
- Western access: Widening of Jl. Laks. R.E. Martadinata to provide improved access to the port from the West.
- Southern access: Construction of flyover along with Jl. Sulawesi at the intersection of Jl. Enggano in order to secure smooth access from the south including JIUT.



a. Full diamond IC at Jl.Cacing (near Marunda Access)
b. Full diamond IC at Jl.Jampea (near Koja Container Terminal)
c. Half diamond IC at Tg.Priok Port Gate 9 (on to eastward,off to westward)
d. Half diamond IC at Jl.Martadinata (on to westward,off to eastward)
e. Half diamond IC at Jl.Yos Sudarso (on to southward,off to northward)

Figure 3.6.2 Tanjung Priok Access

3) Eastern Access Port Highway

Eastern Access Port Highway is 3 km long viaduct to connect the Gate-9 at the port and intersection of Jl. Cilincing which is formed as parts of JORR Northern Extension, and generally follow the alignment of Jl. Jampea and Jl. Cakung.

Due to the narrow ROW (Right of Way), it will be built as an elevated structure along Jl. Jampea.

This highway viaduct starts near the Gate-9 of port entrance and slightly bend to North side and follows the existing alignment of Jl. Jampea.

The exclusive on-off ramps will be developed to connect JICT I/ Koja Container Terminal with this viaduct highway.

4) Western Access Port Highway

Widening of Jl. Laks. R.E. Martadinata from a 4-lane to 6-lane arterial road can take place within the existing right of way from the port to where it passes under the Harbour Toll Road. Thereafter, in the Ancol area there is no room for widening within the existing ROW and the extra lanes will have to be provided either by building a second level or by constructing 3 eastbound lanes on the North side of Kali Ancol and using the existing road for westbound traffic. The latter option would be considerably cheaper than a costly overhead structure required for an elevated road.

The only practical way to a construct the Harbour Toll Connector would be to utilize the Jl. Laks. R.E. Martadinata corridor because the existing railway tracks and station congested housing areas and the port itself are major constraints.

Western Access Port Highway crosses the railway and a flyover is proposed because in Jakarta, provision of flyover is requested at any railway crossing. Gate-3 of the port is schedule to close. Accordingly, traffic congestion will be reduced, while staff and labor to/ from the port will still be allowed to use this gate because the bus terminal still remains.

(2) Access to Container Terminal

Based on the traffic counting survey data and traffic forecasts of vehicles around the Tanjung Priok port area, the improvement of access to the Tanjung Priok port is studied for the 3 directions to the port, i.e. from East (Jl. Laks. R.E. Martadinata), from West (Jl. Jampea Cilincing), and from South (Jl. Laks. Yos Sudarso and Jl. Sulawesi).

The number of lane requirements of the access roads according to the traffic demands of 2012 and 2025 is determined for each segment of road as follows:

Table 3.6.1 Summary of Traffic Lane Requirement at Target Years

Road	Traffic Volume (PCU/day)		Number of Lanes Required		
	2012	2025	PCU/hr/lane	2012	2025
East: Jl. Jampea	41,815	60,766	1,355	4	6
East: JORR Toll Road	78,405	123,373	2,300	4	6
West: Jl. Martadinata	114,766	175,784	1,398	10	14
South: Jl. Yos Sudarso	38,823	56,418	1,496	4	4
South: JIUT Connector (Toll)	72,795	114,546	2,300	4	6

4. Improvement Plan for Trade Facilitation

4.1 Thorough Reform of Administrative Function and Procedure

(1) Proactive Co-ordination and Promotion in Accordance with the Presidential Decree No. 54/2002

The Coordination Team for Enhancing the Smoothness of Export and Import of Goods based on the Presidential decree No.54/2002 is wished to carry out much more proactive coordination and promotion of all the actions for trade and transport facilitation as listed in the following sections of this Chapter, through coordination and cooperation among agencies concerned and between public and private sectors.

(2) The Introduction of "One-stop" (Single Window) Legal System in Import and Export Process

In terms of trade facilitation, "One-stop" (Single Window) system denotes electronic communication and service system between administration and business-entities whereby every procedure required for the import and export of cargoes including ship's/airplain's entering seaports and airports can be completed through one input.

As preconditions to make such system in place, the following measures are needed to be set about immediately :

(1) reduction or abolition of application forms and items of required information,
(2) common use of the same application form to the maximum extent among ministries and agencies concerned, establishing computer networking and data/information sharing,
(3) international standardization of application forms as per FAL Convention,
(4) to establish paperless processing as a general rule,
(5) adoption of internationally compatible data formats, and
(6) to maximize the use of e-commerce and ICT business applications in business entities' daily operation.

(Note) CGI's paper "Creating Jobs Through Investment" in October 2004 (hereinafter referred to as "CGI paper") also pointed out "one-stop" services in terms of investment inducement.

(3) Clarification of Government / Business Role under Competitive Environment

Administration may be wished to become more involved, through public hearing etc., in the definition and promotion of the "public interest" in terms of the privatization of seaports and airports. They may also be encouraged to intervene more pro-actively in pursuit of increased competition and efficiency.

Actions may be necessary to establish regulatory system whereby port-tariffs, investment and performance standards are openly discussed referring to the voices of stakeholders, with a view to securing public interest and trade efficiency through competition.

(Note) "CGI paper" also raised "Reforming the regulatory basis for competition and price setting" as one of important considerations in terms of infrastructure.

(Background to be noted) :

A World Bank report "Reforming Infrastructure --- Privatization, Regulation, and Competition" publicized in June 2004 clearly stated "As with all economic elixirs, privatization has been oversimplified, oversold, and ultimately disappointing--- delivering less than promised", and also "Regulation that provides a credible commitment to safeguarding the interests of both investors and customers is crucial---".

(4) To Cultivate Legal Framework Preparing for Coming E-Commerce / E-Transaction Days

In order to cultivate legal framework required to promote e-commerce and e-transaction, quick actions would be required to bring Electronic Information and transaction Bill and Trade Law Bill (draft) into laws.

(5) To Increase Efficiency and Dynamism in Implementing IPR (Intellectual Property Rights) Laws

It is often pointed out that actions are yet to be promoted to secure strict enforcement of IPR laws. In increasing efficiency and dynamism in such efforts, special attention would be necessary to be paid on :

(1) assistance to small/medium businesses and venture capitals, and
(2) improvement of administrative and judicial services.

(6) To Establish (or Improve) Free Trade Zone System

Following the coming enactment of the Trade Law, forward-looking discussions on this subject should be started promptly.

(7) To Establish "New Bonded Warehouse" System

It is understood that a draft regulation of the Minister of Finance is in place, to the effect that bonded warehouse facility shall become open for export cargoes as well, in addition to import cargoes as currently stipulated. It would be appropriate for the Government to materialize the new system at an early stage.

(8) G to B Partnership and improvement of communication among agencies by EDI

It is considered important to establish a system to hold regular meeting between government agencies and private users regarding trade process improvements. Coordination with private sector is a step toward an effective reform of customs procedure in the process of EDI development. In addition, government offices are required to coordinate with transparent manner among the customs, Ministry of trade, quarantine and other related agencies.

(9) Further reform effort and Human Resource Development

It is important to reconfirm the code of ethic in compliance with the new president and make

effort for the continued improvements in the customs procedure. By preparing application manuals of regulations, including principles to cope with irregularities and EDI-Web based procedures, human resource development become an important for further development. Consultation section should be strengthened with substantial number of dedicated staff and authority, thereby total efficiency is expected to increase.

(10) Establishment of Organizing and Controlling Committee for monitoring

Survey on trade process time and evaluation by uses are the first attempt in Asian countries, therefore similar study is expected to be conducted in major countries in Asia. It is useful to establish a methodology to conduct study on procedures of time survey and evaluation by users. In order to make continuous effort possible, a committee such as Organizing and Controlling Committee should be established in the Coordination Ministry of Economies. It is envisaged to influence international trend to facilitate the overall trade environment of Asia. Monitoring of government agencies is done by this committee regarding the process reform and improvements agreed by the meeting between public and private.

4.2 Action Plan for Improvement of Port System and Infrastructure

4.2.1 Improvement Plan for Import/Export Trade Logistics in Tanjung Priok Port

Based on the analysis of the factors impeding trade facilitation, the study team recommends the following improvement plans for Port infrastructures for import/export logistics in Tanjung Priok port.

(1) Improvement Plan for Deficiencies of Infrastructures

1) Development Target of Tanjung Priok Port

The DGSC shall set the development policy for improvement of port facilities to meet the following targets.

i) To make the Tanjung Priok port function as a **"Logistic Center" in ASEAN** regions by providing an attractive business/investment environment.

ii) To make the Tanjung Priok port function as a **"Regional Hub Port"** not only attracting linking international trunk lines to domestic/inter-island lines.

2) Development Scenario

i) To increase the port capacity of Tanjung Priok by widening and deepening the existing approach channel and basin inside the port

ii) To develop a new container terminal as second port development concept for a twin international container terminal in the region of Tanjung Priok Port area,

iii) Activating Promotion of the Port

a) IPC-2 should hold meetings with related parties and users

- To obtain precise information on the shipping market, and
- To grasp the needs of users.

b) To reinforce port sales promotion activity to potential users.

iv) Organized Development according to the Proper Master Plan as well as land-use plan

Existing port facilities cannot accommodate future export/import cargo demand. The long term development plan as worked out with JICA Study in 2002-2003 should be appreciated and implemented the development of the port facilities in phases step by step. The urgent projects are as follows:

a) To develop an automobile terminal

b) To formulate a master plan as well as land-use plan of the port as to prevent unregulated development in the port area.

c) To produce vacant spaces in the ports, for the future development.

d) To enhance the port capacity the access channel to the port and basin shall be widened and deepened to make two-way traffic.

e) IPC 2 shall continue to develop port infrastructure by coordinating with regional development plans, especially economic zone and Inland Container Depot (ICD) between the Tanjung Priok port and the industrial complex.

As the implementation of the short and long term development plans,

- New port facilities should be developed toward the offshore area by reclamation together with access roads and
- The old and less congested wharfs areas at the bottom of the port should be renovated for port redevelopment area by reclamation.

