No.

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

COORDINATING MINISTRY FOR ECONOMIC AFFAIRS
THE REPUBLIC OF INDONESIA

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

FINAL REPORT

March 2005

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

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Preface

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

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

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

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

March 2005

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

LETTER OF TRANSMITTAL

March 2005

Mr. Izawa Tadashi
Japan International Cooperation Agency
Vice-President

Dear Sir

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

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

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

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

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

Yours faithfully,

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

[Final Report]

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LIST OF ABBREVIATIONS

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

A

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

B

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

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

C

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

D

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

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

E

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

F

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

G

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

GPS	:	Global Positioning System
GRT	:	Gross Ton

H

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

I

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

J

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

K

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

L

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

LOI	:	Lay Out Import / Import Lay Out
M		
MC	:	Master Cable
Menko EKUIN	:	Menteri Koordinator Bidang Ekonomi Keuangan dan Industri / Coordinating Minister of Economic, Finance and Industrial Affairs
Menko Perekonomian	:	Menteri Koordinator Bidang Perekonomian / Coordinating Minister of Economic Affairs
MFA	:	Multifibre Arrangement
MMEA	:	Minuman Mengandung Etil Alkohol / Beverages which contain ethyl alcohol
Mo SRD	:	
MOA	:	Ministry of Agriculture
MOC / MOT	:	Ministry of Communication / Ministry of Transportation
MOCI	:	Ministry of Communication and Information
MOF	:	Ministry of Finance
MOIT	:	Ministry of Industry and Trade
MOJHR	:	Ministry of Justice and Human Rights
MOPW	:	Ministry of Public Works
MOSOE	:	Ministry of State Owned Enterprises
MOTI	:	Ministry of Trade & Industry
MOU	:	Memorandum of Understanding
MP3	:	Monitoring Pelaporan Pembayaran Pajak / Monitoring for Reporting of Tax Payment
MTI	:	Multi Terminal Indonesia / Indonesian Multi Terminal
MTO	:	Multimodal Transport Operator
N		
NI	:	Nota Informasi/ Information Note
NI/NHI	:	Nota Intelijen / Nota Hasil Intelijen - Intelligence Note / Intelligence Result Note
NIP	:	Nomor Identitas Pabean / Customs Identity Number
NIP	:	Nomor Induk Pegawai / Officers Main Number
NIPER	:	Nomor Induk Perusahaan / Company's Main Number
NL	:	Nota Lunas / Paid Note
NOA	:	Notice of Arrival
NOPEN	:	Nomor Penerimaan / Receiving Number
Nota	:	Note
NOTA 4B	:	Nota Jasa Barang / Goods Services Note

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

O

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

P

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

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

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

Q

QC	:	Quality Control
QCC	:	Quayside Crane

R

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

S

SAC	:	Ship Arrival Condition
SAKI	:	Standar Akuntansi Keuangan Indonesia / Indonesian Financial Accountancy Standard
SAR Convention	:	International Convention on Maritime Search and Rescue

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

T

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

U

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

UNEDIFACT	:	United Nations Directories for Electronic Data Interchange for Administration, Commerce and Transport
UNICITRAL	:	United Nations Commission for International Trade Law
USEREQ	:	User Request
USERPT	:	User Report
UTPK	:	Unit Terminal Petikemas / Container's Terminal Unit

V

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

W

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

X

Y

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

Z

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SUMMARY

Trade Facilitation at a Glance

Executive Summary

TRADE FACILITATION AT A GLANCE

1 Why Trade Facilitation ?

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

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

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

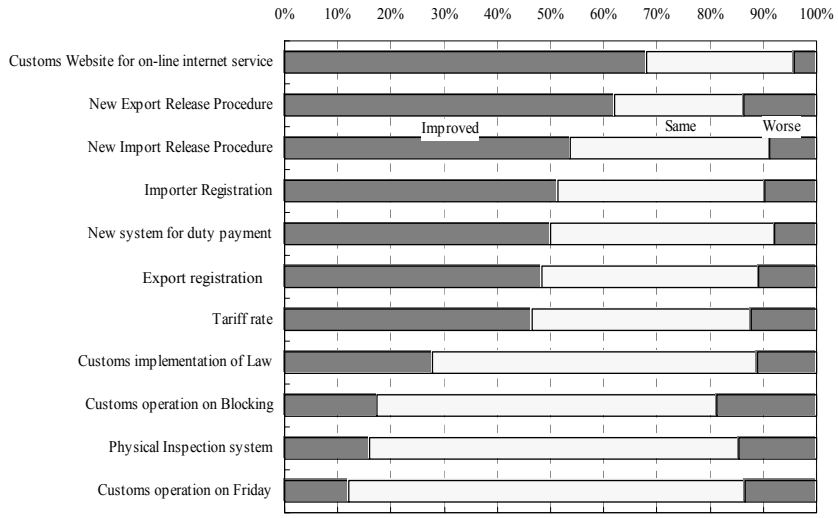
3 What are Findings telling ?

3.1 Customs not bad, still Lead Time too long !

[Customs Reform]

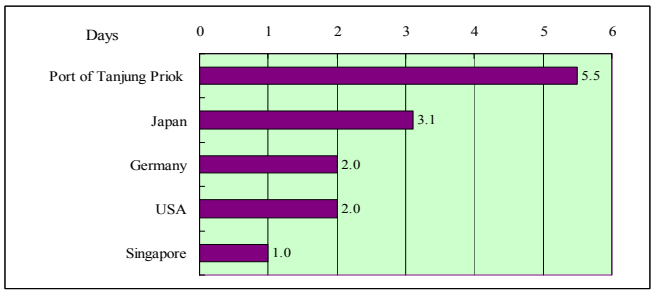
FIG. 1 is the result of the Questionnaire Survey on the recent customs reform. 7 out of 11 items are evaluated "improved" by 50 % or more replies. Still, 10 out of 11 items are evaluated "worse" by 1 reply out of 10. The evaluation results are not bad as a whole, but there might still remain inefficiencies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

FIG. 1 Evaluation of Recent Effort of the Customs



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

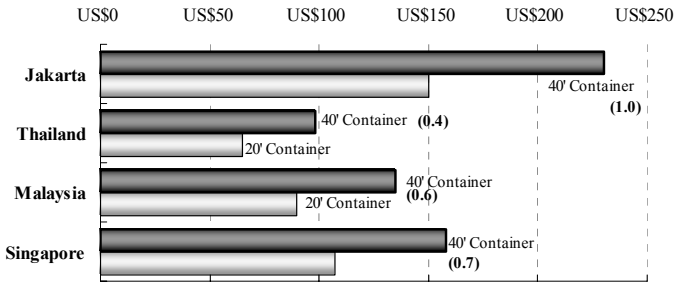
FIG.2 Comparison of Lead Time for Container Import



3.2 Why so expensive ?

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

FIG. 3 Terminal Handling Charge



3.3 Why so small amount of cargo in Jakarta ?

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

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

FIG.4 Containers at Asian Port

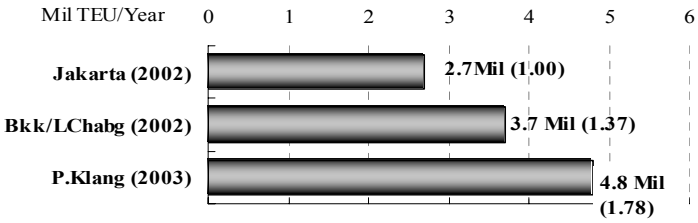
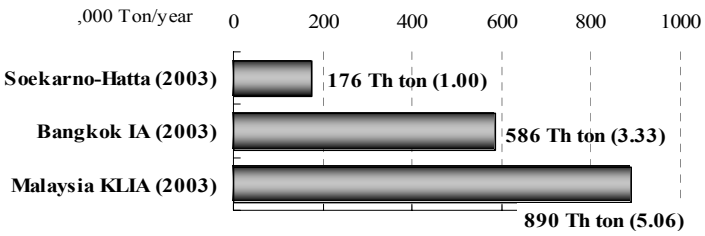


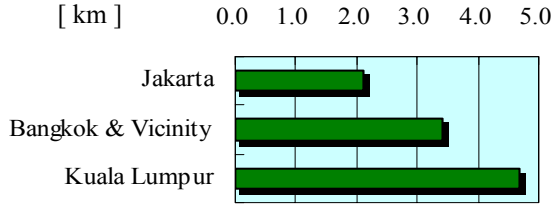
FIG.5 Air Port cargo



3.4 Old, Narrow, Congested and Beyond Capacity !

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

FIG. 6 Container Berth Length



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

FIG. 7 Air Cargo Area

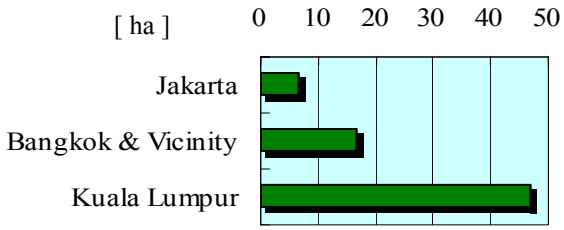


TABLE 1 Port Capacity by Individual Elements – Port of Tanjung Priok

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

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

4.1 Because No Competition !

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

4.2 Indonesia is Losing ・・・・・

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

5 Then, what should/can be done ?

5.1 What is behind the Findings

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

TABLE 2 Findings and their Background

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

5.2 Five-in-One Reform

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

TABLE 3 Five-in-One Reform

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

5.3 Regional Hub Strategy

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

EXECUTIVE SUMMARY

I. OUTLINE OF STUDY

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

I – 1 Outline of Chapter 2

The chapter 2 covers four materials. They are:

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

I – 1 – 1 Discussion on Present Conditions

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

I – 1 – 2 Time Measurement Survey

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

I - 1 - 3 Questionnaire Survey

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

I - 1 - 4 Third Country Survey

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

I - 2 Outline of Chapter 3 and 4

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

Some examples of identified hindrances are:

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

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

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

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

I – 3 Findings

I – 3– 1 Introductory Remarks

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

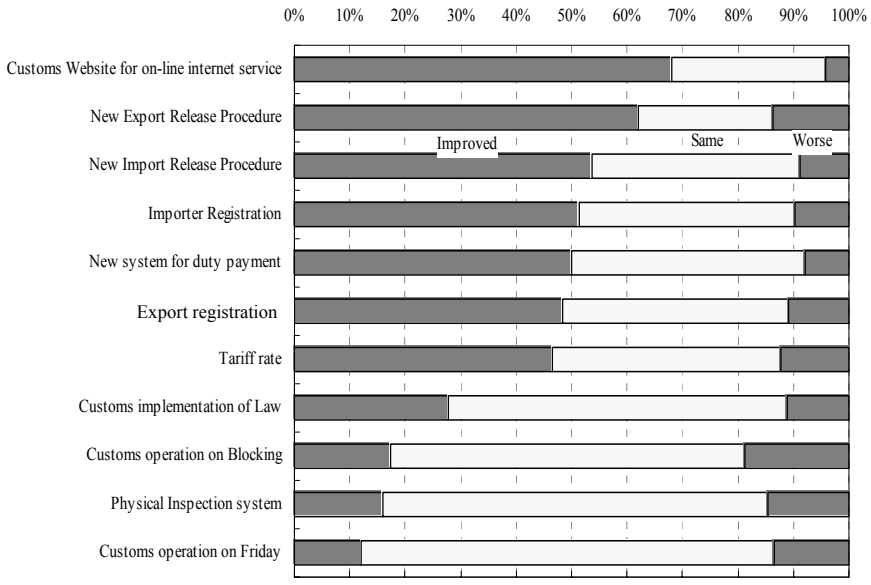
In Indonesia, an improvement of trade environment has been commenced as a part of the nation's entire economic reform conducted by the government with the support from IMF.

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

I – 3 – 2 Evaluation of Customs Reform

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

FIG. E1 Evaluation of Recent Effort of the Customs

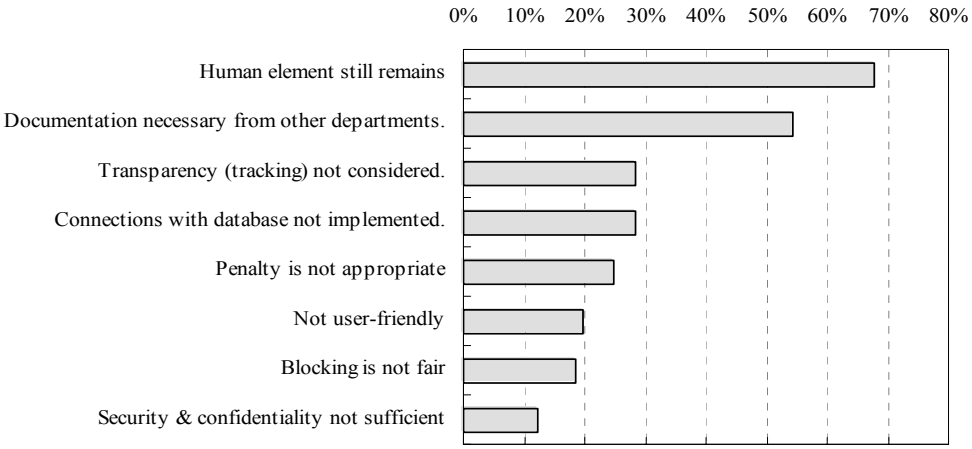


remain inefficiencies or inconveniences in the wide range of the reform.Another example is the evaluation of the customs EDI as shown in **TABLE E1** and **FIG. E2**. According to the **TABLE E1**, more than 90 % of replies evaluate positively, while **FIG. E2** shows that there still remain two items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

TABLE E1 Evaluation of EDI

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

FIG. E2 Evaluation of the Concept of EDI

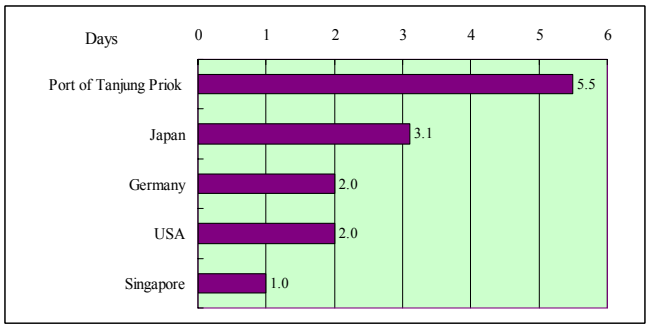


I – 3 – 3 Lead Time

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

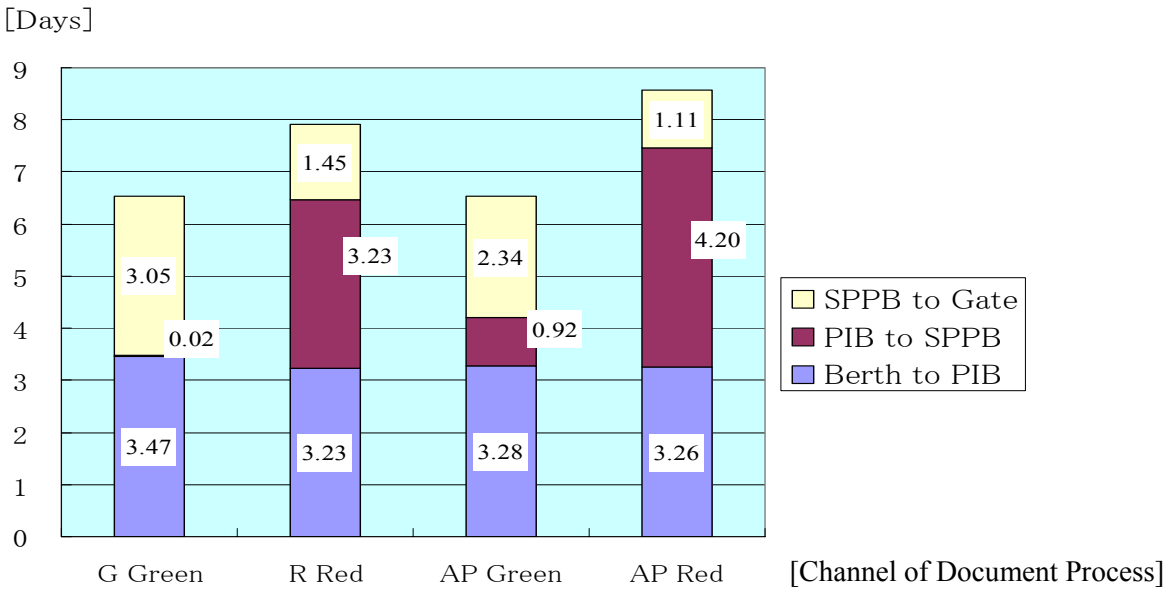
FIG. E3 shows the international comparison of the lead time. 5.5 days of Indonesia's lead time is obtained by the time measurement survey conducted by the study team. According to this figure, Indonesia takes 2 ～3 times more than selected developed countries and 5.5 times more than Singapore.