(2) Improvement Plans for Port Management and Operation

Considering the future traffic demands, especially international containers traffic volume it is anticipated that the international trade of container will continue to grow and exceed the capacity by the present arrangement of port infrastructure and facilities. It is essential to improve the port operational and management system by adopting efficient cargo movement.

1) Case of JICT and Koja Container Terminal Operation

i) To improve the handling efficiency of gantry cranes by minimizing the idle time of cranes.

ii) The terminal gates of JICT 1 and Koja should be integrated and access road between the terminal gate and the overhead highway to be developed

iii) The regular maintenance and repairs of container handling equipments are required to minimize the idle time of cargo handling operation and ship berthing time.

iv) The regular training and update the technical skill of technicians of the equipment operators and container planners in the terminal shall be conducted.

2) Improvement of Operational Performance of Conventional Terminals

i) Proposed Reformation by Consolidation of Operators

The present operators should be grouped into smaller numbers to operate a reasonable number of berths jointly. The reformation of the current operation structure is proposed..

a) The new terminal operators will be culled from PT. MTI and 14 terminal operators including other stevedoring companies by the open-tender of IPC-2.

b) It is considered suitable that 5 to 10 berths are available for each terminal operator centering on terminal operators and/or stevedoring with good performance.

3) Strong Leadership in the Berth Planning and Management by IPC 2

i) Leaderships by IPC2

IPC 2 should take strong leadership in the berth planning and management for giving the priority of berth use to the ship line company/agents with conditions of slight higher wharf tariff and let any stevedoring company work at the any wharf for cargo handling operation.

ii) Improvement of Berth Occupancy Ratio of the Conventional Berths

a) To reduce berthing time by changing berth fee collecting from day charge to time charge basis.

b) To improve handling productivity at quay side by controlling direct transport to/from the quay.

c) To promote the use of yard/transit shed and to reduce direct delivery ratio of cargo to/from the ports.

d) To establish an effective land traffic management system and improvement of roads in/around the port.

iii) Establishment of Effective Training System of IPC 2

a) To provide good training system for port workers/gangs for improvement of cargo handling efficiency and proper planning of containers in the yard and ships for loading/unloading thereof.

b) To activate port related organization by introducing Quality Control (QC) circle

c) To enhance the function of the Port Training Center (PTC)

iv) Proper Maintenance and Rehabilitation of Port Facilities and Equipment by IPC2

a) The general cargo wharf should be rehabilitated by leveling up the wharf elevation to accommodate larger cargo ships, particularly 50,000 DWT class pure car carriers (PCC).

b) The width of apron between the face line of wharf and shed is narrow; some of the unused sheds and warehouse along the cargo wharf should be demolished and used for open storage area of truck parking area, car pool area for loading and unloading.

v) Monitoring Operational Performance of Terminals

a) Establishment of Performance Index of Terminal Operation

The performance index of container terminal operation shall be established at each terminal, JICT 1 and 2, Koja, Seguro, and MTI to supervise the performance of operators.

IPC 2 shall monitor the performance of such target index and in case the performance is not fulfilling the target, IPC 2 shall supervise operators to comply and rectify the complaints from the users.

IPC 2 and Terminal operators should provide sufficient berth windows for port users such as shipping agency and to increase availability of berth for port users.

4) Transparency of Setting Port Related Charges

Almost all kinds of dues and charges in the port are high compared to other ASEAN major ports. There is lack of transparency in setting charge for cargo handling, customs clearance etc.

i) Measures of Improvement of Transparency

Leadership of DGSC is required for the following measures to increase transparency

a) To re-examine the existing tariff and port charge system and establish a more appropriate system by referring to tariffs in Asian ports.

b) To formulate the revised concept/system about tariff and port charge and open it to the public

c) IPC-２ should show the maximum level of tariff/charge and give terminal operators and/or stevedoring companies a free hand to set actual tariff/charge within the maximum to the users.Transparency of port related charges will result more reasonable charge in the long run.

ii) Improvement Measures of Services Quality to meet the Charges

a) To reduce the lead time by transshipment of containers

b) To increase the cargo handling productivity

c) To eradicate improper container terminal operation

d) To expand or add container trucks parking space which is insufficient at present in the port.

5) Improvement of current EDI system

It is important to brush up the existing EDI system with close coordination and cooperation of the customs office.

a) IPC-2 should improve the utilization of available EDI system as parts of improving efficient business service to port users.

b) IPC-2 should utilize an EDI service provider as a means of getting information on port activities to analyze berth performance.

c) To develop appropriate statistic system and to establish the integrated database system.

d) To enhance the capability of planning as well as port performance evaluation utilizing the above database system.

3) Improvement plans of Custom Procedures through the Port

1）Consolidation of Customs Offices in the Port Area

i) Three customs offices in the port areas, which should be integrated to one customs office for functioning with single window procedure of customs clearance and the efficient custom clearance procedure in accordance with international standards.

ii) Three container terminals to be linked systematically among them as to information and data interchange for the operation and custom clearance.

2) Disclosure of Information of Custom Procedures

i) To make people (port users) recognize current situation on legal system of custom clearance

ii) To utilize more effectively the website or the periodical monthly reports of the customes house, etc. for the dissemination of decrees and notifications on customs clearance procedures.

iii) To established the system for facilitating any individuals to access to all decrees and other related documents at the public facilities like the library.

iv) To disclose urgent matter in order to avoid any secondary disabling conditions and disclose timely the facts, method dealing with troubles and restoration time.

v) To disclose clearly prospective extensions of this system such as establishment of database or disclosure of database in public, etc.

vii) To extend the home page services of the customs services and to provide all laws issued by the DGCE in the national library

3) Improvement of Custom Inspection by the Customs Officer

i) To renovate custom inspection station and improve the inspection procedures efficiently

ii) To make expenditure related to customs inspection transparent and correct unfairness and pricing clear

iii) To minimize the time loss for the customs inspection by arrangement of inspection time

4) Improvement of Procedures Required other than Customs

i) To improve the approvals and licenses system among the other institutions

ii) To coordinate interpretation of import/export permits among institutions concerned and companies related to trading

iii) Improvement or elimination of the existing approval and license systems.

(4) Development of Inland Functional Facilities

1) Proposal of Development of ICD, Free Trade Zone or Export Processing Zone

Free trade zone or export processing zone has not yet been developed in or adjacent to the Tanjung Priok Port. Such zones are often seen in other Asian ports to attract industry /investment and encourage trade competitiveness among the ASEAN region.

Considering the examples of neighbor countries and improvement of custom procedure services, it is proposed to develop a new inland container depot in an area with easy access to the toll way between the Port and Industry estates/parks located in the eastern parts of Metropolitan Jakarta region with the following functions.

i) To conduct all custom clearance procedures of export and import cargo smoothly and efficiently in the ICD instead of the port area.

ii) To minimize the traffic congestion in and around the port area by waiting the queue of vehicles to enter the terminal, the access between the port and ICD should be developed by the railway and highway to be connected to the existing facilities.

iii) To introduce two separate truck shuttle service system between the factory and ICD, and from ICD to the port, the time of cargo transport will be substantially reduced and rationalized.

iv) The management and operation of the proposed ICD should be worked out by coordination with Railway Company, Shipping Company, IPC 2 and other port related agencies including local government for land arrangement.

2) Development of Special Economic Zone with Close Linkage of the Ports

It is proposed to develop a special economic zone like a free trade zone or export processing zone in adjacent to the port area, like the Laem Chabang Industrial Estate around the Laem Chabang Port area, in which the various merits for export/import industry shall be explored and realized.

As a consequence, second new port at Bojonegara is expected to operate beyond simple functions like stevedoring and storing but emerge as an international logistics port by attracting foreign investment and creating jobs through such international logistics value-added activities.

(5) Enhancement Plan of Port Security

1) To set up a security committee composed of related organization in order to prevent such incident as pilferage in the port

2) The committee will meet regularly to discuss problems reported from related offices as well as port users, measures to be taken and recommendation to improve the situation.

3) The sufficient hardware should be provided in the port area for the port security.

4) The port security level will be set at the security level 3 by the DGSC and MOC according to the ISPS international standard code.

5) To strength yard security in the port and to check any containers movement strictly through all procedures by container seal number and its receipt.

6) The following facilities to be provided at the Tanjung Priok port as the International Hub port to comply the ISPS code

i) X ray checking containers,

ii) GPS,

iii) CCTV to be installed at gates, cargo yards, port control center and wharf areas to monitor the cargo including container traffic movement.

iv) The security plan of the terminal operators to be prepared by the respective terminal operator and submitted to the DGSC, through IPC 2.

7) Atomatic Identification System (AIS), by using VHF should be introduced in order to adopt an automatic positioning detecting system

(6) Improvement Plans for Related Infrastructure

1) Road Condition around Gate to Container Yard

For relieving the congestion around the gate to the container yard, expansion or addition of parking space is indispensable. The parking space should be extended inside or vicinity of port area, or if difficult, it should be examined the alternative location in the hinterland for extra parking space.

2) Road Condition around Empty Conatiner Yard

The road condition around the empty container yards should be improved by widening the road or construction of an elevated expressway.

For the improvement of empty container depot operation, the concentration of timing for pickup and return of empty container should be dispersed in case the empty container depot is operated for 24 hours.

4.2.2 Action Plan for Improvement of the Port Facilities and Infrastructure

The action plans of the proposed improvement of the port facilities and infrastructures, port management and operation, custom procedures through the port, port safety and security are described in the Volume 2.

4.3 Improvement Plan for Airport System and Infrastructure

Based on the analysis of factors impeding trade facilitation, the study team recommends the following improvement plan for airport system and infrastructure in Soekarno-Hatta International Airport

1. Improvement of the Import Cargo Handling Area

(1) Necessary Action in the Short Term

In order to improve the space shortage of the existing import cargo handling area, the following measures are recommended.

1) In order to store import cargoes more effectively, effective utilization of three-dimensional warehouse space is necessary by setting up “mobile-type racks” or more appropriate high-rise racks.

2) In order for PT. Garuda and PT. JAS to be able to handle larger volume of import cargoes more efficiently, speedily and safely, promotion of delivery of import cargoes by ULD is necessary by expanding and renovating the existing import truck dock platform.

3) In order to minimize the storage volume of "long-term-storage import cargoes," effective control and proper handling of such cargoes are necessary according to the contract of carriage and other related laws and regulations.