FIG. E3 Comparison of Lead Time for Container Import



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

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



I – 3 – 4 Terminal Handling Charge (THC)

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

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

FIG. E5 Terminal Handling Charge

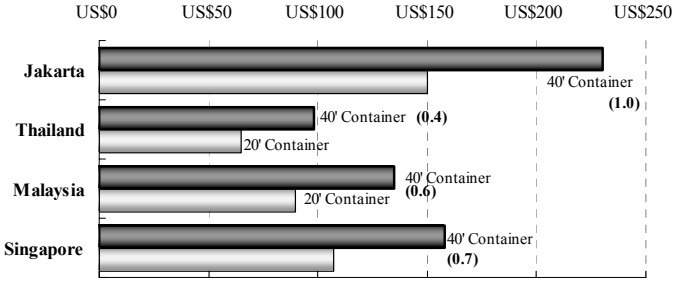


TABLE E2 Container Handling Charge (CHC)

Unit: US$

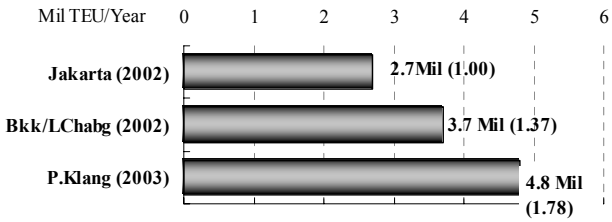
Port	Container	
	20'	40'
Tanjung Priok	93	139
Malaysia (Port Klang)	61	91
Singapore	90	117

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

I – 3 – 5 Cargo through put in Metropolitan Area

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

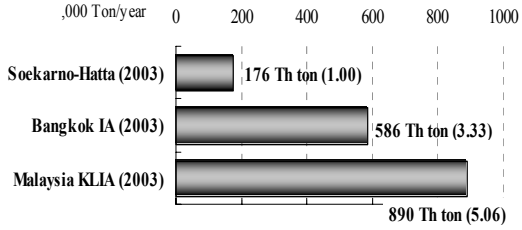
FIG. E6 Container at Asian Port



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

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

FIG.. E7 Air Port Cargo



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

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

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

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

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

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

I – 3 – 6 Infrastructure

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

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

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

FIG. E8 Container berth Length

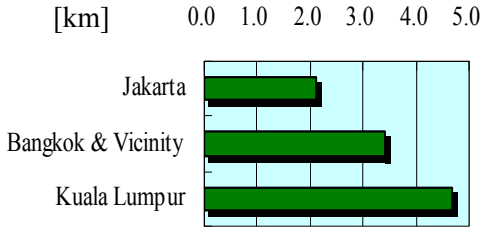


FIG. E9 Air Cargo Area

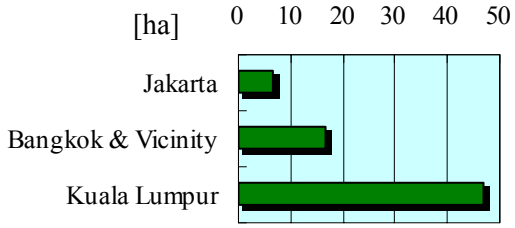


TABLE E3 Port Capacity by Individual Elements – Port of Tanjung Priok

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

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

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

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

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

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

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

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

I – 3 – 7 Second Port Concept

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

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

I – 3 – 8 G&B Partnership

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

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

II. RECOMMENDATIONS

II – 1 Preparation for Recommendation

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

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

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

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

TABLE E4 Findings and their Background

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

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

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

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

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

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

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

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

TABLE E5 Five-in-One Reform

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

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

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

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

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

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

almost perfectly.

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

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

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

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

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

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

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

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

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

III. ACTION PLAN

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

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

IV. DIAGRAM OF TRADE FACILITATION STRUCTURE

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

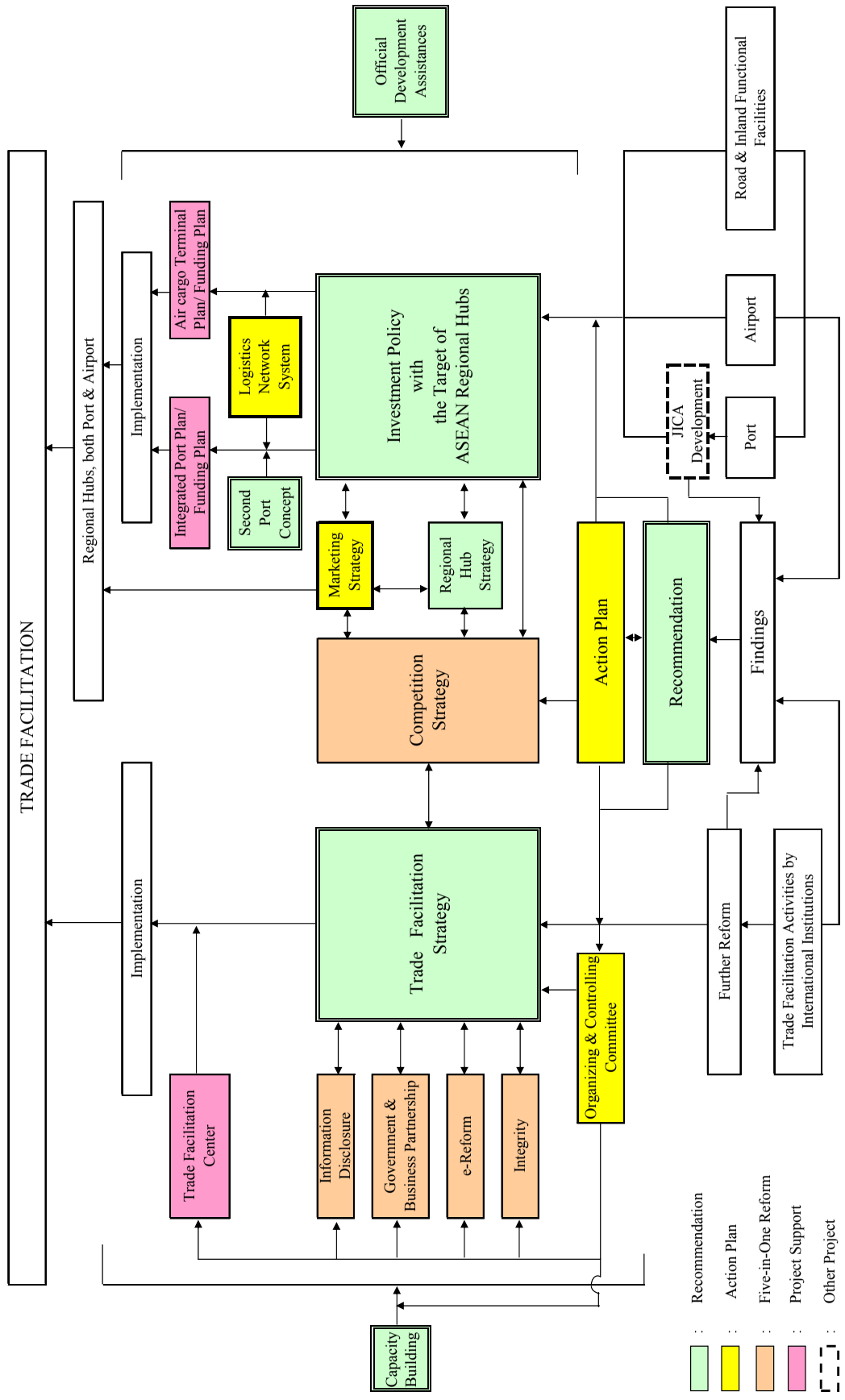


FIG E10 Detailed Diagram Showing the Trade Facilitation

V. SOME DETAILS OF THE STUDY

1. Time Schedule of the study

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

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

2. Steering Committee

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

3. Member of Study team

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

PART 1

Study on Improvement of Trade Environment

1. Introduction of the Study

1.1 Objective of Study

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

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

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

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

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

1.2 Geographical Scope of Study

The geographical scope of the Study encompasses the incoming and outgoing international cargoes at the Tanjung Priok Port and Soekarno-Hatta International Airport and the cargo traffic to and from the industrial parks and bonded warehouses scattered in the Jakarta Metropolitan Area as well as the cargo movements on arterial roads linking with the said port and airport. Figure 1.2.1 shows the geographical scope of the Study.

1.3 Outline of Study

1.3.1 Organization for Study and Relevant Agencies

The Study has been undertaken by the Japan Port Consultants (JPC) Group in associated with Pacific Consultant International (PCI) entrusted by JICA through competitive bidding. Listed below are the ministries and other government agencies of Indonesia which have been responsible for dealing with the Study.

(1) Counterpart Organization

Coordinating Ministry for Economic Affairs, Republic of Indonesia

(2) Organizations Concerned with Study

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

No.	Ministry	Department	Steering committee
1.	Coordinating Ministry for Economic Affairs (CMEA)	Deputy Coordinating Minister of Economic Affairs	Chairman
2.	Ministry of Trade and Industry	Director General for International Trade	Vice Chairman
3.	MOI/MOT	Director General for Domestic Trade	Member 1
4.	Ministry of Finance (MOF)	Director General for Customs and Duties	Member 2
5.	Ministry of Transportation	Director General of Sea Communication	Member 3
6.	MOC	Director General of Air Communication	Member 4
7.	MOC	Director General of Land Communication	Member 5
8.	MOI/MOT	Head of National Export Development Agency	Member 6
9.	Ministry of Agriculture	Head of Agricultural Quarantine Board	Member 7
10.	State Ministry for National Development Planning	Deputy for Funding Development and Foreign Cooperation, BAPPENAS	Member 8
11.	KADIN, Indonesian Chamber of Commerce and Industry	Head of Indonesian Chamber of Commerce and Industry	Member 9

12.	DKI Jakarta's Regional Development Agency	Head of DKI Jakarta's Regional Development Board	Member 10
13.	DKI	Assistant for Economic Affairs, Secretariat of DKI Province	Member 11
14.	CMEA	Assistant Deputy for Industry Facilitation, Trade and Export Development	Member 12
15.	CMEA	Assistant Deputy for Non-Agriculture Industry, Tourism and Services	Member 13
16.	CMEA	Assistant Deputy for Agricultural Product Processing Industry	Member 14
17.	CMEA	Assistant Deputy for Small and Medium Enterprises and Empowerment	Member 15
18.	CMEA	Assistant Deputy for Marketing, and National Distribution System	Secretary of Steering Committee
19.	PT. ANGKASA PURA II	Soekarno Hatta International Airport	
20.	PT. PELINDO II	Indonesia Port Corporation II (Tanjung Priok Port)	

(3) The Member of Study Team

No.	Name	Specialty	
1.	Mr. Ikuhiko Yamashita	Team Leader	Japan Port Consultants Ltd. (JPC)
2.	Mr. Atsushi Sato	Sub Team Leader, Port Cargo Traffic Management	Pacific Consultants International (PCI)
3.	Mr. Hideaki Uematsu	Trade Facilitation Policy - Institutional Aspects	(JPC)
4.	Mr. Toshiaki Nagaya	Trade Facilitation Policy - Practical Aspects	(JPC)
5.	Mr. Keiji Kojima	Air Cargo Management	(PCI)
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9.	Mr. Teruyoshi Okawa	Statistics 1	(JPC)
10.	Mr. Eko Nurdyantro	Statistics 2	(JPC)
11.	Mr. Kazuo Uezumi	Coordinator	(PCI)