2. Improvement of the Import Truck Dock Platform

(1) Necessary Action in the Short Term

In order to improve the existing import truck dock platform, the following measures are recommended.

1) Expansion of the existing import truck dock platform space is necessary so as to be able to deploy a necessary number of forklifts flexibly as the need arises.

2) The renovation of truck dock platform is necessary by setting up levelators so as to be able to adjust the height of the truck dock platform to that of the truck beds or by changing the structural style of the truck dock platform so as to be able to respond especially to the wing type large-size truck.

3) Promotion of delivery of import cargoes by ULD as many as possible at the bonded warehouses in the airport is necessary by enhancing the function of forwarder's bonded warehouse outside the airport in order to relax the congenial congestion of the truck dock and also to enable PT. Garuda and PT. JAS to handle larger volumes of import cargoes more effectively, speedily and safely.

3. Improvement of the Shortage of Cargo Handling Equipment

(1) Necessary Action in the Short Term

In order to improve the shortage of cargo handling equipment, the following measures are recommended.

1) Expansion of the existing truck dock platform space is necessary so as to be able to deploy a necessary number of forklifts flexibly as the need arises.

2) Also renovation of the truck dock platform is necessary by setting up levelators so as to be able to adjust the height of the truck dock platform depending on the height of the truck beds or by changing the structural style of the truck dock platform so as to be able to respond especially to the wing type large-size truck.

4. Enhancement of Total Quality Control of Air Cargo Services

(1) Necessary Action in the Short Term

In order to prevent cargo traffic handling irregularities such as wet cargo damage, broken cargo damage, cross-forwarding of cargoes, etc. the following measures are recommended.

1) In order to prevent wet cargo damage caused during the rainy season, it is necessary to elongate the eaves of the existing bonded warehouse or to set up a bonded shelter with canopy utilizing the idle or sleeping land on the apron side as an emergency evacuation temporary measure until the completion of a new cargo terminal facility

2) In order to prevent broken cargo damage caused by rough and careless handling of warehouse workers, more effective internal education and training programs dealing with the safety and maintenance control in addition to the fundamental code of professional ethics should be conducted and enhanced toward warehouse workers.

3) In order to prevent cargo traffic handling irregularity such as cross-forwarding etc., it is essential to collate cargoes and documents thoroughly by each AWB number. But the more effective and substantial way to solve these kinds of problems are to introduce a "wireless bar code system." By doing so, it is possible to eliminate various kinds of cargo traffic handling irregularities caused by a misidentification of AWB number, manual posting/input error of data, etc. and also to eliminate the duplication of manual posting/input work of data.

4) In order to reduce cargo traffic handling irregularities such as wet cargo damage, broken cargo damage, cross-forwarding of cargoes, etc. enhancement of the "total quality control" of air cargo services is necessary

5. Improvement of Lighting Setup in the Airport Bonded Warehouses

(1) Necessary Action in the Short Term

In order to improve lighting in the airport bonded warehouse, the following measures are recommended.

1) In order not only to improve the work environment in the airport bonded warehouse, but also to prevent the cargo traffic handling irregularity such as loading error of export cargoes onto ULD, etc. and also in order to eliminate an environment leading to the possibility of occurrence of pilferage, improvement of insufficient lighting in the bonded warehouses is necessary by increasing the number of lighting or by changing the lighting system.

2) Where possible, work areas in the bonded warehouse should also have access to daylight through windows in the roof, which will reduce energy costs and improve working conditions.

6. Improvement of Traffic Congestion in the Parking Lot

(1) Necessary Action in the Short Term

In order to improve the traffic congestion and to make the flow of trucks smooth in the parking lot, the following measures are recommended.

1) In order to improve the traffic congestion, it is necessary to change the flow of vehicular traffic from both way to "one-way traffic" and to restrict the entrance number of trucks into the parking lot depending on the situation of traffic congestion.

2) In order to make the flow of trucks smooth, it is necessary to establish a passing lane for vehicles by drawing a white line or a yellow line.

3) In order to improve the traffic congestion during peak time of import cargo handling, the temporary parking lot space near the existing parking lot needs to be utilized effectively.

7. Effective Control and Proper Handling of "Long-Term-Storage Import Cargoes"

(1) Necessary Action in the Short Term

In order to enhance effective control and proper handling of "long-term-storage import cargoes," the following measures are recommended.

1) In order to enhance the control of "long-term-storage import cargoes", control of such cargoes by storage location is absolutely necessary in addition to present control items

2) In order to minimize the storage volume of "long-term-storage import cargoes," enhancement of proper handling of such cargoes is necessary according to the contract of carriage and other related laws and regulations.

3) In order to minimize the storage volume of "long-term-storage import cargoes," higher storage charges for cargo of lengthy storage period could be considered and implemented in addition to the above two countermeasures.

8. Facilitation of Release of Import Cargoes Requiring Longer Time

(1) Necessary Action in the Short Term

In order to facilitate the release of import cargoes requiring longer time, the following measures are recommended.

1) Improvement in the quality of customs personnel's services is necessary by enabling every customs personnel on duty to respond impartially and efficiently to every case.

2) In order to minimize the extra contacting time as much as possible from the side of consignee or its customs broker to the customs officer in charge for making an appointment for the presence of customs cargo inspection, it is necessary to notify the consignee or its customs broker of the time and date for the customs inspection at the time of designation of Red Channel in addition to the name of customs officer in charge.

3) In order to facilitate the handling of customs inspections, a necessary number of customs officers should be deployed by reviewing the real situation of the present system of customs personnel's shift.

9. Enhancement of Import Cargo Control and Storage System

(1) Necessary Action in the Short Term

In order to enhance the import cargo control and storage system, introduction of “Wireless Bar Code System” is highly recommended. The data processing which includes arrival check, temporary storage, release of import cargoes, etc. is a very important area where computerization is absolutely necessary. And computerization is recommended to be introduced as a local computer system intends to be on-line-interfaced with the main computer system. By doing so, a greater effect is expected as follows:

1) Prevention of various kinds of cargo traffic handling irregularities such as delivery errors and delivery delays of import cargoes etc, which are caused by posting/input errors of data

2) Elimination of duplication in manual posting/input work of data

3) Speedy and accurate processing of data such as arrival checks, storage locations and deliveries of import of cargoes.

4) Accurate, speedy and effective control and storage of import cargoes in the bonded warehouse.

10. Enhancement of the Function of Forwarder's Bonded Warehouse outside the Airport

(1) Necessary Action in the Short Term

In order to enhance the function of forwarder's bonded warehouse outside the airport, the following measures are recommended.

1) In view of the present situation of the bonded warehouse facilities of PT. Garuda and PT. JAS and also the increase of the future air cargo demand, the bonded transportation of export and import cargoes by ULD between the bonded warehouse in the airport and the forwarder's bonded warehouse outside the airport is essential. In order to do so, an early solution and improvement of these institutional problems are necessary. Reviewing and improving these institutional problems will lead to improve the efficiency for existing infrastructure and utilities and to open up sectors to greater private sector participation and to facilitate the trade and investment activities in Indonesia.

2) Regarding the export cargoes, improvement is necessary so as to be able to build up onto ULD at least concerning "lot cargoes" at the forwarder's bonded warehouse outside the airport. For that purpose, an early solution and improvement of these institutional problems are necessary. To do so will enable PT. Garuda and PT. JAS to handle larger volume of cargoes more speedily, efficiently and safely.

3) At the bonded warehouse in the airport, promotion of the acceptance of export cargoes and the delivery of import cargoes by ULD is essential. In order to do so, an early solution and improvement of these institutional problems are necessary. At the same time, expansion and renovation of truck dock facilities of the bonded warehouse in the airport is also necessary.

11. Improvement of the Situation of Transporting Cargoes between Japan and Indonesia via Singapore, Bangkok and Kuala Lumpur

(1) Necessary Action in the Short Term

In order to improve the situation, the following measures are recommended.

1) In order to improve the investment environment from foreign countries to Indonesia, it is required to reform drastically the bureaucracy with much red tape, to raise transparency, and to become "an attractive country."

2) The most important thing for the Indonesian government is observing, for her guidance, as many real situations of cargo terminal facilities in foreign countries as possible

including the neighboring countries of South East Asia such as Bangkok International Airport in Thailand and Kuala Lumpur International Airport in Malaysia. And it is necessary to improve the "total physical distribution system" which covers all of the air cargo services "from the arrival of aircraft to the delivery of cargoes to consignees" and "from the acceptance of cargoes from shippers to the departure of aircraft" by listening to the opinions and comments from the private sector as broadly as possible.

3) At present PT. Angkasa Pura II has a plan to make the Air Cargo Transshipment Village in a bonded zone, in which area includes offices, export-import storage, and soft industries producing air cargo items as a part of the concept of creating Soekarno-Hatta International as a hub cargo terminal. Therefore, it is necessary to solve the unsolved problems related with trade and investment facilitation policies during the course of the realization of the above Air Cargo Transshipment Village concept.

12. Improvement of Mind toward Safety and Maintenance Control

(1) Necessary Action in the Short Term

In order to improve the situation where ULD cargoes with container's door open are carried by dollies, more effective internal education and training programs dealing with the safety and maintenance control in addition to the very fundamental code of professional ethics need to be carried out and strengthened toward warehouse workers.

13. Prevention of Cats from Coming inside the Bonded Warehouse Facility

(1) Necessary Action in the Short Term

In order to eliminate any possibility of leading to the occurrence of cargo damage caused by cats in the bonded warehouse and also to eliminate any problem agaisnt human and cargoes (food, etc.) from a sanitary and safety control point of view, some proper countermeasures need to be taken to prevent cats from coming inside the bonded warehouse facility in the airport

14. Enhancement of Airport Security

(1) Necessary Action in the Short Term

In order to enhance security, the following measures are recommended.

1) In order to solve the problem of pilferage, it is necessary to install a necessary number of surveillance cameras in the bonded warehouse so that the movement of people and others in the bonded warehouse facilities can be monitored and recorded, and also can be traced at a later date as the case may be.

2) In order to eliminate an environment leading to the possibility of occurrence of pilferage, it is necessary to improve lighting setup in the existing bonded warehouses of PT. Garuda and PT. JAS by increasing the number of lighting or by changing the lighting system.

3) In order to enhance the airport security as a whole including the Cargo Terminal, it is necessary to review the present security check system against people who access the inside of the bonded warehouse facilities.

15. Construction of a New Cargo Terminal

(1) Necessary Action in the Medium and Long Term

In designing and building a new cargo terminal, it is necessary to take into consideration the following:

1) In order to acquire the information and guidelines necessary for new cargo terminal facility planning, it is required to observe as many real situations of cargo terminal facilities in foreign countries as possible including the neighboring countries of South East Asia such as Bangkok International Airport in Thailand and Kuala Lumpur International Airport in Malaysia

2) In order to construct a new cargo terminal building facility with more state-of-the-art equipment, facilities and more user-friendly warehouse work environment and also with other related facilities, such as agents/forwarders facilities, customs offices and other office blocks, as well as free-trade zone facilities, etc., on landside areas of the cargo terminal complex, without impeding the cargo flow, traffic and parking, it is required to listen to the opinions and comments from the private sector as broadly as possible.

3) In deciding the size of a new cargo terminal building facility, it is necessary to take into consideration the factors such as busy-hour passengers and aircraft movements in addition to busy-hour cargoes and cargo aircraft movements, and cargo and vehicle's flow lines.

4) In constructing a new cargo terminal, it is necessary to divide the time frame into Phase One (2005-2009), Phase Two (2010-2015) and Final Phase (After 2016) and to consider taking a long-term view in order to acquire the greatest effect with minimum investment and also to allow possibilities for future expansion,

5) In order to cope with the increase in future cargo demand and also in view of the present situation of the bonded warehouse facilities of PT. Garuda and PT. JAS, an early start of full-fledged planning and implementation of Phase One is indispensable.

6) In order to utilize the old investment portion to the maximum extent and to minimize unnecessary future investment, formulation of an effective reusable plan of the existing site and cargo terminal facilities are also very important.

4.4 Action Plan for Improvement of Inland Trade Infrastructure and Road Network

4.4.1 Policy and Development Plan for Action Plan

As a policy for the action plan, it is most important to reduce/ dismiss congestion on roads in the port area caused by lack of access roads to the port and it should maintain resultantly the smooth port operation. Besides above, offering good road network to port users (trade-related customer) results the promotion of trade.

As a development plan for short-term plan includes, to plan increasing the capacity of road network, through new construction or extension of toll road access, widening of toll road access and betterment of arterial roads and intersections.

This also results to separate heavy loaded and large vehicles from general light vehicles. There are so many container depots for bonded warehouses, CFS, etc. dispersed in the port district and it also causes traffic jam and insufficient operation.

So, as long term plan, dispersed depots would be consolidated into one or two integrated depots with efficient operation. (In case of air cargo, it already starts to realize such consolidated depots.)

For those development a large volume of funds are required, so the development budgets of the toll road company (Indonesia Highway Corporation, PT. Jasa Marga (Persero), Central Government (Ministry of Public Works) and DKI Jakarta Provincial Government and foreign official development aids (mainly by JBIC and World Bank) are to be applied for execution.

Organization of execution are so many as above mentioned. The targets of execution are by 2010 for short term development plans and by 2015 for long term.

4.4.2 Action Plan for Improvement

Those action plans for improvement are categorized into two, one is for a short-term by year 2010 and for a long-term by year 2015.

The short-term action plans are proposed as the following five projects:

- Construction of Tanjung Priok Access (a toll road) as an northern extension of Jakarta Outer Ring Road (JORR).
- Completion of whole stretch of JORR.
- Operating with flat tariff system for JORR, Jakarta Intra Urban Tollway System (JIUT) and radial tollways crossing JORR such as JKT – Cikampek Tollway, Jagorawi Tollway, JKT – Merak Tollway, etc. to induce large and heavy loaded vehicles to utilize JORR via Tanjung Priok Access. This should give a good effects/ impacts for general and light vehicles on arterial roads, JIUT to avoid congestion.

- Improving arterial roads in port district such as Jl. Jampea, Jl. Cakung – Cilincing, Jl. Yos Sudarso, Jl. Enggano and Jl. Martadinata together with improvement of intersections.

- As for air cargo, carrying out the widening of Cengkareng Access in an earlier stage to meet the increasing demand of airport related traffic.

For the long-term one is proposed the following project by 2015:

- The development of consolidated and integrated container depots in eastern sides such as Marunda area, etc. in order to disperse positively the function of port district. This should increase the efficiency of land transport system.

PART 2

Recommendation and Action Plan

PART 2 Recommendation and Action Plan

1. Background

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.

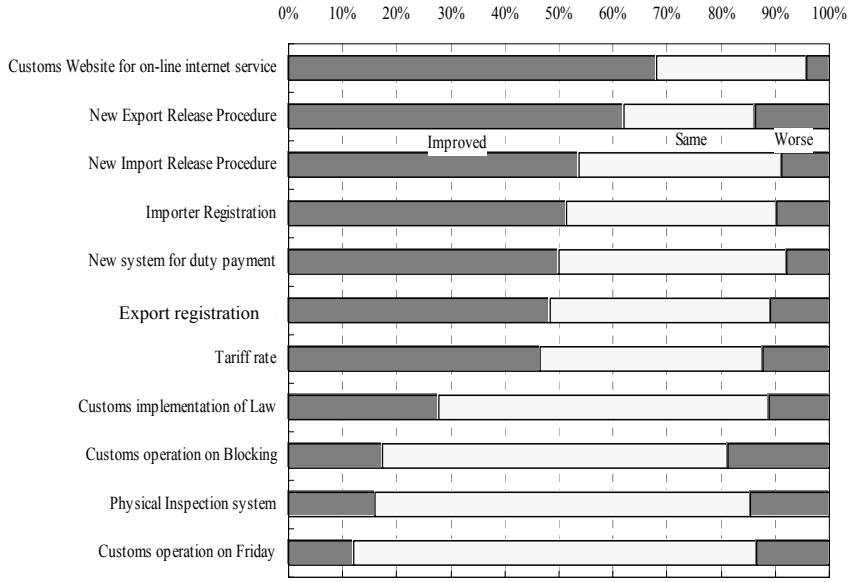
2. Materials for Recommendation

2.1 Major Findings of Study

2.1.1 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

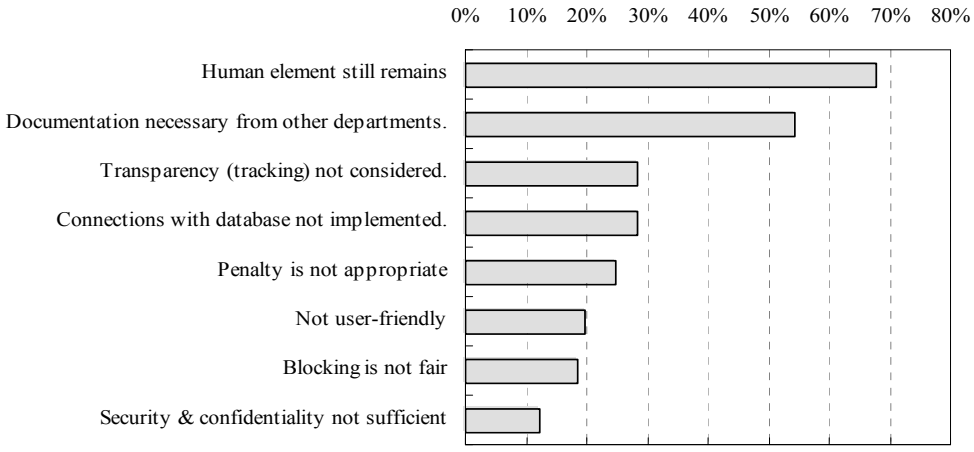


remain inefficiencies or inconveniences in the wide range of the reform.Another example is the evaluation of the customs EDI as shown in **TABLE E1** and **FIG. E2**. According to the **TABLE E1**, more than 90 % of replies evaluate positively, while **FIG. E2** shows that there still remain two items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

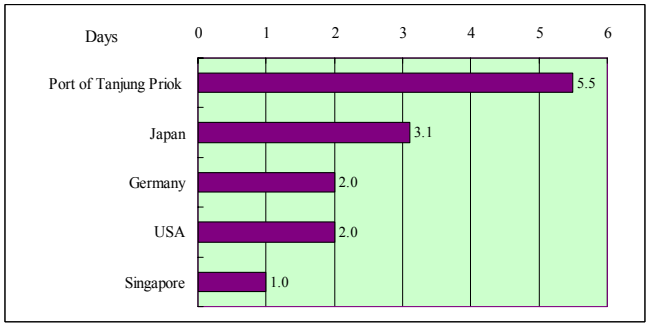


2.1.2 Lead Time

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

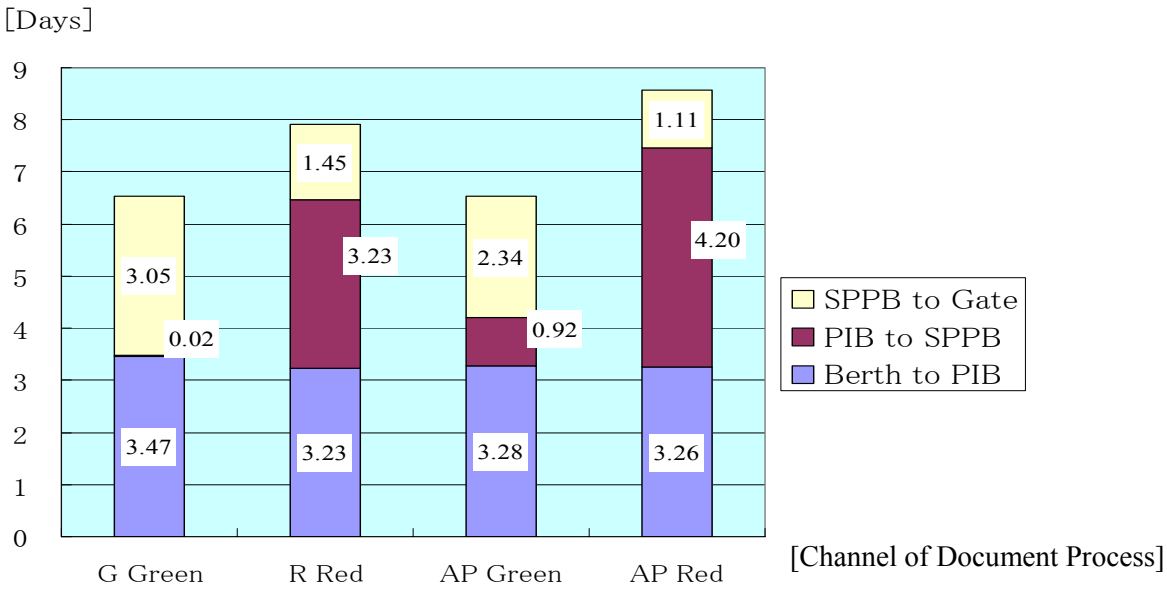
FIG. E3 shows the international comparison of the lead time. 5.5 days of Indonesia's lead time is obtained by the time measurement survey conducted by the study team. According to this figure, Indonesia takes 2～3 times more than selected developed countries and 5.5 times more than Singapore.