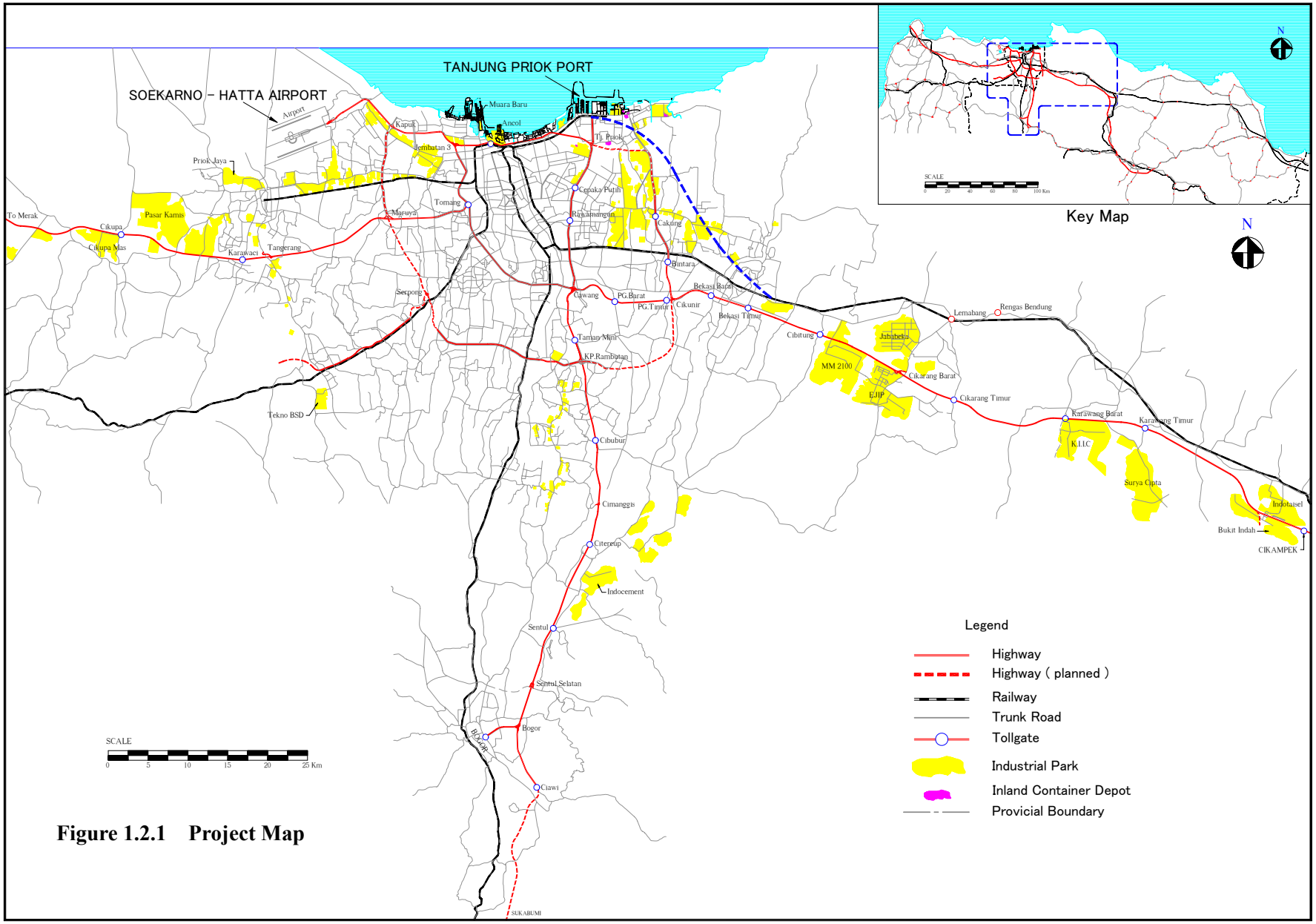


Figure 1.2.1 Project Map

1.3.2 Study Schedule

The Study has been conducted according to the following time schedule:

(1) Preparatory Work in Japan (February 2004)

The first analysis of available pertinent data collected was performed and preparations for the field Study activities were made.

(2) First Survey in Indonesia (March 2004)

The various Study concepts were discussed and confirmed with competent government agencies of Indonesia. A survey on the actual state of the country's trade environment was carried out together with test-runs of time measurements for the import and export processes.

(3) First Work in Japan (March 2004)

The first field survey results in Indonesia were analyzed and the survey methodology was reviewed.

(4) Second Survey in Indonesia (May ~August 2004)

Problems in Indonesia's current trade environment were identified through discussions with the competent government agencies and analyzed. Field surveys were conducted on the time required for processing imports and exports and related documents. A draft improvement plan based on the field survey results was explained to, and discussed with, the Steering Committee. An interim survey report was prepared.

(5) Second Work in Japan (October 2004)

Following an analysis of the second survey results in Indonesia, a draft improvement plan will be drawn up and a draft action plan will be studied.

(6) Third Survey in Indonesia (November/December 2004)

The draft improvement plan and the draft action plan will be referred through workshop meetings to the competent government agencies for review and will be modified as necessary.

(7) Third Work in Japan (January 2005)

The Draft Final Study Report will be prepared and necessary arrangements will be made for seminars to be organized in Indonesia.

(8) Fourth Survey in Indonesia (January-February 2005)

Seminars intended to give widespread publicity to the action plan drawn up in the Study will be organized in four cities of Jakarta, Medan, Surabaya and Makassar.

(9) Fourth Work in Japan (March 2005)

The Final Study Report will be prepared for submission to the Client.

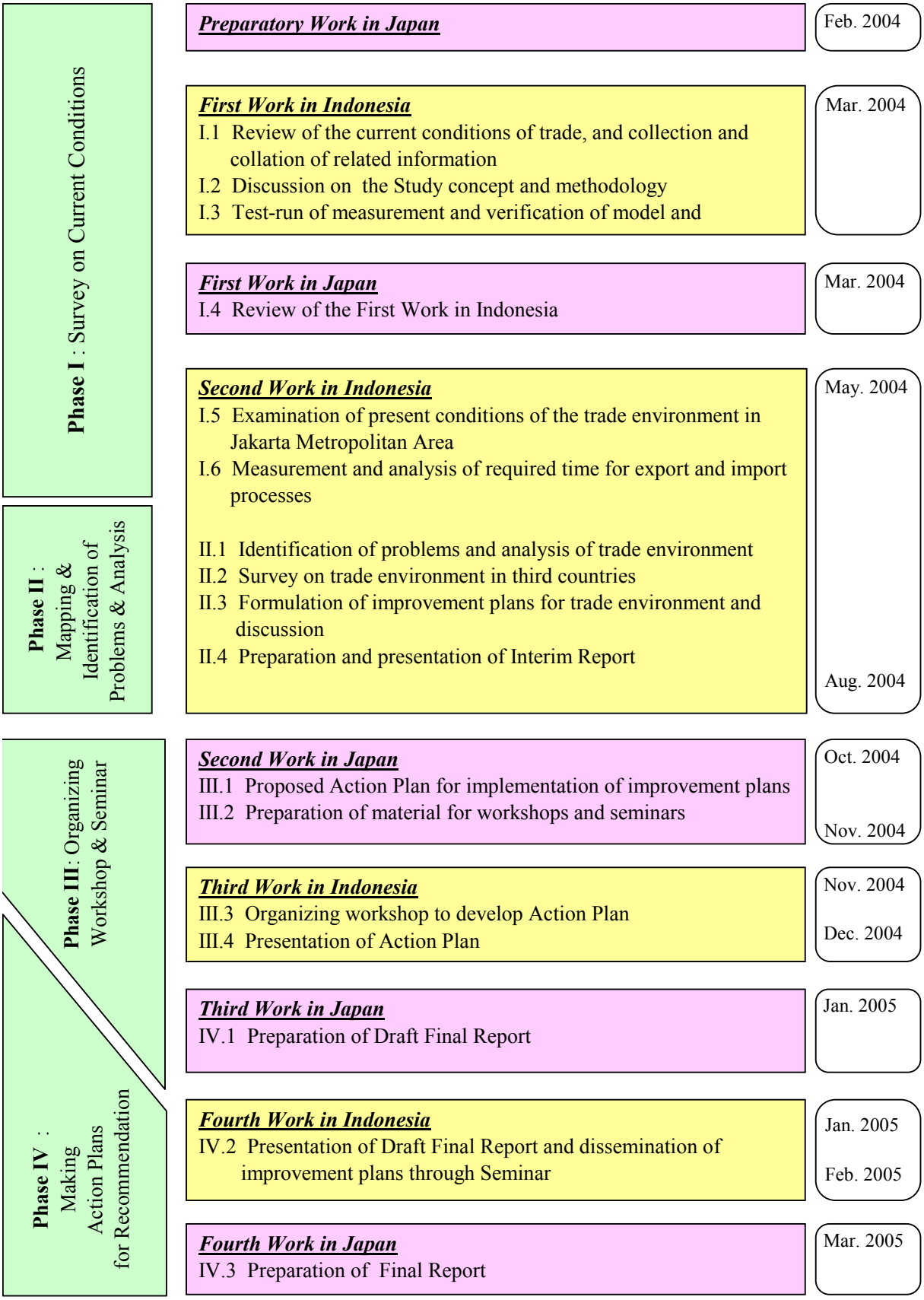
Figure 1.3.1 shows the time schedule of the Study and Figure 1.3.2 is the block chart illustrating the contents of the Study.

Figure 1.3.1 Time Schedule of the Study

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

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

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



2. Discussion on Present Conditions

2.1 Present Situation of Import/Export Trade System

2.1.1 Legal and Administrative Efforts for Smoother Trade Developments

The removal of trade restrictions has been at the heart of Indonesia's reform process.

Since the onset of the currency crises towards the end of 1997, Indonesia has undertaken systematic efforts to increase the pace of its economic development by removing government-based constraints to trade, investment and production. Indonesia has committed itself, by the end of the IMF-programme period, to the removal of all non-tariff import measures and export restrictions not justified by health, safety or environmental grounds. Accordingly, a large number of import licensing requirements and restrictions on exports have been removed since the end of 1997.

Coupled with reduced import tariffs, reductions on export taxes, and termination of production and trade monopolies in certain intermediate industries (cement, plywood and rattan industries), now Indonesia may be said to have one of the most liberal trade regimes among developing countries.

In doing so, the Government was well aware that appropriate legal frameworks were prerequisite for a stable business environment which would promote private sector investment, international trade and resultant improved balance of payments.

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

(1) Measures Directly Affecting Imports

1) Policy trends

In the middle of 1990s, up to 1997, the Government of Indonesia continued to implement gradual

trade reform through the implementation of periodic packages, which encompassed both border measures and internal measures. Border measures generally included tariff, non-tariff and trade facilitation measures. Five reform packages had been implemented, namely in May 1995, December 1995, January 1996, June 1996 and July 1997. Since November 1997, these have been complemented by measures agreed under IMF program. Reflecting the priorities of the period (before the crisis), i.e. the implementation of tariff commitments under multilateral and regional agreements, the reform packages focused mainly on tariffs. In this respect, the May 1995 package was generally considered most meaningful of all reform packages adopted before the crisis, as it provided for significant tariff cuts and introduced a medium-term schedule for further reductions up to the year 2003. Little progress was made in the subsequent packages to remove non-tariff measures such as import licensing and export restrictions. The 1997-98 crisis prompted much bolder measures and a re-acceleration of the reform process. The measures included tariff cuts affecting agriculture, and removal, by the end of the IMF program period, of all remaining import restrictions, other than those justified on health, safety and environmental grounds, as well as non-tariff assistance to domestic production.

As for customs clearance, after 12 years of successful operation of a pre-shipment inspection system, run by the Swiss inspection firm, Societe Generale de Surveillance (SGS), in 1995 the Government decided to gradually transfer customs administration back to the Directorate General of Customs and Excise. In 1995, SGS handed over the task of pre-inspection to PT Surveyor Indonesia for imported goods. The contract with SGS and PT Surveyor Indonesia were terminated by the Government on 31 March 1997. The transfer of responsibility is based on a new Customs and Excise Law, adopted in 1995. The Law basically transformed the system from pre-shipment to arrival inspection, self-assessment and post-clearance. Law 10/1995 authorized customs officers to undertake selective inspection of imports on arrival, to conduct post-audits on import documents and assess customs duties.

Almost all applied rates are ad valorem, thereby making the tariff more transparent.

Computerized documentation requirements and customs clearance have facilitated imports and exports. Registration of importers has remained a major requirement. Indonesia implemented the WTO Customs Valuation Agreement as of 2000 ; it uses the transaction value and does not apply minimum or check prices.

2) Tariffs

In giving assurance to the businesses as well as commitment to the AFTA, GATT/WTO and APEC, the government has comprehensively stipulated a policy on import duty restructuring in the form of tariff reduction schedule (Ministerial Decree of Finance No.378/KMK.01/1996), namely:

a. Import tariff of <20% in 1995 would gradually be reduced up to maximum of 5% in 2000,

b. Import tariff of >20% in 1995 will gradually be reduced up to maximum of 10% in 2003, with an intermediate target of 20% in 1998, and

c. Products excluded from the import tariff reduction schedule are as follows;

- A certain agricultural product, which is regulated separately as committed in GATT/WTO,
- Some automotive products will be regulated separately,
- Chemical products, plastic goods, and metal, which are regulated separately, whose tariff rates are aimed to be reduced to maximum of 10% in 2003, and
- Import tariff of alcohol and beverages containing alcohol are not to be reduced.

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

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

To accommodate HS amendment 2002 based on the WCO recommendation, Indonesia has issued a new tariff classification as stipulated in the Minister of Finance's Decree No.96/KMK.01/2003 which has become effective on May 1, 2003.

The Ministry of Industry and Trade, Ministry of Agriculture, Ministry of Finance, Ministry of Energy and Mining, Ministry of Forestry, Ministry of Defense and Security, Ministry of Communications, State Minister of Environment, BULOG, Board of Central Statistic, and the Drug and Food Control Board have maintained regulatory powers over tariff policy matters in the context of a body called "Tim (Team) Tariff" (which has met every Wednesday since the early 1990s) ; the Directorate of Customs of the Ministry of Finance is an enforcement agency. The customs tariff is announced in January (or June) of each year through a Decree of the Ministry of Finance. Tariff changes may take effects throughout the year.

3) Customs and Quarantine Procedures

i) Law No.10 of 1995

Upon arrival, imported goods are processed by the customs through green or red channels. The goods entering the green channel (90% of all goods) are immediately cleared and in principle undergo no physical examination. Goods directed to the red channel undergo physical examination and checking of the declared value. The selection of goods subject to physical examination is based on two criteria : intelligence information provided by the customs authorities on the basis of various sources of intelligence and random inspection by computer. In the absence of intelligence reports or random inspection, the consignments do not undergo any

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

ii) EDI system

Since 1997, customs clearance, the payment of duties, and random verification are facilitated by the operation of a new computerized system, the Electronic Data Interchange (EDI) system for customs clearance. As required by the Law, importers have to fill in import declaration forms through the system, which is on-line with the customs services and the main banks. The aim is to improve and speed up the processing of goods and documents at seaports and airports, and as no physical interaction between customs officials and clients is normally necessary (since information is submitted electronically), reduce the scope for collusion and illegal levies.

The transition to the new system did not occur without difficulties. In the early days after the transition, high yard occupancy ratios and a piling up of imports at the ports, were reported reflecting the slow clearance of goods at customs. Part of the problem were thought to be linked to the lack of preparation of the various actors involved, in particular insufficient funding for the implementation of the EDI system, and the need to train customs officers. Other problems were related, for example, to the difficulty in implementing post-entry audits, as many firms did not maintain the necessary bookkeeping or did not use standard documentation such as letters of credit or sales contracts.

Since then, the situation has improved significantly. The use of EDI has increased and the customs declarations became able to be processed electronically at all of key customs offices. The customs authorities have shown readiness to cover part of the EDI costs for individual users, and the Indonesian Importers Association (IIA) has made computer terminals at its own offices accessible to importers. Customs authorities are working closely with the World Bank and the World Customs Organization (WCO) to improve customs training and administration.

iii) Customs valuation

Customs valuation workshops have also been organized in the frameworks of the World Customs Organization (WCO) and the APEC. Indonesia received bilateral technical assistance, particularly from Japan, on the standardization of intelligence notes.