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)



2.1.3 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

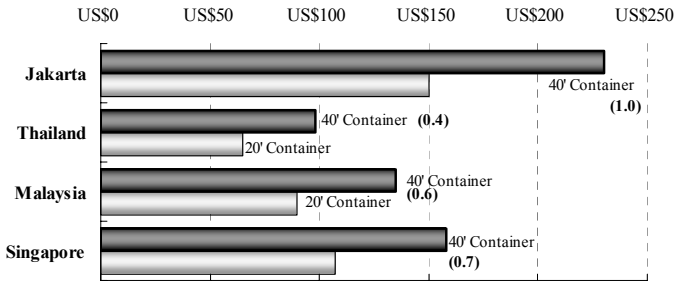


TABLE E2 Container Handling Charge (CHC)

Unit: US$

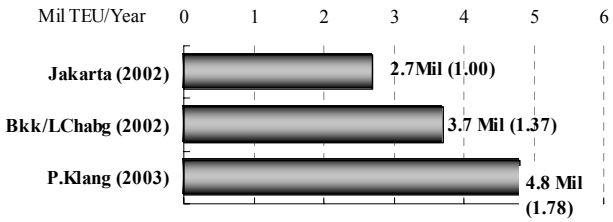
Port	Container	
	20'	40'
Tanjung Priok	93	139
Malaysia (Port Klang)	61	91
Singapore	90	117

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

2.1.4 Cargo Throughput in Metropolitan Area

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.

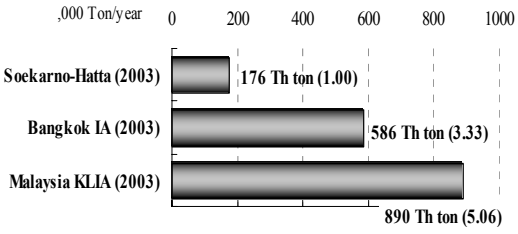
FIG. E6 Container at Asian Port



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



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.

2.1.5 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

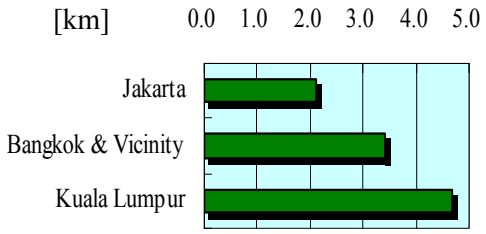


FIG. E9 Air Cargo Area

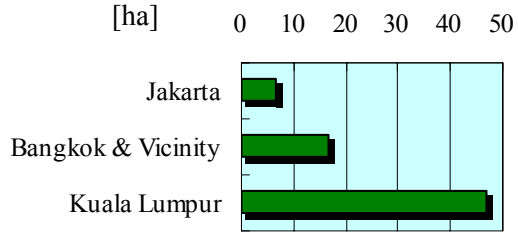


TABLE E3 Port Capacity by Individual Elements – Port of Tanjung Priok

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,
ix. 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.

2.1.6 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.

2.1.7 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.

2.1.8 Findings through Seminars in Three Cities outside Jakarta

[Ujung Pandang]
In the Port of Makassar, the Pellindo people told that the Port is now trying to attract international shipping lines so that they can collect port charges not by the domestic tariffs but by the international tariffs and can collect foreign currencies. To this purpose, an agreement has been made between port and customs to provide port users more efficient and internationally competitive services which include similar contents as those the study team is now recommending to the Port of Tanjung Priok.
This means that what is currently lacked in Jakarta is already taken into the practice in Makassar under the exactly same legal and other relevant official systems, and what makes this possible is the very decision of the Makassar people to introduce competition with the Port of Surabaya which is currently playing a role of the hub for Makassar.
Note that this is a plain example of " the introduction of efficiency comes with the introduction of competition.".

[Surabaya]
According to the Time Measurement Study done by the study team, the ratio of those which go to the red line of the customs inspection in Jakarta during the study period of two weeks was more than 50%. This seems a little bit higher than anticipated before commencing the measurement. The DGCE people also pointed out the fact. However, there is currently no other data available to check the result.
When the study team visited Surabaya, the customs there showed the team the red line data together with the other various statistics. The team would like to recommend the customs in Jakarta that it should prepare all the necessary statistics as a rule.

[Medan]
In the Port of Belawan, the Pellindo people told the study team that they wish to be a hub port rather than a current status of being a feeder port mostly served by Singapore. They wish to carry their cargoes not via Singapore but directly to their final destinations so that they can save transportation cost and time. For this purpose, they have already formulated a port extension plan and other related works.

In this connection, the study team would like to comment that entire Indonesia should provide several regional hub ports besides Jakarta in the coming future. Among others, the Port of Belawan is most advantageous in geographical point of view for a potential hub port in Indonesia. Note that Japan is also providing several hub ports in East Asian Region.

2.2 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	No Competition
	Insufficient Capacity	Lack of Capital Investment
	Low Quality	Lack of Maintenance Investment
	Congestions	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.

3. Recommendation

3.1 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.

3.2 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.

3.3 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.

4. Diagrams Showing Trade Facilitation Structure

The trade facilitation structure is illustrated in **FIG. E10. FIG. E10** is a detail diagram showing mutual relationships among individual recommendations and some other relevant items.

5. 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**.

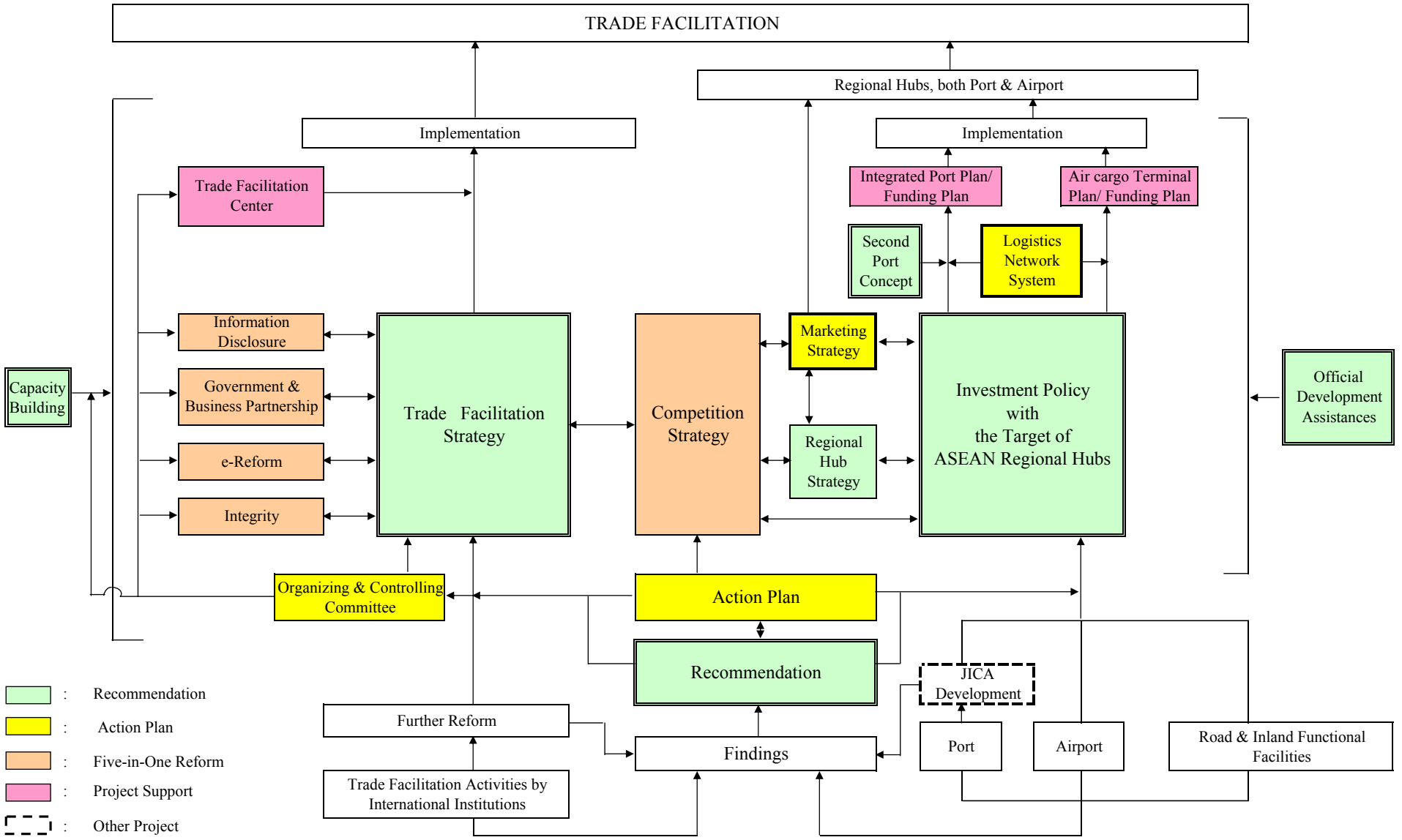


FIG E10 Detailed Diagram Showing the Trade Facilitation

Project : The Study on Trade Related Systems and Procedures in the Republic of Indonesia
Subject : Action Plan

Part 1 Trade Facilitation Measures

	「A]	[B]	[C]	[D]	[E]	[F]	[G]
No.	Policy Measures	Action Plans	Outputs	Target Date	Back Ground	Executing Agency	Oversight
1.1	**Further Reform**						
1.1.1	**General**						
	1111	The efforts having been paid so far in introducing new trade facilitation system should be continued by respective ministries/agencies in the same direction as is taken so far.	Continuation of current reform efforts	5 years and onward	Many trade facilitation principles, measures, standards, etc. proposed by international institutions such as WCO, WTO, ASEAN, APEC, G8, etc. are being taken into the new trade facilitation systems currently being formulated by the government.	All the relevant ministries and agencies	CMEA
	1112	The trade facilitation strategy (hereinafter referred to as TFS) covering all the relevant ministries/agencies should be established and all the reform efforts should be carried out under the TFS. The TFS Should be formulated based on the Five-in-One Reform strategy pointed out in the recommendation. The TFS should also cover all the items of the action plans.	Trade facilitation strategy (TFS)	End of 2005	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 American Chamber of Commerce in Indonesia, Jakarta Japan Club and the Korean Trade Center are also jointly working with this team.	All the relevant ministries and agencies	CMEA
	1113	In order to promote and streamline the wide range of the trade facilitation reforms, something like an organizing and controlling committee (hereinafter referred to as OCC) should be established. The first thing OCC should do is formulate TFS and to start it immediately. Either “the Coordination Team for Enhancing the Smoothness of Export and Import of Goods” or CMEA can be the candidate for OCC.	An organizing and controlling committee (OCC)	Middle of 2005	The Coordination team for Enhancing the Smoothness of Export and Import of Goods ("Coordination Team" established by the Presidential Decree) has been active on "stop smuggling" so far.	CMEA	CMEA
	1114	In order to promote human resource development (HRD), a training system covering all phases of trade facilitation should be established. It should also be considered for private sector to be given free access to the training system.	New Training System	2005 and onward	According to the interview study, many users pointed out the lack of knowledge, integrity, etc. of staffs of customs and other relevant ministries/agencies. Some users showed their interest in joining the training system.	All the relevant ministries and agencies	CMEA
	1115	A monitoring system should be introduced in the entire reform, so that all the efforts for the reform could be traced and, if necessary, revised at adequate and regular time intervals. The involvement of private sector in the system should be included in the system.	New Monitoring System	2005 and onward	In order to secure the transparency of the reform and to make the reform complete, a monitoring system is indispensable.	All the relevant ministries and agencies	CMEA
1.1.2	**Legal Framework**						
	1121	Legal framework governing trade facilitation issues such as "Trade Law" should be established.	Legal framework such as Trade Law	2006	Legal framework is indispensable particularly for foreign users as the basis for their trade activities. The Trade Law (draft) is close to be submitted to the DPR.	MOIT	CMEA

Project : The Study on Trade Related Systems and Procedures in the Republic of Indonesia
Subject : Action Plan

Part 1 Trade Facilitation Measures

	「A]	[B]	[C]	[D]	[E]	[F]	[G]
No.	Policy Measures	Action Plans	Outputs	Target Date	Back Ground	Executing Agency	Oversight
	1122	Establish (or improve) Free Trade Zone system	Trade Law (draft), Article 36	2006	The draft law is close to be submitted to DPR. Discussion needs to be started in terms of the details of the system.	MOF, MOI/MOT, MOA	CMEA
	1123	Establish “New Bonded Warehouse” system	MOF regulation (draft)	2006	The draft regulation is at the Minister of Finance.	MOF, MOI/MOT, MOA	CMEA
	1124	Cultivate legal framework preparing for coming e-commerce/ e-transaction days	* Trade Law (draft) * Cyber law (draft)	2005 and onward	The draft is close to submitted to the DPR. The draft is under examination among ministries concerned.	MOI/MOT MOCI	CMEA
1.1.3	**Export/Import Procedures**						
	1131	Review of current application forms and attached documents to simplify/reduce/ abolish by eliminating a redundant/duplicating part or by commonly/jointly using the same forms across ministries/agencies to the possible maximum extent.	New application forms	2006	No action has been taken in this regards in connection with the FAL convention.	MOF, MOI/MOT, MOCI, MOC, MOA, ITFC	CMEA
	1132	Review on customs operation for the followings; a. Customs operation on "Blocking" b. Customs operation on Friday c. Physical inspection system d. Customs implementation of law	Improved customs operations	2005	See the results of "Questionnaire Survey on the Customs Operations" conducted by the Team.	MOF, DGCE	CMEA
	1133	Review on customs EDI for the followings: a. Human element still remains, b Documentation necessary from other departments. c. Maintenance system is not 24 hours, d. Costly, e. Response is slow	Improved EDI	2005 and onward	See the results of "Questionnaire Survey on the Customs Operations" conducted by the Team.	MOF, DGCE	CMEA
	1134	Review on information/ communication issues for the followings; a. Lack or insufficient interpretation of new regulation b. New regulation without prior notice c. Lack of information relaying from HQ to service office d. Organization problem between customs and related agencies	Improved information/ communication	2005 and onward	See the results of "Questionnaire Survey on the Customs Operations" conducted by the Team.	MOF, DGCE, MOI/MOT, MOA, MOC	CMEA

Project : The Study on Trade Related Systems and Procedures in the Republic of Indonesia
Subject : Action Plan

Part 1 Trade Facilitation Measures

	「A]	[B]	[C]	[D]	[E]	[F]	[G]
No.	Policy Measures	Action Plans	Outputs	Target Date	Back Ground	Executing Agency	Oversight
	1135	Review of difficulty for users to communicate with following ministries/ agencies Deprindag (MOI/MOT) DJ Bea dan Cukai (DGCE)	Easy communication	2005	See the results of "Questionnaire Survey on the Customs Operations" conducted by the Team.	MOI/MOT, MOF, DGCE	CMEA
	1136	Review of following items; a. Security to prevent pilferage, damage, etc. of cargoes, b. Officer need to be trained for enforcement of law, c. Organization need to be changed in order to deal with the recent EDI development	Improvement for respective issues	2005 and onward	See the results of "Questionnaire Survey on the Customs Operations" conducted by the Team.	MOF, DGCE, MOI/MOT, DGSC, IPC-2	CMEA
	1137	Reduction of the lead time a. To help users submit PIB earlier and easier b. To help users arrange and prepare customs inspection earlier and easier c. To help and to regulate users take out their cargoes earlier after SPPB submission	Reduced lead time	2005 and onward	The results of the "The Time Measurement Survey" conducted by the Team shows the lead time of import containers is about twice longer than those in selected developed countries and 5.5 times longer than Singapore. According to the "Time Measurement Survey", longer lead time consists of three main lapses of time. They are before PIB, preparation for customs inspection and gate out after SPPB.	MOF, DGCE, MOC, DGSC, IPC-2	CMEA
	1138	Review of the implementation of customs inspection: a. To specify not only inspectors' name but also inspection time in the customs inspection notification. b. To prepare alternative means for the absence of a designated inspector. c. To select a place with a roof for the inspection d. To adjust the timing of an inspection arrangement such as container towing, allocation of workers by a customs broker and dispatch of customs house personnel e. To make transparent the amount of charges which is paid directly on the inspection spot for the expenditure related to workers and photographs	Improved Inspection System	2005 and onward	At present, inspection time is not specified in the notification document. There is sometime difficulty to carry out a customs inspection efficiently in case that inspection schedule cannot be settled because of an inspector's absence, etc. or inspection may be overdue with shortage of inspectors. The customs inspection for the containers is carried out at the place without the roof. Therefore, there is a possibility that cargoes get wet when it rains and this may deteriorate the value of commodity. The towing charge of the container to the customs inspection station is explicit, however, the payment for the expenditure related to workers and photography has to be paid at the time of inspection directly at the spot.	MOF, DGCE	CMEA

Project : The Study on Trade Related Systems and Procedures in the Republic of Indonesia
Subject : Action Plan

Part 1 Trade Facilitation Measures

	「A]	[B]	[C]	[D]	[E]	[F]	[G]
No.	Policy Measures	Action Plans	Outputs	Target Date	Back Ground	Executing Agency	Oversight
					In order to remedy an inconsistent customs inspection, increase of transparency and clarification of the payment are pressing need since there is a report that the amount of charges is different depended on persons in charge.		
	1139	Establishment of a consulting desk for Q&A about customs related legal systems, customs regulations, actual procedures, etc.	Consulting desk	2005	Consistent interpretation should be prepared by the customs	MOF, DGCE	CMEA
	11310	National ombudsman and private user opinion box to appeal difficulties, inconveniences, etc. encountered during the export/ import procedures.	Opinion box	2005	Start small. There was a trial three years ago but did not successful because of too many stakeholders.	MOI/MOT, MOF, DGCE, National Ombudsman	CMEA
	11311	Review of all the approval systems and the licensing systems to reconfirm their necessity, appropriateness, conditions required, etc. and improvement, if necessary, of them by reforming/abolishing	Improved system on various approval/license systems	2006	It was reported that the necessity of some systems such as the approval for the import of second-hand equipment by MOI/MOT, the certain tax benefit to the import of equipment by Tax Office, the pre-registration for the certain imports by MOI/MOT are not clear. In addition, there is no clear description about the period and the amount required for approvals and licenses.	MOI/MOT, MOF	CMEA
	11312	Establishment of linkage such as information exchange among DGCE, DG-Tax, DG-Revenue+ Banks, MOI/MOT, DGSC, Port, Quarantine, etc.	Improved linkage	2005 and onward	There has been an agreement to start trial information exchange between MOI/MOT and MOF, but not implemented yet.	MOF, MOI/MOT, MOC, MOF	CMEA
	11313	Information disclosure on the progress of the newly introduced PNBP system.	Information disclosure of PNBP	2005 and onward	A duty of payment of Non-Tax State Revenue (PNBP: Penerimaan Negara Bukan Pajak) was imposed from May 1, 2004 on the exporter and the importer at the time of export and import procedures by the Decree 118/KMK. 04/2004. Since this rule was introduced very recently, many users are showing their keen interests to the progress of the rule such as how much collected so far, how the money was/is going to be spent, etc.	MOF, DGCE	CMEA
1.1.4	**Port Management/ Operation**						
	1141	OCC should be further involved in the port management/ operation through public hearings, etc. in the definition and the promotion of the “public interest” in pursuit of increased competition and efficiency.	OCC's involvement in port management/ operation	2006 and onward	See “Reforming Infrastructure – Privatization, Regulation, and Competition” A World Bank Policy Research Report, June 2004	OCC, MOC, DGSC	CMEA
	1142	Further involvement on the part of the port management body to the port operation to seek and realize the drastic improvement of efficiency through a more competitive selection system of port operators such as introducing a clearer performance target system to be incorporated in the concession agreement.	Involvement of port management body to port operation	2006 and onward	A similar recommendation is included in the Study for Development of Greater Jakarta Metropolitan Ports by JICA in 2003. See also “Reforming Infrastructure - Privatization, Regulation, and Competition” A World Bank Policy Research Report, June 2004	MOC, DGSC, IPC-2	CMEA