Since January 2000, Indonesia has fully implemented the WTO Customs Valuation Agreement. In September 2001, the authorities notified the WTO of the Government Regulation on Customs Valuation for the Calculation of Import Duties. Indonesia did not request a reservation to maintain a system of minimum value for a limited time under paragraph 2 of Annex III of the WTO Agreement on Customs Valuation.

The authorities are reported to have indicated that the implementation of the Agreement resulted

in an increase in tax revenue and transparency in the calculation of the customs value. On the other hand, difficulties have been encountered in completing a database as well as problems with post clearance audit due to hidden payments between seller and buyer.

(2) Measures Directly Affecting Exports

1) Policy trends

Until the economic crisis, Indonesia maintained a number of controls, bans, high taxes and regulations restricting exports of a wide variety of agricultural, forestry, mining and industrial products. In 1994, WTO secretariat observed that these restrictions affected up to 2,000 tariff lines and covered nearly half of the value of Indonesia's non-oil exports. Although the Government generally justified these restrictions on such grounds as protection of natural resources, the promotion of higher-value-added downstream industries, and adequate supply of "essential products", certain negative side effects of these export restrictions, such as the establishment of powerful export cartels and discouragement of investment in the production inputs, had been pointed out. After the crisis, the Government committed itself to "phase out punitive export taxes" and "remove all other types of export restrictions", apart from those imposed for health and security reasons as well as temporary measures introduced in the event of occasional shortages. In a first step, in 1998, the Government reduced significantly the level of export taxes, reduced the list of regulated products and replaced the ban on export of palm oil by a tax. In addition, the Government decided to remove all impediments to exports, including quotas and provincial taxes levied on inter-provincial and inter-district trade (the "retribusi"), which ultimately affected exported goods.

2) Export taxes

Prior to the currency crisis, export taxes affected about 80 products, covering a wide range of forest products (notably logs, sawn timber and rattan), agricultural products (crude palm oil and coconut oil), and mining and metal products (ores and concentrates of copper, lead, tin and platinum, aluminum waste, etc.). While most rates were set at 30% ad valorem, specific taxes, with prohibitively high ad valorem equivalents, were imposed on log, sawn timber, rattan and other wood products.

By the 1 February 1998, export taxes on leather, cork, ores and waste aluminum were abolished. Then, to reduce the anti-export bias of the policy while at the same time to prevent the over-exploitation of the resource and the deterioration of the environment, in April 1998, the ad valorem rates of export taxes on logs, sawn timber, rattan and minerals were reduced to a maximum of 30%, and gradually reduced 10% by the end of 2000.

In 2004, Indonesia still maintain export taxes for palm oil products (CPO and its derivative), but it reduced considerably the scope and the rates of tax which are now ad valorem rates only and calculated on the basis of a formula containing a minimum/ benchmark export price or export

check price.

3) Regulated exports (licensing requirements and quotas)

Until the crisis, up to 50% of Indonesia's exports of agricultural products, and significant shares of mining products, petroleum products and certain manufactured products (essentially textiles and clothing) were regulated by the Government and could be exported only through approved and registered exporters. The system was intended to capture the economic rent associated with Indonesia's perceived market power in these areas. In the case of textiles and clothing products, the arrangement was designed to monitor quota allocation and entitlements under the MFA (Multifibre Arrangement) regime.

On several occasions, the export licensing system was questioned for its lack of transparency and adverse economic effects. The relevant commodity trade associations were said to have cooperated closely with the Government to restrict the number of licensees, the list of approved exporters, and the allocation of export quotas, thereby encouraging the formation of powerful export cartels, notably in the wood, plywood and rattan industries.

While, in allocating and administering export quotas, the Government would generally took into account prior export performance. Export quotas were not auctioned and the list of quota holders was rarely published.

Following the crisis, the Government has undertaken to reform the system. The list of regulated exports was significantly reduced in early 1998, with the removal of many agricultural products (live cattle, wheat and wheat flour, and sugar), mining products (silver, gold and tin), gas products (liquefied natural gas, butane, and propane), and some chemicals. Further deregulatory measures were implemented during the IMF program period.

4) Export and trade finance

After the crisis, Indonesian firms encountered increasing difficulties in obtaining trade finance, both for exports and imports. As a result of lack of confidence in the soundness of Indonesian banks, their letter of credit were no longer accepted in international markets, thereby seriously disrupting Indonesia's trade flows. Given the high import content of exports (over 40%), the growth of exports was also seriously impeded by the difficulty of obtaining import credits for raw materials and other inputs that were vital for export-oriented industries. Efforts have been made to provide export finance, based on commercial considerations, to firms that have no bad debt. Since September 1999, the state-owned PT Bank Ekspor Indonesia Persero (BEI) has ensured pre- and post-shipment finance and guarantee facilities (for exports and imports) which were formerly operated by Bank Indonesia (the central bank). To enhance export activities, the BEI has guaranteed letters of credit (L/C) and issued guarantees for domestic exporters who needed loans from local banks, on assessing exporters (and importers) on the basis of normal prudential banking norms. Terms and conditions of finance have been set in accordance with commercial

considerations.

Low-interest funding from Japan's Export-Import (J-EXIM) Bank and from the Miyazawa Plan is used to finance BEI, which had initial capitalization of Rp 3 trillion.

5) Export –oriented zones, duty drawbacks and exemptions

There have been no major changes in the operation of bonded areas, export-processing zones or private entrepots, since the middle of 1990s. Free-trade zones and industrial estates are combined in several bonded warehouse areas administered by state-owned enterprises. (most notably, the island of Batam and the Port of Tanjung Priok).

Eligible exporters operating in export-processing zones or export-oriented manufacturing entrepots are eligible for special concessions, notably tariff and tax exemptions for all capital equipment, machinery and raw materials needed for initial investments and production. The scope of such exemptions (the number of tariff lines) was increased in 1996, and in the same year, the requirement that foreign and domestic investors willing to establish in industrial estates hold a production license approved by BKPM, was removed. Companies may be 100% foreign owned for five years, and 95% ownership thereafter is permitted, provided 100% of the product is exported. Companies operating in bonded zones have been required to export at least two thirds of their production, excluding components, which can be sold on the domestic market provided domestic sales do not exceed 50% of realized export value. (In the context of the 1999 Automotive Policy, the limits on the levels of domestic sales allowed from automotive production facilities in bonded zones have been raised, from 50% to 100% of export value in the case of components, and from 25% to 50% of export value in the case of fully assembled products.)

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

(3) Trade Related Policy Developments

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

1) Import/export prohibitions, restrictions, and licensing

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

Transparency has been improved through the availability of some information on import

prohibitions on the Internet (http://www.beacukai.go.id).

2) State trading

While efforts have been made to privatize state-trading entities, widespread state involvement in the economy has continued with a view to assisting domestic production and/or promoting or exclusively controlling/restraining trade in virtually all important sectors, such as agriculture and forestry, pharmaceutical/fertilizer manufacturing, and mining and energy. Exclusive import rights have been maintained for certain firms or certain categories of goods (alcoholic beverages, sugar) or expanded depending on the products (cloves as from July 2002, textile cloth as from 2002, hot- and cold-rolled coil iron and steel products as from November 2002 through 2003). Imports of these items have been permitted only for local producers of similar products and for registered importers.

3) Government procurement

Government procurement is a significant instrument of industrial policy. Indonesia is an active participant in the WTO's Working Group on Transparency in Government Procurement and the Government passed new legislation in 2000 (Presidential Decree No. 18/2000). The new regime substantially revised but did not cancel existing government procurement regulations dating back to 1994. Its explicit policy objective is to "increase the use of domestic production, design and engineering with the aim of expanding domestic employment and national industries". Practices discriminating against foreign suppliers have been maintained ; their participation in procurement contracts is subject to certain conditions. Foreign suppliers are authorized to participate in large contract only. (Table 2.1.1)

Table 2.1.1 Government procurement thresholds

(Unit : Rupiah)

Type of contractor	Contracting-out services	Goods/services	Consulting services
Small-scale or cooperatives	<1 billion	<500 million	<200 million
Medium	1 billion -10 billion	500 million - 4 billion	200million-1 billion
Large	>10 billion	>4 billion	>1 billion
Foreign suppliers	>25 billion (a)	>10 billion (a)	>2 billion (a)

Note (a): Contracts over this limit require the wining contractor, foreign or domestic, to "cooperate with a small or medium-scale company or cooperative in the implementation of the contract".

Source: World Trade Organization "Trade Policy Review Indonesia", 28 May 2003. Foreign procurement is possible only if there are no domestic products available, or they do not meet technical requirements. Domestic price preferences on goods have doubled to 15% (remaining at 7.5% on services).

4) Countertrade

Countertrade provisions also apply to public procurement; foreign firms tendering for certain government contracts must meet export performance requirements. Countertrade policy is aimed at linking imports relating to procurement by ministries, public-sector institutions and state-owned enterprises with exports of non-oil commodities other than those banned, restricted, and controlled, or on the negative list of countertrade.

Between 1994 and 1996, countertrade transactions accounted for about 2% of Indonesian exports (US$1.3 billion in 1994 and 1995, US$1 billion in 1996), but shrank to US$400 million in 1997 due to economic crisis, and then stayed at such low levels as US$195 million in 1998, US$287 million in 1999, and in 2000 it dropped to US$3.2 million as the Government almost ceased all major tender activities. In 2001 it rose to US$17 million, and countertrade operations are expected to pick up as the Government's awarding of tenders increases.

Most countertrade activities have been generated under two Government schemes. The first scheme, administered by the Ministry of Industry and Trade, relates to the countertrade obligations imposed on foreign firms tendering for government procurement contracts, financed by export credit and worth between Rp 500 million and Rp 10 billion. Such obligation do not apply to contracts financed by international financial institutions such as the International Bank for Reconstruction and Development, the Islamic Development Bank or the Asian Development Bank. Under the second scheme, foreign investment companies established under PMA status and located in bonded areas or export-processing zones, are entitled to use countertrade arrangements with their parent companies for the importation of necessary equipment for production (including raw materials, intermediate capital goods and machinery, factory equipments and components), provided that the final product is exported. In such cases, imports would be exempted from any tax, including customs duties and luxury sales tax.

5) Local-content requirements

Apart from local-content requirements in connection with government procurement contracts, no other requirements of this type seem to be in force. All local-content schemes notified as TRIMs (the WTO Agreement on Trade-Related Investment Measures) were eliminated ahead of schedule in January 2000, and extensive tariff and tax incentives for automotive local content have been abolished.

6) Trade defense

The government has adopted policies in the form of Anti-dumping and Safeguard in order to respond to unfair competition from imports. These policies are implemented, conforming to the WTO Agreements, under the Government Regulation Number 34 of 1996 concerning Anti-Dumping Duties and Countervailing Duties, and Presidential Decree Number 84 of 2002

concerning Safeguard of the Domestic Industry Against a Surge in the Import of Goods.

i) Anti-dumping and countervailing measures

In terms of anti-dumping and countervailing measures, the institutional framework was established in 1996, and in 2001 the regulatory framework was amended for procedures and requirements for an investigation of importation of a product alleged to be dumped or subsidized. (Decree of the Ministry of Industry and Trade No.216/MPP/Kep/7/2001 revising the MOIT Decree No.261/MPP/Kep/9/1996.)

Of the 27 anti-dumping investigations initiated between 1998 and June 2002, 15 were subject to provisional measures, nine resulted in definitive measures (involving anti-dumping duties) out of which seven remained in force in February 2003. Actions affected mainly base metals (steel) and chemicals originating mostly in countries from the region. No countervailing measures have been taken.

ii) Safeguards

As a result of pressure from local manufacturers, in December 2002, Indonesia introduced the first regulatory framework for a safeguards mechanism. Under the new regulation, safeguards may take the form of the higher import duties applied initially for a period of six months, but may stay in place for four years, depending on the findings of the investigation. At present, its implementation was pending as the institutional framework was not set.

Ad valorem export taxes to promote downstream processing and higher valued products have been rationalized. Coverage was reduced from 12 to four commodity groups (rattan, wood, mineral sands, and palm oil) and rates previously ranging from 10% to 40% reduced to 1%, 3%, and 15%.

7) Standards and other technical requirements

In 1997, a National Standardization Agency (Badan Standardisasi Nasional, BSN) reporting directly to the President of the Republic was established. It deals in particular with the development and approval of national standards ; the accreditation of testing/calibration laboratories, certification bodies and technical inspection bodies ; international cooperation in standardization activities ; the harmonization of international standards with national standards ; and standards information services.

In 2000, the authority of the Agency (BSN) was enhanced. Standardization activities undertaken in various institutions are coordinated within the National Standardization System (Sistem Standardisasi Nasional, SSN) established by BSN. The SSN ensures that Indonesia National Standards (SNI) is the only Indonesian national standard, which is agreed by all parties.

Apart from standards related to health, safety and consumer protection, most (97%) of the 6300 plus standards adopted so far by the Agency are voluntary, but are applied to domestic and

imported products alike. They are generally based on international standards, including those set by the Codex Alimentarius Commission for food, those of the International Organization for Standardization (ISO) and those of the International Electrotechnical Commission for electro-technical specifications.

Indonesia has been increasing the number of mandatory SNIs. By February 2003, there were 187 mandatory SNIs, consisting of the 74 under the Ministry of Industry and Trade, and 113 under the Ministry of Agriculture and of Marine Affairs. These now cover, inter alia, raw sugar, wheat flour for foodstuff, battery cells, cement, tires, plastics, fertilizers, and steel items. In 2003, the BSN was in the process of evaluating the alignment of SNI with international standards.

(4) Regional Trade Agreements and Arrangements

1) The ASEAN Free Trade Area (AFTA)

Indonesia, as an ASEAN founding member, participates in the ASEAN Free-Trade Area (AFTA). Plans for an ASEAN Free Trade Area (AFTA) were first unveiled in 1992, and a common effective preferential tariff (CEPT) scheme was applied in 1993, providing for the gradual reduction of tariffs on intra-ASEAN in certain goods over a number of years. A limited AFTA, between the original six members of ASEAN and involving a reduction on tariffs on intra-ASEAN trade to between 0% and 5%, with a full free trade system, came into operation on January 1st 2002.

(Note) This has not taken place entirely as planned. A new Protocol was agreed in October 2000, under which the six original founding members may request temporary delay of CEPT tariff liberalization (Temporary Exclusion List : TEL). Malaysia has won a two-year exemption to protect its domestic car industry, Thailand is protecting its glass industry, and the Philippines its cement industry. At the end of 2001, Indonesia had 21 tariff items subject to temporary exclusions, and the authorities reportedly indicated that Indonesia had no TEL (or sensitive products) since January 2003.

In spite of a number of exceptions as mentioned in the above (Note), the average tariff on intra-ASEAN trade has fallen to 3.2% (in 2002) and a programme to introduce an ASEAN Harmonized Tariff Nomenclature (AHTN) is being introduced.

Members also agreed in 1999 to eliminate all import duties among original members by 2010, and, in principle, to advance such elimination for new members from 2018 to 2015, except for some sensitive products. Quantitative restrictions and other non-tariff barriers are also to be eliminated.

Indonesia has continued to transfer additional products progressively to the CEPT scheme ; at end 2002, 99% of Indonesian tariff lines were covered with tariff rates of 5% or less. Indonesia's CEPT tariffs averaged 4.6% at end 2001 (down from 7.0% in 1993), and are to fall to 3.7% in 2003.

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

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

i) movement of goods (to include customs, ports, health and quarantine and similar procedures),

ii) standards

iii) business mobility, and,

iv) e-commerce.

With the above four categories each, a menu of options from which individual economies will select, by 2003, the actions or measures they intend to implement was adopted in 2002. Table2.1.2 shows the menu listed on MOVEMENT OF GOODS.

Table 2.1.2 Action Plan: MOVEMENT OF GOODS

1. Public Availability of Information on Customs and Other Trade-related Laws and Regulations,
2. Appropriate, Transparent and Predictable Trade-related Procedures,
3. Harmonization of Tariff Structure with the HS Convention,
4. Simplification and Harmonization on the Basis of the Kyoto Convention,
5. Paperless and/or Automation of Trade-related Procedures,
6. Adoption of Standard Electronic Format and Harmonized Data Elements,
7. Adoption of the Principles of the WTO Valuation Agreement,
8. Clear Appeals Provision,
9. Risk Management,
10. Guidelines for Express Consignments Clearance,
11. Provisions for Temporary Importation, e.g. Acceding to the A.T.A. Convention or the Istanbul Convention.

Source : www.apec.info/web/ APEC Online

In connection with the above action plans, Indonesia has been an active participant to the APEC Sub-Committee on Customs Procedures (SCCP), as well as to other related Sub-Committees, whose "SCCP Collective Action Plan Implementation Schedule" prepared in 2001 shows Indonesia's implementation status of each target as Table 2.1.3.

Table 2.1.3 Indonesia's Implementation Status of SCCP Collective Action Plan

Action	Target Dates	Implementation
HS Convention	2002	Implemented
Public Availability of Information	On-going process	Implemented
Kyoto Convention	1998	Accession Convention subject to internal approval process
Paperless Trading	2005/2010	
WTO Valuation Agreement	2000	Implemented
TRIPS	2000	Implemented
Clear Appeal Provisions	2000	Implemented
Advance Classification Ruling System	2000	Implemented
Temporary Importations	2000	Implemented
Risk Management	2002	2002
Express Consignments Clearance	2000	2000
Customs Integrity	On-going process	
Customs-Business Partnership	On-going process	

Source : www.apec.info/web/ APEC Online

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

2.1.2 Division of Administrative Function among Authorities Concerned.

(1) Executive branches of government and general trade policy objectives

Indonesia's main industrial and trade policy objectives have been to implement the IMF reforms and its WTO commitments. A high trade policy priority is to expand and diversify exports. Indonesia is committed to and participate actively in the multilateral system.

Trade liberalization has been seen as a core element of poverty alleviation. National development and poverty alleviation are central objectives of the Assembly's 1999-04 State Policy Guidelines

(GBHN). National Development Plans (Propenas and Repeta program) also call for "economic recovery based on increased competitiveness and economic efficiency". Under GBHN, Propenas and Repeta, the development of industrial, trade, and investment policies is to increase Indonesia's global competitiveness by providing access to employment and business opportunities in all regions. Five major strategies have been formulated to promote global competitiveness, i.e. development of exports, industrial competitive advantage, and tourism ; strengthening of market institutions ; and improvement of science and technology capabilities.

As for executive branches of government, final responsibility for the formulation and implementation of trade and other economic policies remains largely with the President and Cabinet. The Minister of Industry and Trade has retained ministerial responsibility for trade and industrial policy formulation : since 1998 a new Directorate General for International Cooperation for Industry and Trade has focused on international, regional, and bilateral industrial and trade relations as well as trade remedies (i.e. trade defense).

Indonesia is keen to strengthen trade and business laws and regulations. Table 2.1.4 shows some of the trade-related laws and regulations established during past 6 years, with the names of agency in charge. The importance of the President, the Ministry of Industry and Trade (MoIT) and the Ministry of Finance (MoF) in the formulation of trade-related laws and regulations may be said clearly shown in the Table.

Table 2.1.4 Trade-Related Laws and Regulations

Year Law/Regulation No.	Title	Agency
1998		
Presidential Instruction 1/1998	The Prohibition to Impose Levies on Export Goods	Ministers, Governors
MoIT Decree 182/MPP/kep/4	General Provisions in the Export Sector	MoIT
1999		
MoF Decree 344/KMK.01	Amendment to the MoF Decree 440/KMK.05/1996 on Stipulation of Classication Systems of Goods and Tariffs of Import Duty on Imported Goods	MoF
MoF Decree 347/KMK.01	The exemption from Import Duty on the Import of Goods and/or Materials from Bonded Warehouses to be processed, Assembled or Installed in Other Goods for Manufacturing Motor Vehicles Destined for Export	MoF
MoIT Decree 550/MPP/Kep/10	Importer Identity Numbers (API)	MoIT
2000		
Law 36/2000	The Stipulation of Government Regulation in lieu of Law 1/2000 on Free Trade Areas and Free Ports to Become a Law	The President
Law 31/2000	Industrial Design	MoJHR

2001		
DGCE Decision Kep-14/BC	Corporate Blocking in Customs Affairs	DGCE
2002		
Presidential Decree 54/2002	The Coordinating Team for Enhancing the Smoothness of Export and Import of Goods	CMEA, Related agencies
Presidential Decree 84/2002	The Safeguard of The Domestic Industry Against A Surge in the Import of Goods	MoIT
Joint Decree of MoF 527/KMK.04 and MoIT819/MPP/KEP/12	Administrative Discipline of Importers	MoF/ MoIT
MoIT Decree751/MPP/Kep/11	Provisions on Import of Flat-Rolled Iron or Steel	MoIT
MoF Decree 454/KMK.04	Importer Registration	MoF
Decree 453/KMK.04	Customs Procedures in the Import Field	MoF
Joint Decree of MoMT KEP-91/MEN and MoIT 435/MPP/Kep/5	The Team in Charge of Controlling Labor Crisis in the Fields of Industry and Trade	MoMT /MoIT
MoIT Decree 111/MPP/Kep/2	Certificate of Origin of Indonesia's Exported Goods	MoIT
2003		
Presidential Decree 87/2003	National Team for Promotion of Investment and Export	BKPM (MoIT, SS)
Government Regulation 6	The Third Amendment to Government Regulation 145/2000 on Groups of Taxable Goods of the Luxury Category Subjected to sales Tax on Luxury Goods	SS
MoIT Decree 756/MPP/Kep/12	Import of Non-New Capital Goods	MoIT

Source : www.dprin.go.id/ , and Report on the Implementation of the Economic Policy Package Pre and Post – IMF (INPRES 5/2003) by CMEA

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Note : MoIT = the Ministry of Trade and Industry
MoF = the Ministry of Finance
MoJHR = the Ministry of Justice and Human Rights
DGCE = the Directrate General of Customs and Excise
CMEA = the Coordinating Ministry for Economic Affairs
MoMT = the Ministry of Manpower and Transmigration
BKPM = Investment Coordinating Board (Badan Koordinasi Penanaman Modal)
SS = the State Secretariat

(2) Organization and Function of Authorities Concerned

Following clause 1) through 4) briefly look at the organization of the Ministries directly concerned with trade facilitation, and the function of a number of Directorate Generals and Agencies of those Ministries. Additionally, some of state-owned enterprises in transport/logistics field are also touched upon.

1) Office of Coordinating Minister for Economic Affairs

* Task of Coordinating Minister : Assists the President in coordinating and synchronizing the preparation and compilation of the policies and their implementation in the economic sector.
* Function of the Coordinating Minister :
  (a) Coordinate all State Ministers and the chairmen of non-ministerial government institution in the sysnchronization of the task implementation in the economic sector, includingsolving the problem in the task implementation.
  (b) Coordination and improvement of the synchronization in the preparation and formulation of government's policies, arrangement of plan, program and the activitiy of Ministries, non-ministerial government institution in the economic sector.
  (c) Controlling the implementation of policies, programs and activities as mentioned in the points (a) and (b) above.

* Organizational Structure of the Secretariat of the Coordinating Minister for Economic Affairs :
  (a) Deputy for Coordination of Macro Economic, Financial Sector and Banking Restructuring (Deputy I)
  (b) Deputy for the Coordination of Econimic and Fiscal Decentralization and the Development of Infrastructure (Deputy II)
  (c) Deputy for the Coordination of Natural Resources Utilization and Improvement of Farmer and Fisherman Productivity (Deputy III)
  (d) Deputy for the Coordination of Industry, Trade and Empowerment of Small Medium Enterprise (Deputy IV)
  (e) Deputy for the Coordination of International Economic Cooperation Improvement (Deputy V)
  (f) Deputy for the Coordination of Investment's Improvement and Public and Private Partnership (Deputy VI)
  (g) Expert Staff for the Coordinating Minister for the Economic Affairs (Expert Staff).

2) Ministry of Industry and Trade

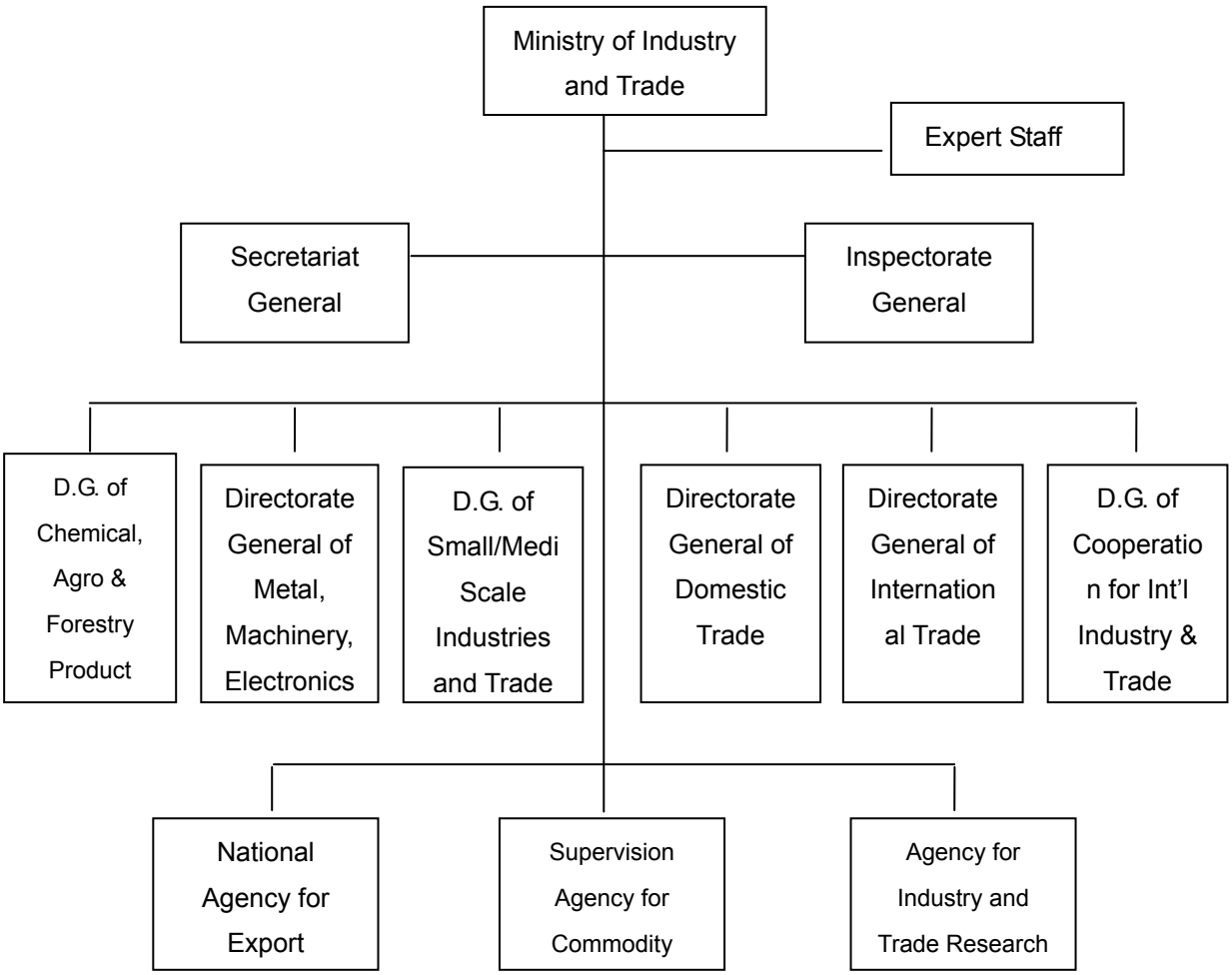


Figure 2.1.1 Ministry of Industry and Trade

* Function of Directorate Generals and Agencies

i) Directorate General of International Trade :

Administers activities in the international trade sector, such as multilateral and regional trade, bilateral trade, exports and imports.

ii) Directorate General of Cooperation for International Industry and Trade :

Administers Cooperation for Board of International Industry and Trade such as Multilateral cooperation, Regional cooperation and Bilateral cooperation.

iii) National Agency for Export Development :

Coordinates, encourages, and implements the development of national export through market information services and implementation of export promotion.

Note : Within the Ministry, three Centers are also included, i.e. Centers for Standardization and Accreditation, Data and Information, and Education and Training each.