Project : The Study on Trade Related Systems and Procedures in the Republic of Indonesia
Subject : Action Plan

Part 1 Trade Facilitation Measures

	「A]	[B]	[C]	[D]	[E]	[F]	[G]
No.	Policy Measures	Action Plans	Outputs	Target Date	Back Ground	Executing Agency	Oversight
	1143	Introduction of international standardization of application forms as per FAL Convention	FAL compatible forms	2006	Indonesia has ratified the FAL convention. In order to make things efficient and simple, the introduction of FAL Standard is important. In Japan, an application form for entering port requires average 32 items to be filled up while the FAL only 25 items. In addition in Japan, a ship owner, an operator and an agent altogether have to fill same items separately, thus not simply 32 vs. 25, but sometimes 40,50 vs. 25 is the actual ratio. At present, the Ministry of Land, Infrastructure and Transport and the port management bodies are jointly trying to further simplify their application forms.	MOC, DGSC, IPC-2	CMEA
	1144	Setting up the targets for port productivity/efficiency based on the recent performances of neighboring international ports or the internationally accepted levels through opinion exchanges with users, and to monitor the actual performance to feedback again to the port operation for further improvement.	"Set target and evaluate performance" system	2005 and onward	A similar recommendation is included in the President Instructions No. 5/2003 on Economic Policy Package with IMF Monitoring	MOC, DGSC, IPC-2	CMEA
	1145	A marshalling operation such as the Over Land Transport (Over Brengen, or OB for short) should be free of charge.	Free OB system	2006	Majority of ports in the world don't charge for the marshalling operation.	MOC, DGSC, IPC-2, JICT	CMEA
	1146	Review the security to prevent pilferage, damage, etc. of cargoes.	Security	2005 and onward	See the results of "Questionnaire Survey on the Customs Operations" conducted by the Team.	MOC, DGSC, MOF, DGCE	CMEA
1.1.5	**Land Transportation and Inland Functional Facilities**						
	1151	Until the completion of the drastic improvement of infrastructure such as recommended in PART 2 and 3, various urgent and/ or small scale and/or temporary construction, improvement, demolition, management, operation, etc. of roads, parking spaces, various yard, etc. to reduce congestion altogether in one scheme should be planned jointly by relevant ministries/agencies and implemented by respective ministries/agencies. Not only hard means but also soft ones such as traffic controls, traffic regulations, yard operations, etc. should also be included.	Implementation of immediate measures	2005 onward	There are so many complaints with so many actual heavy congestions at many places around the port.	MOC, DGSC, DGLC	CMEA
	1152	Establish (or improve) Free Trade Zone system	Trade Law (draft), Article 36	2006	The draft law is close to be submitted to DPR. Discussion needs to be started in terms of the details of the system. 1122 is repeated here again.	MOF, MOI/MOT, MOA	CMEA
	1153	Establish "New Bonded Warehouse" system	MOF regulation (draft)	2006	The draft regulation is at the Minister of Finance. 1123 is repeated here again.	MOF, MOI/MOT, MOA	CMEA

Project : The Study on Trade Related Systems and Procedures in the Republic of Indonesia
Subject : Action Plan

Part 1 Trade Facilitation Measures

	「A]	[B]	[C]	[D]	[E]	[F]	[G]
No.	Policy Measures	Action Plans	Outputs	Target Date	Back Ground	Executing Agency	Oversight
1.1.6	**Airport Management/ Operation**						
	1161	OCC should be further involved in airport management/ operation through public hearings, etc. in the definition and the promotion of the "public interest" in pursuit of increased competition and efficiency.	OCC's involvement in airport management/ operation	2006	See "Reforming Infrastructure – Privatization, Regulation, and Competition" A World Bank Policy Research Report, June 2004	OCC	CMEA
	1162	A wide range of freedom should be given to the bonded transport of ULDs between the airport and forwarder's bonded warehouses outside airport.	Bonded transport of ULDs outside airport	2005	No bonded ULDs transportations between the airport and the outside airport have been done so far except import bulk cargoes.	MOF, DGCE, PT Angkasa Pula II, PT Garuda, PT-JAS	CMEA
	1163	Implement various improvement schemes to make full use of existing facilities such as: a. an adequate control system to minimize long-term-stored import cargoes b. more effective use of warehouse spaces by setting up mobile-type-lacks or high-rise-lacks c. expansion and renovation of the existing import truck dock d. improvement of traffic flow and parking lot	Implementation of "fill the time gap" measures	2005	Various measures to fill the time gap until the completion of a new full-fledged air cargo terminal are needed	MOF, DGCE, PT Angkasa Pula II, PT Garuda, PT-JAS	CMEA
1.2	**Information Disclosure and Publicity**						
	121	The strategy for the information disclosure and publicity should be formulated by OCC.	Information Disclosure and Publicity Strategy	2005	"Transparency" is selected as one of the most important principles in the trade facilitation activities currently proposed by many international institutions.	OCC, CMEA, MOIC, MOF, MOI/MOT, MOC, MOA	CMEA
	122	A compilation and a revision systems of legal information and legal examples on import and export procedures should be established and implemented. It should be made available either handbook type or website version.	Legal handbook (paper and website)	2006	Collection of all the decrees, notifications and preceding examples are currently not available.	MOF, MOI/MOT, MOC, MOA,	CMEA
1.3	**Government and Business Partnership (G&B Partnership)**						
	131	In order to make the reform user friendly and to utilize information collected by private sector, a built-in system of collecting private sectors opinions in every phases of the trade facilitation should be set in the entire reform system.	Built-in system of hearing user's opinions	2005 and onward	"G&B Partnership" or PPP is selected as one of the most important principles in the trade facilitation activities currently proposed by many international institutions. G&B Partnership has advantage of being able to collect private sector's information.	CMEA, MOF, MOI/MOT, MOA, MOC, DGCE, DGSC, DGAC, INFA and other related private sector	CMEA
	132	The G&B permanent regular meeting systems with various relevant private sectors and of various levels such as head office level, branch level, etc. should be introduced into and fixed in the trade facilitation system.	G&B Meeting System	2005 and onward	"User First" is one of the most important principles in the trade facilitation reform activities proposed by many international institution. The third country study in Malaysia has given a good successful example. See "The third country study" in the present report.	CMEA, MOF, MOI/MOT, MOA, MOC, DGCE, DGSC, DGAC, INFA and other related private sector	CMEA

Project : The Study on Trade Related Systems and Procedures in the Republic of Indonesia
Subject : Action Plan

Part 1 Trade Facilitation Measures

	「A]	[B]	[C]	[D]	[E]	[F]	[G]
No.	Policy Measures	Action Plans	Outputs	Target Date	Back Ground	Executing Agency	Oversight
1.4	**Competition**						
141		The competition strategy for the Jakarta Metropolitan port/ ports including both intra-port and inter-port competitions should be formulated. In formulating the inter-port competition strategy, full consideration should be given to the second port concept (SPC).	Intra-port/ inter-port competition strategy	2006	"Competition is one of the most important principles in the trade facilitation reform activities proposed by international institutions. Competition is the mother of high efficiency, good services and reasonable prices. The introduction of competition in a public enterprise like a port is, in general, difficult. But Jakarta has a high possibility to realize competitive state, since there are enough port cargoes in Jakarta. Port in Metropolitan Areas in neighboring countries such as Bangkok and Kuala Lumpur are under keen competition, too. In particular, the Port of Bangkok and the Port of Laem Chabang, the good example of the "Second Port Concept" could be an useful example for Jakarta. See “Reforming Infrastructure – Privatization, Regulation, and Competition” A World Bank Policy Research Report.	MOC, DGSC	CMEA
142		The competition strategy for the Jakarta Metropolitan airport should be formulated.	Airport Competition Strategy	2006	Jakarta has a power to collect air cargo, hence the introduction of competition in airport is highly possible as well.	MOC, DGAC, Angkasa Pula II	CMEA
1.5	**Automation of Systems and Procedures**						
1.5.1	**General**						
1511		The IT strategy including current customs EDI and covering all the import/export procedures on the border should be formulated.	IT Strategy	2005 and onward	The customs EDI has started recently. The strategy should include all the procedures executed by related ministries/agencies, B2B e-transactions, and other various element such as paperless, single window, introduction of various international standard, etc.. The strategy should also set targets along the time axis in accordance with step by step progress. Recently, UN/CEFACT has presented the following strategic paper about a single window; "RECOMMENDATION AND GUIDELINES ON ESTABLISHING A SINGLE WINDOW", UN/CEFACT RECOMMENDATION NUMBER 33, July 2004 and its complement.	MOF, DGCE, MOC, DGSC, DGAC	CMEA

Project : The Study on Trade Related Systems and Procedures in the Republic of Indonesia
Subject : Action Plan