3) Ministry of Finance

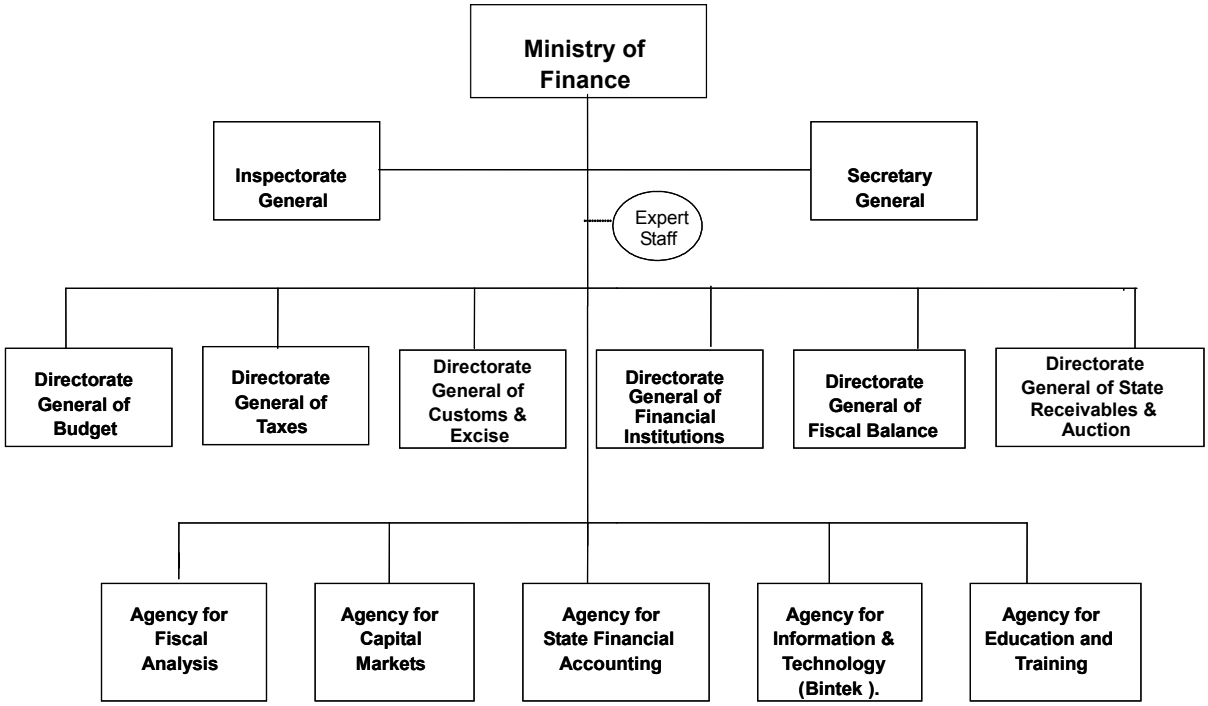


Figure 2.1.2 Ministry of Finance

* Function of a Directorate General

Directorate General of Customs and Excise :

Implement a certain part of the Ministry of Finance's main tasks in the customs and excise sector, based on the policies which have been determined by the Minister of Finance, and to secure the government policies related to the traffic of goods incoming to and outgoing from the Customs Area, and secure the payment of import duty, excise and other state levies based on the valid regulations. (Source : Ministerial Decree No.2/KMK.01/2001, January 3, 2001)

4) Ministry of Communications

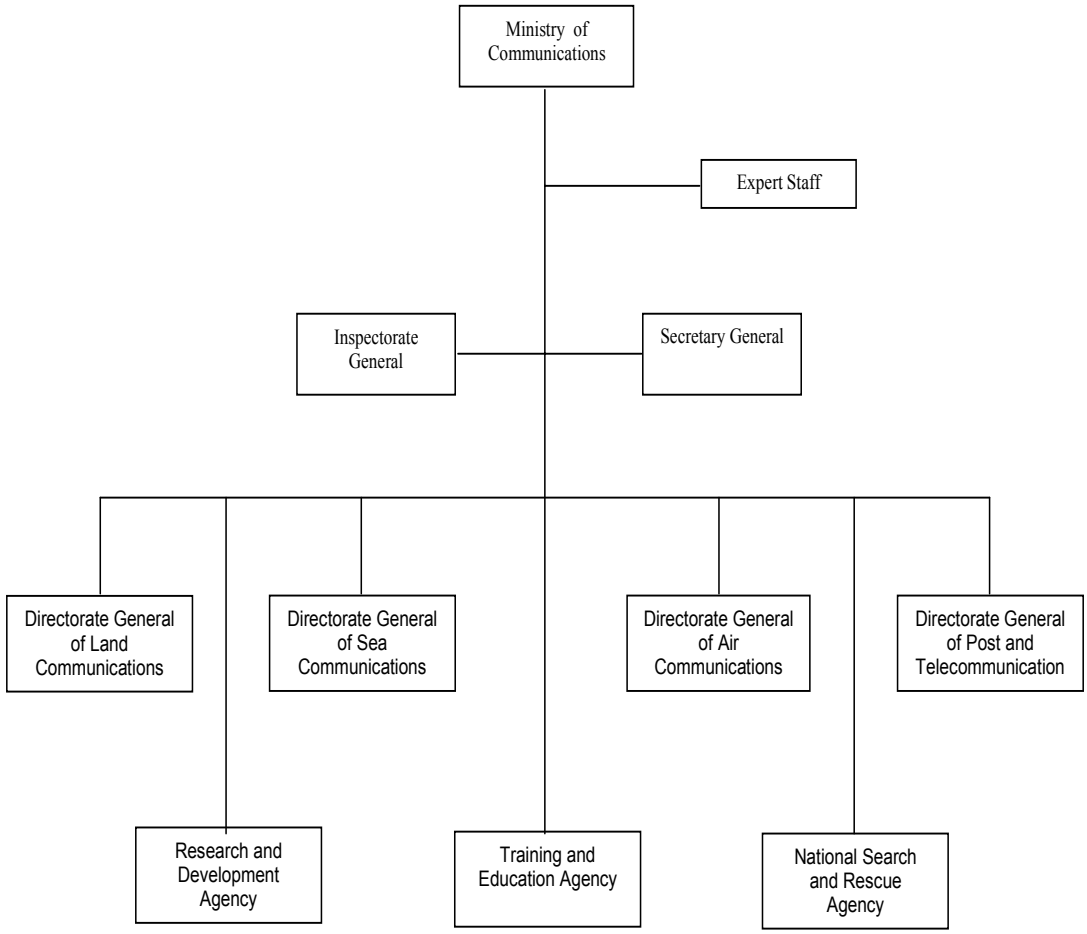


Figure 2.1.3 Ministry of Communications

* Function of Directorate Generals & Some of State-Owned Enterprises under Their Control

i) Directorate General of Land Communications :

- Prepare formulation of policy and regulations of operation in city transport, ferry transport, inland waterway transport, crossing lake, and railway and urban transport.
- Implement policy and give permission, certification, accreditation and recommendation in terms of the said transport sectors.
- Formulate standard, guidance norm, procedure and criterion in terms of the said transport sectors.
- Supervising the operation and technical advice.

State-Owned Enterprises ;

- The state-owned corporation, PT ASDP (PT. Angkutan Sungai Danau Dan Penyeberangan) for ferry transport operation, handles the construction, operation, and maintenance of ferry transport and inland waterway transport in the nationwide.
- The state-owned railway company became a limited liability company in June 1999 and was re-named PT Kereta Api Indonesia. Private sector can develop railway infrastructure, operate railway networks, and manage related facilities, mainly through revenue sharing contracts and joint operating schemes. Foreign investment of up to 95% in joint venture is allowed in public train service.

ii) Directorate General of Sea Communications

- The same kinds of function as the D.G. of Land Communications, in terms of sea traffic and transport, dredging and port, seaman and shipping, navigation, and guard and rescue.

State-owned Enterprises ;

- There are approximately 725 public ports ; 111 are managed by four state-owned port corporations, PT Pelabuhan Indonesia (Pelindo) I, II, III and IV. In 2001, the Government divested 51% of PT Pelindo II's equity in PT Jakarta International Container Terminal, which operates container terminal at Tanjung Priok Port in Jakarta. It also sold 49% of share of PT Pelindo III in PT Terminal Petikemas, which operates a container terminal in Tanjung Perak Port in Surabaya.
- The Directorate General of Sea Communications is in charge of formulating the strategic ports' long-term development plan (master plan).

  A foreign investor can participate in certain port activities, such as extending port capacity, construction, and management, but only as a joint venture with a local partner, as an Indonesian legal entity, or in joint operations with the Indonesian Port Corporation (foreign equity is limited to 49% for the development of basic infrastructure and 95% for super infrastructure, such as port handling equipment, building and utilities).

iii) Directorate General of Air Communications

- The same kind of function as the D.G. of Land/Sea Communications, in terms of air communications, safety of air transport, air-worthiness certification, airport technique, electronics facility and air-transport electronics.

State-Owned Enterprises

- There are some 500 airports and/or air strips : about 150 are administered by two

state-owned enterprises, PT Angkasa Pura I and PT Angkasa Pura II.

Privatization of the State's 49% stake in PT Angkasa Pura II, which operates and manages Soekarno-Hatta Jakarta International Airport has been postponed, and being discussed by Parliament and the Ministry of State-Owned Enterprises, without specific time frame.

5) Ministry of Agriculture

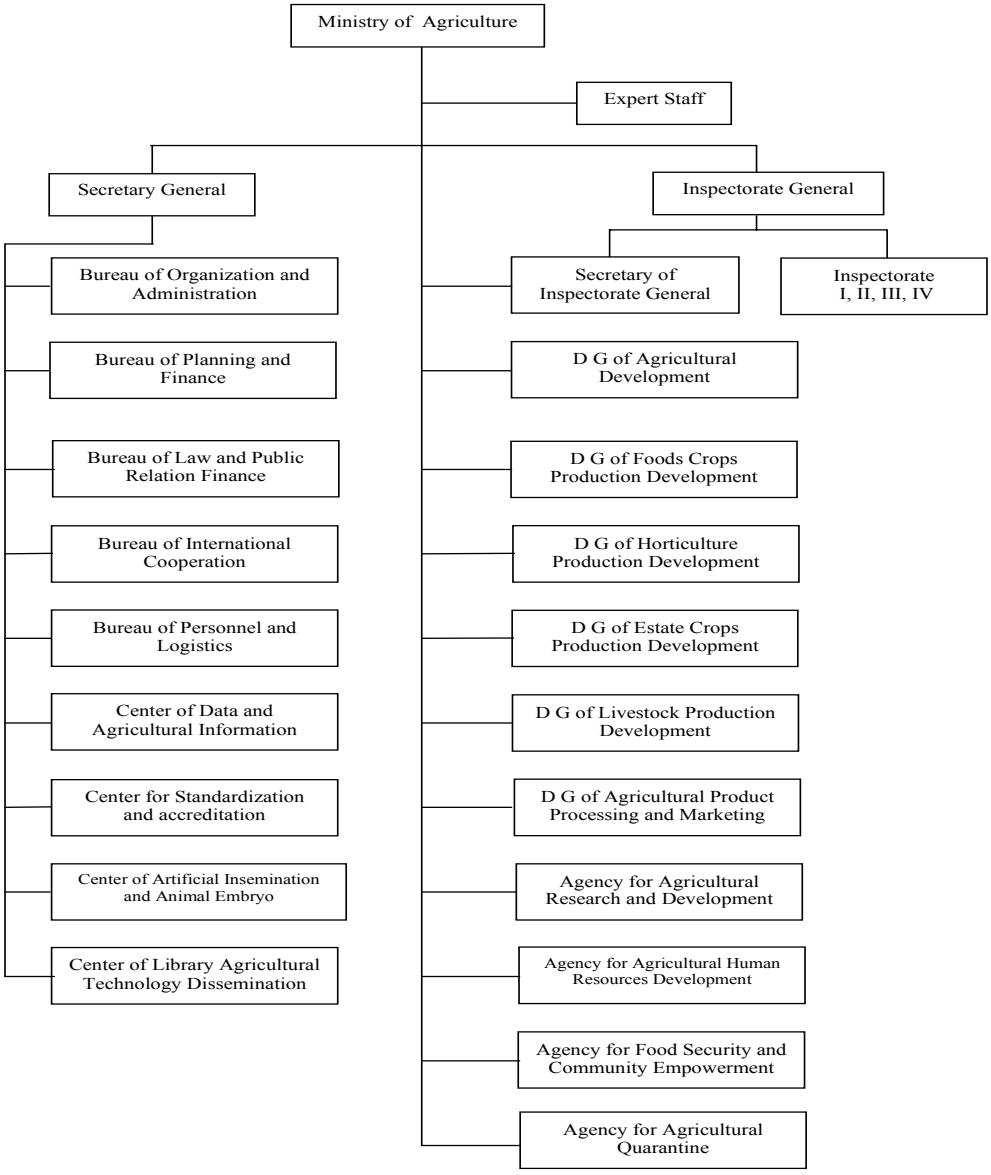


Figure 2.1.4 Ministry of Agriculture

* Function of Agency for Agricultural Quarantine

- Carry out animal and plant quarantine at 83 quarantine stations in the country.
- Has been given additional task to increase the acceptability of Indonesian agricultural products in international market through the implementation of reliable export certification program for the products.

2.1.3 The Customs Procedures for Cargo Release

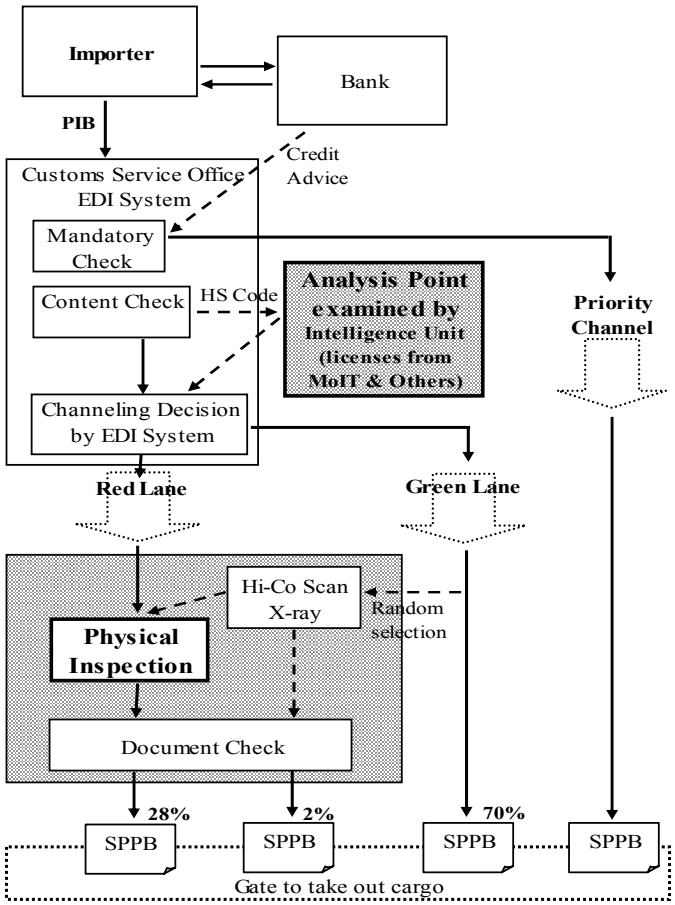
(1) Import Procedures and Control

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

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

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

Figure 2.1.5 Import Process and Control by Customs



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

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

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

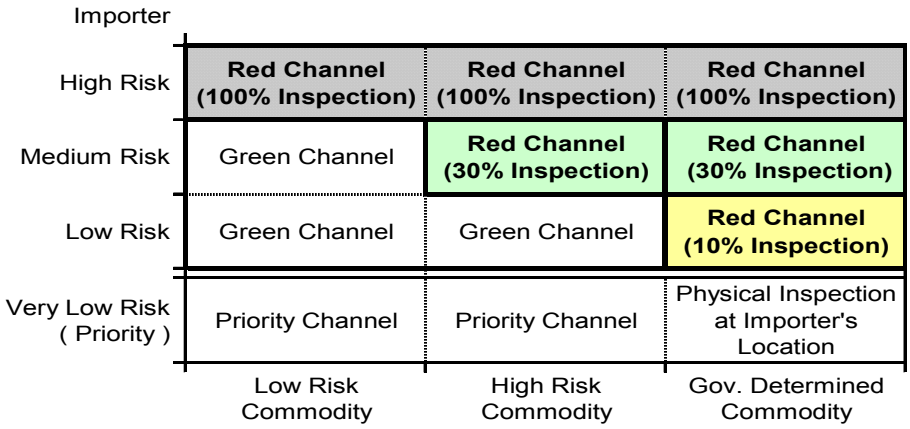
Physical inspection is conducted by more than one examiner officer for each PIB, and the system of inspection is instructed by the circular SE.05/BC/2003 so that the procedure will be standardized and proportional to the quantity, type and difficulty level of inspections.