Part 1 Trade Facilitation Measures

	「A]	[B]	[C]	[D]	[E]	[F]	[G]
No.	Policy Measures	Action Plans	Outputs	Target Date	Back Ground	Executing Agency	Oversight
1.5.2	**Improvement of the Current EDI**						
	1521	Review on customs EDI for the followings: a. Human element still remains, b Documentation necessary from other departments. c. Maintenance system is not 24 hours, d. Costly, e. Response is slow	Improved EDI	2005 and onward	See the results of "Questionnaire Survey on the Customs Operations" conducted by the Team. 1123 is repeated here again.	MOF, DGCE	CMEA
	1522	Adoption of internationally compatible data formats based on such standard electronic formats as UN/EDIFACT or other standard formats.	New data formats	2005 and onward	Substantial progress has been done in this connection. Still, continuation of the efforts is needed.	MOF, MOCI, MOI/MOT, MOC, MOA	CMEA
	1523	Early and timely information disclosure on a computer trouble, clear specification of its cause, restoration time, etc.	Early and timely announcement system to users	2005	After introduction of EDI, troubles generated on a communication line or a system may lead to a serious problem.	MOF, DGCE	CMEA
	1524	Introduction of a prior consultation and an appeal system into the current EDI	A prior consultation and an appeal system in the EDI	2005	In order to secure further convenience and effectiveness of EDI, a prior and an afterward responding system is necessary.	MOF, DGCE	CMEA
	1525	New system to monitor the user's opinion.	New system	2005 and onward	User opinions to be reflected in the development of EDI system.	MOF, DGCE	CMEA
1.5.3	**Further Development of IT**						
	1531	Maximize the contribution of e-commerce and ICT business applications to business entities' daily operation.	Decrees or regulations of related ministries or agencies.	2006 and onward	Substantial progress has been done in this connection. Still continuation of the efforts is needed particularly for the convenience of private sector.	MOF, MOCI, MOI/MOT, MOC, MOA	CMEA
	1532	Cultivate legal framework preparing for coming e-commerce/ e-transaction days	* Trade Law (draft)	2005 and onward	The draft is close to submitted to the DPR.	MOI/MOT	CMEA
			* Cyber law (draft)		The draft is under examination among ministries concerned. 1124 is repeated here again.	MOCI	

Project : The Study on Trade Related Systems and Procedures in the Republic of Indonesia
Subject : Action Plan

Part 2 Investment In Infrastructure

	「A]	[B]	[C]	[D]	[E]	[F]	[G]
No.	Policy Measures	Action Plans	Outputs	Target Date	Back Ground	Executing Agency	Oversight
2.1	**Investment Policy**						
	211	The feasibility of the investment in the transport infrastructure should be confirmed.	Confirmation of Feasibility	2006	As the result of the present study, the necessity and the urgency of the investment in the transport infrastructure are confirmed. However, a full-fledged feasibility analysis is necessary for the decision of actual implementation. To this purpose, both IPP proposed in 232 and 332, and ATP proposed in 241 and 333 are recommended for the feasibility analysis.	MOC, DGSC, DGAC	CMEA
	212	The investment policy for ports, airports, access roads, etc. should be formulated in accordance with the trade facilitation strategy in 1112.	Investment Policy	2006	Investment in the transport infrastructure needs to be carried out under one unique policy. The investment policy could clearly show the Indonesia's will in the field of international trade and trade facilitation.	MOC, DGSC, DGAC	CMEA
2.2	**Roles of the Port of Tanjung Priok (PTP) and the Soekarno-Hatta International Airport (SHIA)**						
	221	The future targets of PTP and SHIA in the investment policy should be the hubs for the sea and the air cargo flows respectively in the ASEAN region.	PTP and SHIA as regional hubs	2006	Partly because both PTP and SHIA have not played any hub functions so far, both port and airport cargoes handled in Jakarta are remarkably small compared to those in Bangkok or Kuala Lumpur. These differences in cargo volumes might be deemed much bigger by taking the Indonesia's economic scale, population, etc. into consideration. However, even this much of cargoes are approaching closely to the existing capacity of port and airport respectively. In the near future, capacity shortages will surely occur for the cargo increases due to the anticipated national economic development, if not for hub functions. All these situations lead to the conclusion that transport infrastructure investments are, in any case, inevitable. Thus, the best selection for the targets of investment will be the regional hubs both for the port and the airport. Note that hubs themselves are a kind of industry which can provide more jobs for the domestic market and can earn more foreign currency by handling not only Indonesian cargoes but also transship containers.	MOC, DGSC, DGAC	CMEA

Project : The Study on Trade Related Systems and Procedures in the Republic of Indonesia
Subject : Action Plan

Part 2 Investment In Infrastructure

	「A]	[B]	[C]	[D]	[E]	[F]	[G]
No.	Policy Measures	Action Plans	Outputs	Target Date	Back Ground	Executing Agency	Oversight
	222	Regional hub strategies should be formulated both for the port and the airport.	Regional Hub Strategy	2006	Since the ASEAN region is one of the keenest battlefield of hub competition in the world, all the efforts to realize hub should be paid under the national strategy.	MOC, DGSC, DGAC	CMEA
	223	A marketing strategy should be independently formulated as the central strategy of the entire regional hub strategy.	Marketing Strategy	2006	Since the regional hub competition is extremely keen, the importance of the marketing is immeasurable. What is most important for the marketing is to carry out various sales activities under one unique strategy.	MOC, DGSC, DGAC	CMEA
2.3	**PTP and Logistic Network System (LNS)**						
	231	The development plan of PTP prepared by JICA should be put immediately into implementation for the earliest completion.	Improved PTP	2005 and onward	"Study for Development of Greater Jakarta Metropolitan Ports", JICA, 2003	MOC, DGSC, IPC-2	CMEA
	232	In order to realize a regional hub, an integrated port cargo flow development plan (Integrated Port Plan, IPP) should be formulated in accordance with the trade facilitation strategy (TFS), the competition strategy and regional hub strategy.	Investment Planning	2006	Since the capacity and efficiency of a cargo flow would be decided by the weakest point along the cargo flow link, a cargo flow should be planned as one complete and continuous link. In this connection, full attention should be paid to the “Second Port Concept (SPC)” and the “Logistic Network System (LNS). SPC is the idea that in order to work together with and, at the same time, to compete with the existing old port (the First Port) with various and serious restrictions mostly due to the progress of urbanization of the hinterland city, a new port (the Second Port) with high locational freedom shall be built. A good example of the SPC is the pair of the Port of Bangkok and the Port of Laem Chabang in Thailand. In Japan, the Second Port is built on a big scale man-made-island built just in front of the First Port. Many big ports such as Yokohama, Kobe, Tokyo, Nagoya, Osaka, Hakata are examples of this type.	MOC, DGSC, MOPW, DKI Jakarta	CMEA

Project : The Study on Trade Related Systems and Procedures in the Republic of Indonesia
Subject : Action Plan

Part 2 Investment In Infrastructure

	「A]	[B]	[C]	[D]	[E]	[F]	[G]
No.	Policy Measures	Action Plans	Outputs	Target Date	Back Ground	Executing Agency	Oversight
					LNS physically consists of roads and inland functional facilities (IFF) and is the concept that a port cargo flow system is not an aggregate of separate facilities but a mutually connected one complete flow system. Since the road construction generally funded by the public sector, while the construction of IFF generally by the private sector, road and IFF are, in most cases, planned and built separately. LNS emphasizes the importance of planning and implementing both road and IFF jointly.		
	233	There is an optimum location for inland functional facilities (IFF) in relation with the port and road networks. In case when, by setting a particular IFF at a particular location, the capacity and/or the efficiency of the entire LNS are improved markedly, or the total investment in LNS is saved substantially, some encouraging and guiding measures are thought to be necessary. Thus, a system to provide encouraging and guiding measures to that kind of IFF should be established.	Public involvement in IFF	2006	Public involvement in IFF is necessary.	MOC, DGSC, DKI Jakarta, Private Sector	CMEA
2.4	**Air Cargo Terminal**						
	241	A construction plan of a full- fledged air cargo terminal (ATP) should be formulated in accordance with the regional hub strategy. A step-by-step implementation plan should also be formulated.	NACT	2006	In order to become a regional hub, a gigantic air cargo terminal has been built in the surprisingly large site of the Kuala Lumpur International Airport. When SHIA will take off as a regional hub, much bigger terminal than existing one might be necessary. Hence, in addition to a full-fledged terminal plan, a step-by-step implementation plan needs to be prepared.	MOC, DGSC, MOPW, Private Sector	CMEA
2.5	**Funding Plan**						
	2351	For both the port and the airport investments, funding plans with mutually compatible implementation schedule of individual facilities should be formulated.	Funding Plan	2006	Not only the development plan but also the funding plan should be mutually compatible among individual elements, so that the one complete and continuous LNS be finally realized.	MOC, MOPW, Private Sector	CMEA

Project : The Study on Trade Related Systems and Procedures in the Republic of Indonesia
Subject : Action Plan

Part 3 Technical and Budgetary Supports

	「A]	[B]	[C]	[D]	[E]	[F]	[G]
No.	Policy Measures	Action Plans	Outputs	Target Date	Back Ground	Executing Agency	Oversight
3.1	**Sources of Supports**						
	311	Various supporting schemes currently provided by many international institutions and developed countries such as capacity building (CB), ODA, etc. are recommended to supply the needs for technical and/or budgetary supports in the reform works.	Technical and budgetary supports	Corresponding to respective requirements	Since many international institutions and developed countries are currently eager to develop trade facilitation measures and to provide them to developing countries, it is highly probable to get various knowhows on trade facilitation upon request.	OCC, MOF, MOI/MOT, MOA, MOC	CMEA
3.2	**Individual Supports**						
	321	In order to provide right supports to right issues at right time, an organized control of sources of supports and allocation of supports should be implemented by OCC.	OCC's involvement	2005 and onward	The trade facilitation reform would need either technical or budgetary supports or both depending on the situation of respective issues.	OCC, MOF, MOI/MOT, MOA, MOC, Private Sector	CMEA
3,3	**Project Supports**						
	331	The establishment of the "Trade Facilitation Center (TFC)" through a project support is recommended. Assigned works of TFC could be development, research and training on those issues that involve more than two ministries/agencies such as formulation of legal system, information disclosure, IT development, human resource development, etc.	TFC	2005	An institution which takes care of technical bases common to related ministries/ agencies is necessary. The TFC can be operated as the permanent clerical office for the OCC along with its original assignments.	All the relevant ministries and agencies	CMEA
	332	The formulation of the IPP and the confirmation of its feasibility through a project support is recommended.	IPP and its feasibility confirmation	2006	232 is repeated here recommending the utilization of a project support.	MOC, DGSC	CMEA
	333	The formulation of the ATP and the confirmation of its feasibility through a project support is recommended.	ATP and its feasibility confirmation	2006	241 is repeated here recommending the utilization of a project support.	MOC, DGAC	CMEA