(2) Channeling Criteria

Customs clearance channels either green or red is determined by inspection of declaration documents presented by importer. DGCE is currently working on the criteria to improve the system fair and reliable. Criteria to determine red channel includes the following conditions and goods not applied to any one of the followings are instructed to go through green channel.

1) new importers;
2) BOP (Barang Operasi Perminyakan / oil operation goods) class II;
3) re-imported goods;
4) temporary imported goods;
5) included as high risk commodity based on DGCE's regulation;
6) Importer does not have good reputation;
7) Subject to NI (Nota Informasi / Information Note).

Figure 2.1.6 Criteria of Channeling and Inspection



Basic dimension of criteria is importers' profile and commodity profile. Importer's profile is prepared by the importer's registration and assessment of the importer's activities in the past, while commodity profile is the articulation of goods based on its risk rating based on the information of intelligent unit. Both profiles are updated regularly.

These criteria structure the systematic channeling determination system so that the declaration by EDI will be processed quickly, consistently and objectively. The determination system is exhibited in the matrix figure, where declarations by high risk importers are set to go to red channel with inspection level at 100%.

Declarations by medium risk importers are treated differently according to the risk rating of the commodity. If the commodity is categorized in the low risk, channel determination is green, whereas the commodity is rated as high risk or government specified, the channel is set to red with inspection level at 30%.

Declarations by low risk importers are treated generally green except the case that the commodity is specified by the government. Channel determination for specified commodity goes to red channel with inspection level at 10%. Here the inspection level refers to the sampling of ensuring the commodity.

(3) Priority Channel

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

Validity of that permission will be re-viewed at the time when the PIB's hard copy and its supplement documents submitted periodically so the process of goods releasing from the port

won't be disturbed. Criteria for the importer to obtain the priority status is, 1) Producer importer of goods and service and 2) the company is audited by public accountant and the auditor's opinion should not be favorable.

Benefit of being priority status is efficiency in terms of time and procedure. At the same time DGCE can minimize the risk and cost. To prevent misuse of the status, Post Audit is conducted checking the related documents and the risk management mechanism including spot check.

(4) Importer Profile

Importer profile was prepared in 2002 for the implementation of systematic evaluation of risk in the EDI declaration. Data in the profile was examined and evaluated by four aspects of business entity as importer, as follows.

1) Existence of Company; evaluated by the asset amount, ownership of premises, verification by the third party. This aspect is given the most share in the scoring system.
2) Accountability: evaluated by book keeping practices and confirmation from public accountant's auditing statement.
3) Credibility of Management; evaluated by tax identification number of managers, expert in the company, position of PIB signer in the company .
4) Nature of Business; evaluated by category of company either manufacturer or other, kind of goods to be traded, international certification such as ISO-9000.

Total companies registered as of July 2004 is 10,958, and the number of importers are increasing every month. In the group of good company of low and medium risk rating, majority is manufacturers. They are regular importers of materials to be used in their factories, and often regular exporter as well. Their management body is generally strong, business type is specific and they operate with substantial amount of asset. On the other hand, in the group categorized as high risk, majorities are traders or custom brokerage agents.

Table 2.1.5 Composition of companies by risk group and business type

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

Shaded line of high risk companies-1 in the table above indicates a border group between high and medium risk group. Companies in this group may well be upgraded to medium risk by audit result. Manufacturing companies recognized as medium or low risk amounts to 33%, and by including others categories, the ratio is 50 %. When added with border companies the ratio rises

to nearly 60%. Goods traded by these companies are assumed to have a share of more than 70% and cargoes by these companies are likely to be treated through green channel.

On the other hand, companies rated as high risk amounts to 34% and with border group it will be 40%. Cargoes handled by these companies are instructed to go through red channel, so the number of goods to physical inspection tends to be large. These companies, however, operate as importer less frequently than manufacturers, so the ratio of red channel cargo is not as high as the ratio of companies in this table.

Company profile basically employs the principle of voluntary reporting by each importer for updating. Importers are required to report at times they change locations or management. When the post clearance audit was carried out, data is updated by the custom officer. (See appendix for items of registration)

(5) Commodity Profile and Price database

Commodities in the HS code amounts to 11,165, among which 429 commodities are identified as very high risk, 939 as high risk. The Intelligence Unit of the customs watches and reviews 1,368 of these commodities, and the rest of 9,797 commodities are considered as low risk.

Apart from the criteria of the customs, Ministry of Trade and Industry has a list of items called NPIK, Nomor Pokok Importir Khusus = Special Importers' Registration Items (Number) which require license for import. Commodities in NPIK include textile, automobile, electric appliances with motors inside, air-conditioner, camera, etc.

It is assumed that illegal trade is found by the examination of the following aspects.

1) Undeclared items ; by which prohibited goods are imported
2) Under-invoicing; by which the value of customs duty is mis-calculated
3) Wrong amount of goods; by which also the value of customs duty is mis-calculated

The red channel is to detect the 1) Undeclared items and 3) Wrong amount of goods. The 2)Under-invoicing is detected in reference to the Assesment of Customs Value based on the Price Database. Compilation of database is in the process of development in accordance with the WTO Valuation Agreement and ASEAN Customs Valuation Guide. Customs uses a specially designed Price Database for checking whether the value is correct.

This Price Database consists of prices of sensitive commodities in the terms of customs value. The commodities are chosen with careful consideration and on a selective basis. The current commodities in the Database are textiles, shoes, electric/electrical appliances, automotive and motorcycles, and toys. The Database is designed and updated by Customs headquarters.

The Price Database consists of Price Database I and Price Database II. The Price Databases compile prices which have been selected for the purpose of price comparison. Price Database I is

developed and is updated by Customs Headquarters, and used as a parameter for testing the acceptability of the declared customs value. The source data for development and updating of Price Database I is the import declaration document in which the declared customs value has been accepted based on invoices, catalogs, brochures and other price information from attaché of exporting countries.

Price Database II compiles previously accepted customs values, and developed by the local offices based on declaration entries. It is used for determining customs value. A special unit assigned by the head of local offices performs the practical development. The source data for the development and updating of Price database II is the previous entry document on which declared values have been accepted and determined.

This database is used to calculate parameters to check the declaration documents with variation range of approximately 10% above and below. Another database is a record of pure PIB historical data. System in the EDI declaration has a function to check the declared price in reference to the database of comprehensive record. When the declared price is out of the range of the value database, the importer is called to be asked for the reason of irregular value.

(6) Export Procedures and control by customs

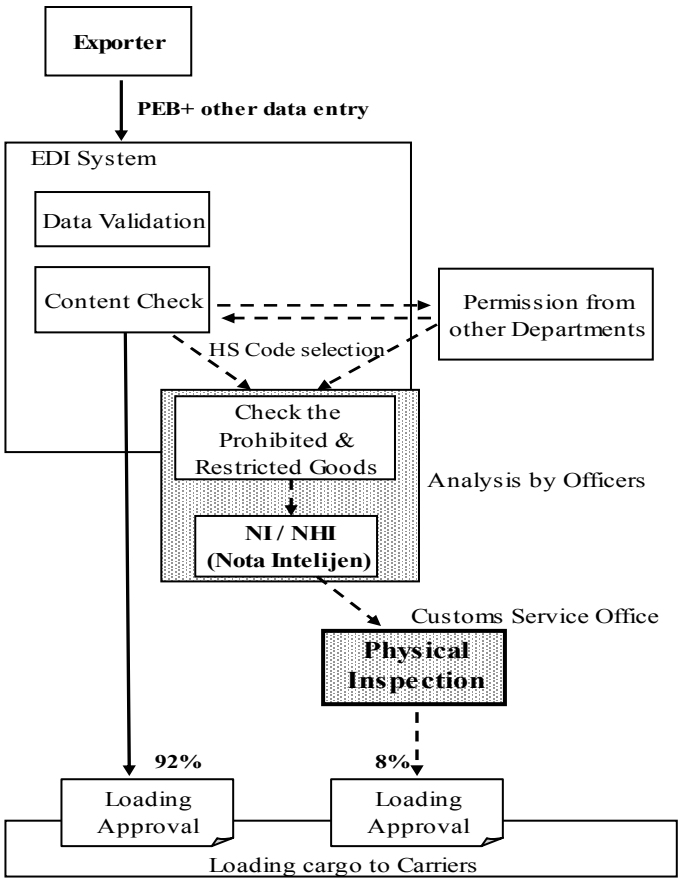
Export procedure is less complicated as long as goods are not listed as restricted or controlled. EDI has been implemented since May 2004, and the effect is perceived by custom users in general that the ordinary process has become quick and easy.

The control by the customs is mainly by the nature of cargo if regulated, supervised or prohibited.

- Regulated cargoes are intermediary wooden material, rattan wood, CPO (Crude Palm Oil). For these goods, export duty should be paid.
- Supervised goods are those controlled by international agreement such as the quota system of apparel.
- Prohibited goods such as rare animal and plants, cultural relics and narcotics are strictly detected and stopped exportation.

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

Figure 2.1.7 Export procedure and control



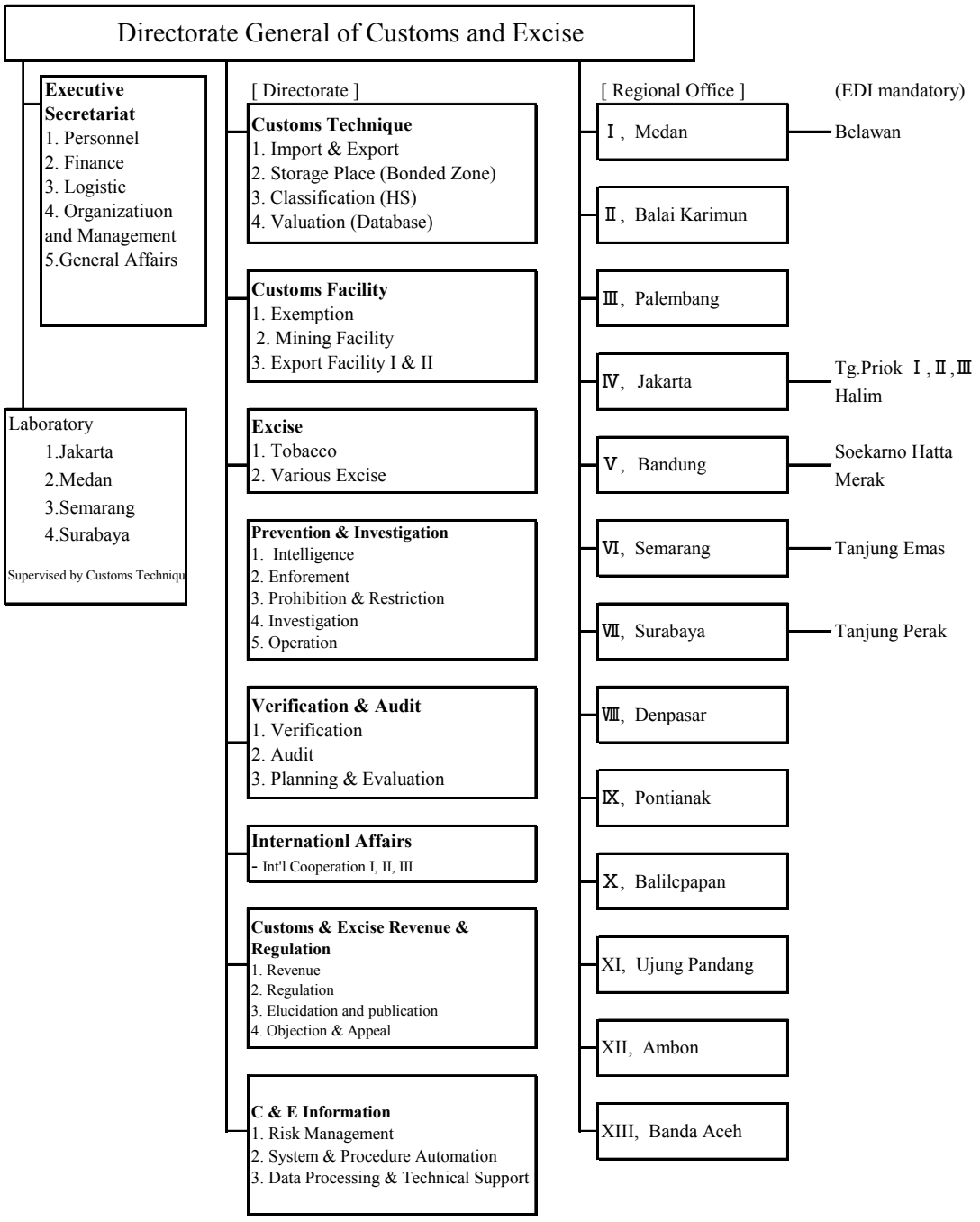
1) Temporary export,
2) Export by KITE scheme, with which in principle, all goods are checked except by priority companies,
3) Temporary imported goods to be exported,
4) Goods identified in NI/NHI, Intelligence Note prepared by the Intelligence Unit.

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

(7) Organization of DGCE

Directorate General of Customs and Excise consists of 8 directorates and one secretariat. Regional offices are directly connected to directorate general thereby constituting autonomy of operation. Under the regional office, service offices are located at port and border posts. Among them, 9 offices are mandated to process declaration by EDI.

Figure 2.1.8 Structure of Organization in the DGCE



2.1.4 The Customs Reform – now and future

(1) General Overview

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

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

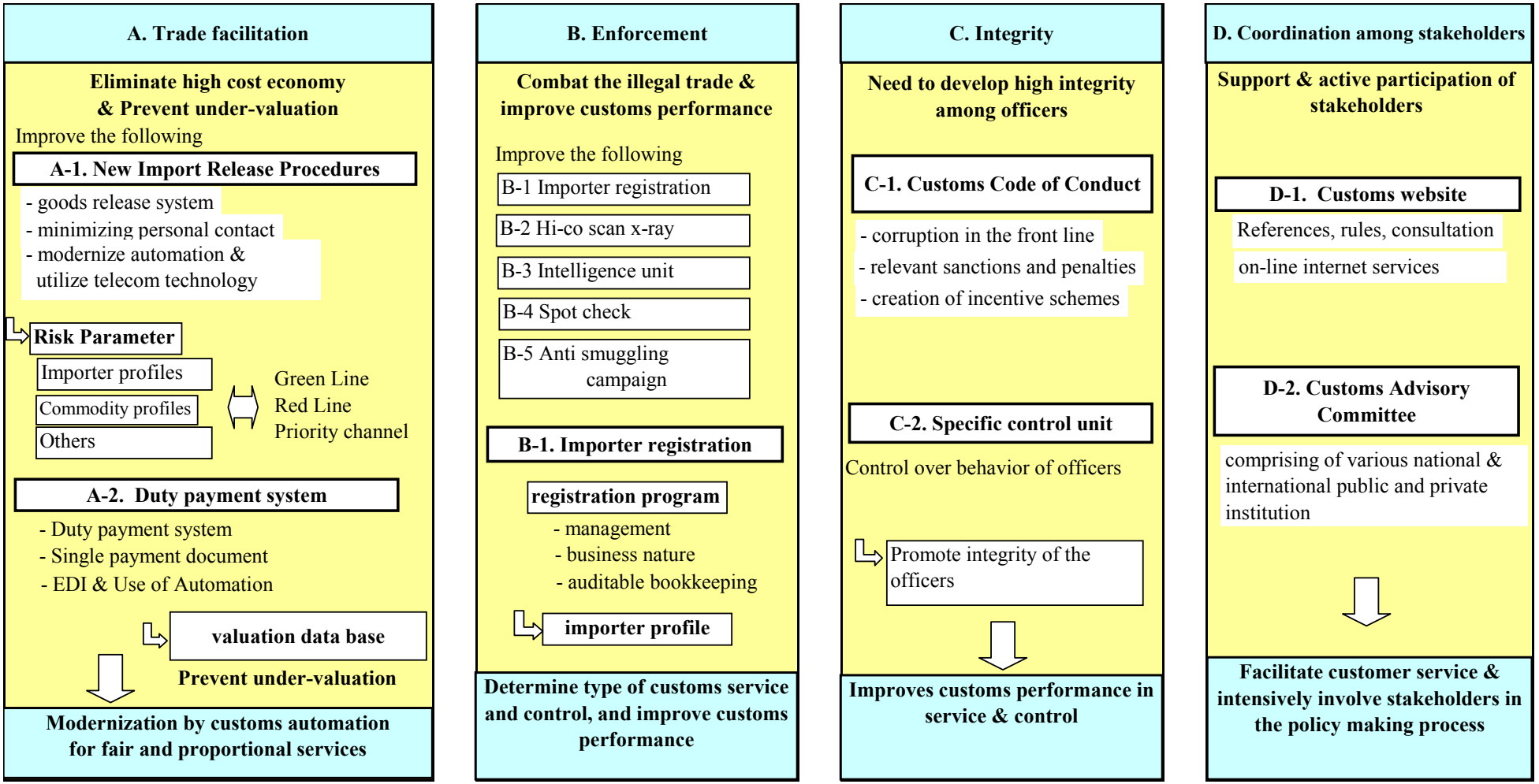
The objective of the Customs Reform is to create environment which helps legitimate traders and prevent illegal trade. In other words, the customs intends to optimize the use of resources such as IT technology in order to facilitate legal trade and balances its control system. To achieve the expected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

(2) Trade Facilitation

The trade facilitation relates to adjustment of customs procedures consisting of establishment of new import/export release procedures including introduction of priority channel, improvement of duty payment system, and improvement of valuation data base. Major activities are already implemented and currently under the discussion of improvements as follows.

- Priority Channel will be improved in the aspect of auditing system which should be reviewed and adopt risk-based approach without any physical and intensive document inspection during import clearance process.
- The new refinement should ebe done to release systems which will upgrade channeling criteria, duty tax risk, security deposit, valuation, in cordination with other departments.
- Improvement of release control system: automation plans for SPPB, Transfer gate responsibility and re-deploy staff and replace SPPB with response message (CUSRES).
- Expanding the harmonized system nomenclature: define HS code to 10 digits, and train staff and private sector.
- Importer/exporter registration will be implemented by MOU with Tax and Industry/Trade on the exchange of information. Design an automated system for registration and licensing. Control the registration by Taxpayer Identification Number, TIN.
- Verification system of documents will be simplified by strengthening valuation system with price database and make correction where necessary.

Figure 2.1.9 Structural Diagram of the Customs Reform Program



- Payment system will be electronic which is mandatory for electronic declarations and also introduce internet banking with debtors ledger and consolidated payment.

(3) Enforcement to combat illegal trade

Combat illegal trade is one of the key activities of the customs. For this objective, the customs continue to upgrade the importer profile, which is the main instrument of risk management. Several other activities are taken place in order to improve the quality of contorol such as intelligence unit in controlling the flow of goods, optimizing the utilization of hi-co scan x-ray and anti-smuggling campaign. Future development in this field is expected in the following points.

- Inspection techniques will be improved by developing a selectivity sub-system employing risk management and intelligence network. In the process it might be effective to have joint program with taxation department for major trader compliance unit.
- Anti-smuggling campaign will be planned including the following: Conduct survey and assessment on magnitude of problems related to underlying needs of smuggle. Then implement public campaign to reduce demand, and issue revised decree clarifying seizure and forfeiture together with import/export control regime. In order to stop the repetition of smuggles, re-design penalties and other sanctions and create investigation unit.
- Container examination place and Hi-Co Scan X-Ray are placed adjacent to each other so that on line access to Customs computer systems in X-Ray control room will facilitate the imspection.
- Valuation Control will be automatic by updating the database and introducing unit price range in price database, and undertake on-line comparison with unit price on declarations. For regular updating, top 200 commodities will be monitored.

(4) Integrity

The concept of promoting integrity of the officers is to avoid negative impact of corruption among the officers. In the Customs Code of Conduct, refusing gift and elimination of corruption is stated in reference to the law No. 31/1999, and instruct the officers to perform their duty with full responsibility.

Code of Conduct Committee, consisting of 6 committee members and 16 task force officers, has been operating since 2002, collecting complaints, receiving calls or letters of appeal and responding to media. This committee is expected to monitor the moral of officers from both in and out of the organization in addition to the confirmation of the Code of Conduct agreed and signed by all the staffs.

In addition, it is considered necessary to prepare incentive schemes and increase the level of salary. Financial independency should be established with special fund for continuing the customs modernization and reforms, especially in relation with the introduction of PNBP.

(5) Coordination among Stakeholders

The objective is to facilitate users' access to customs resources in case of inquiry and complaint. Therefore, customs has recently improved performance of website, which is widely acknowledged by users. In the future, customs website will be developed to perform as a bank of references, bank of rules, a media for consultation, and a media for on-line internet services. In addition, customs expect to coordinate related agencies and departments including MOIT and the quarantine to encourage active participation in the policy making process.

Communication among related parties is encouraged such as to provide complaints access with copies of all complaints to be sent to Special Investigation Unit and Code of Conduct Committee

It is planned to increase cooperation by hosting regular meetings among the National Ombudsman Committee and MOF as well as customs users.

2.1.5 EDI Profile on Customs Procedure

(1) EDI Profile

At present, customs declaration by EDI is mandatory at 9 service offices, namely Belawan, Tanjung Priok I, II, III, Halim, Soekarno Hatta, Merak, Tanjung Emas, Tanjung Perak. The first inspection process at analyzing point is processed electronically referring to the following database.

- Importer Profile
- Exporter Profile (not implemented yet)
- Commodity Profile (which has categorizing factors to determine, 1) very high risk, 2) high risk, 3) medium risk)
- Customer Fraud Profile (SPKPBM)
- Registration Data for identifying new importer
- Valuation database for customs technique directory which is a manual based system not automatic.
- Tariff HS commodity & Code

PT. EDI Indonesia is established in July 1995 by the ownership of share 51% for PT (Persero) Pelabuhan Indonesia II and 49 % for PT Sisindosat Lintas Buana (subsidiary company of PT Indosat) in order to realize the EDI system for port and customs clearance system.

PT. SISINDOSAT is a software house and contracted to develop customs in-house systems. EDI system is supported by PT. INDOSAT, Pelindo II, DGCE, AFACT (Asia Pacific Council for the Facilitation of Procedures and Practices for Administration Commerce and Transport), UNEDIFACT (UN Directories of EDI for Administration, Commerce and Transport. Indonesia

The bank operates as credit advise (CREADV) in the following process;

1) Enter importers' ID (NPWP) to MP3 system.
2) MP3 responses that the NPWP number is correct.
3) Enter amount of tax to be paid to MP3 system.

Then, the exporter enters all the payments to EDI system for customs clearance purposes and send to the e-payment document to customs service office.

By this process the tax payment is done to DG-Tax. From the side of bank, there are 3 data entry is necessary, one for DG budget which is implemented by SISPEN (DG-Budget Monitoring system), DG Tax for MP3, DGCE for EDI. Now there is a movement to incorporate these systems to MP3 once DG budget agrees.

(2) Data Interchange among Ministries

On the Third of March 2004, data interchange among the related ministries is agreed by related ministers. This direction opens a new horizon to develop EDI procedure more versatile in place of document-based government procedures. Government offices agreed to conducting the electronic data/document interchange are 1) Directorate General of Foreign Trade, Ministry of Trade & Industry, 2) Directorate General of Local Trade, Ministry of Trade & Industry, 3) Directorate General of Customs & Excise, Ministry of Finance and 4)Directorate General of Taxes, Ministry of Finance.

The objective is that by using electronic data interchange among government institutions, each institution become capable of supporting, accelerating and smoothing the supervision of business activities and improving coordination among institutions.

For implementation, officers from agreed government institutions form Interchange team and work for formulating the SISDUR (System & Procedure) of electronic data/document interchange. Several stages are planned from non-interactive to interactive, and to online though internet connection. Document/data which will be interchanged among institutions are related one another in the following categories.

Table 2.1.6 List of information to be exchanged

No	Documents	Data Owner	Institutions who need the data
1	Business Permission / recommendation (API/Angka Pengenal Impor – Import Identification Number / NPIK/Nomor Pengenal Importir Khusus – Special Importer Identification Number)	MoIT / Disperindag (Dinas Perindustrian & Perdagangan - Agency of Trade & Industry)	DGCE, Directorate General of Taxes
2	PIB (Pemberitahuan Impor Barang – Importing Goods Notification) / PEB (Pemberitahuan Ekspor Barang – Exporting Goods Notification)	DGCE	Ministry of Trade & Industry and Directorate General of Taxes
3	NPWP (Nomor Pokok Wajib Pajak – Tax Payer Number)	DG Taxes	Ministry of Trade & Industry, DGCE
4	SKA (Surat Keterangan Asal – Origin Information Letter)	MoIT / Province/ Regency/ Municipality Disperindag	DGCE and Directorate General of Taxes
5	Company Annual Financial Report / Obligation to Enlist the Company	MoIT	DGCE and Directorate General of Taxes

2.2 Present Conditions of Related Infrastructure for Trading

2.2.1 Overview of Export and Import Cargo Flow in Indonesia

(1) GDP of ASEAN 5 countries

The GDP of Indonesia in 2002 was the biggest among the ASEAN 5 countries (Indonesia, Thailand, Malaysia, Philippine, Singapore) equivalent to the 30.9% of the economic value of ASEAN 5 countries. Among ASEAN 5 countries, the economic growth of Thailand, Malaysia and Philippine have made 4.1 to 5.3 % between 2001 and 2002, while the Indonesia, Singapore have made 3.7% and 2.6% respectively.

Four countries except Indonesia had made the increase trends of growth of the export value. Indonesia had made the comparatively lower growth rate of investment among the other three countries and export value had been minus trend.

These different economic growths were caused mainly by the different growth rate of export value and investment amount as shown below.

Table 2.2.1 GDP and Its Growth rate of ASEAN 5 countries

Country	GDP in 2002 (Bill. US$)	Growth Rate between 2001 and 2002		
		GDP	Investment	Export
Indonesia	172.9	3.7%	0.2%	-0.6%
Thailand	126.5	5.3%	13.3%	10.9%
Malaysia	94.9	4.1%	-13.1%	3.6%
Philippine	77.6	4.4%	6.1%	3.6%
Singapore	88.3	2.6%	8.0%	2.7%
ASEAN 5	559.7	4.5%		

Source; Asian Economic Institution 2004

(2) Trade Balance of ASEAN 5 Countries

The trade balance of ASEAN 5 countries for the last three years (2000-2002) is shown in the table 2.2.2.

Table 2.2.2 Trade Balance of ASEAN 5 countries

Country	Export/Import/Balance	2000	2001	2002
Indonesia	Import (Million US$)	33,515	30,962	31,289
	Export (Million US$)	62,124	56,321	57,159
	Balance (Million US$)	28,609	25,359	25,670
Malaysia	Import (Million US$)	81,963	73,867	59,692
	Export (Million US$)	98,230	88,006	69,180

	Balance (Million US$)	16,266	14,139	9,488
Philippine	Import (Million US$)	33,808	31,359	26,387
	Export (Million US$)	39,794	32,664	26,024
	Balance (Million US$)	5,986	1,306	-363
Singapore	Import (Million US$)	134,546	116,004	86,286
	Export (Million US$)	137,806	121,755	91,865
	Balance (Million US$)	3,259	5,752	5,579
Thailand	Import (Million US$)	61,924	62,058	47,896
	Export (Million US$)	69,057	65,114	50,530
	Balance (Million US$)	7,133	3,055	2,634

Source: Statistic Indonesia 2002

(3) Export Cargo from Indonesia

1) Cargo Flow

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

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

The trend of total export and import value of Indonesia and non-oil/gas products from 1990 to 2002 is shown in Table 2.2.3.

Table 2.2.3 Total Value of Export and Import from 1990 to 2002

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

The above table shows that the total export and import value of 1998 and 1999 had been dropped from the value of 1997 and proportionally non-oil/gas products had also dropped since 1997 till 2002.

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

2) Major Commodities of Export Cargo

Non-oil and gas commodities recently become potential exports from Indonesia. They are classified as primary commodities consisting of agriculture sector and mining sectors and non primary commodities consisting of products of manufacturing sector.

Rubber, tea, tobacco, shrimp and coffee are the most dominant primary commodities of agriculture sector in obtaining export revenue to 2001. The primary commodities of mining sector excluding oil and gas are copper and tin.

With regards to manufacture sector, garment, textile and plywood are major commodities to obtain export value.

3) Export Destination Countries

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

Table 2.2.4 Export Volume and Value of Destination Countries in 2000 and 2002

Country of Destination	Export Volume (x Mil ton)		Export Value (Mil US$)	
	2000	2002	2000	2002
Singapore	58.0	39.1	6,562	5,349
Malaysia	4.6	7.1	1,972	2,029
Thailand	5.1	6.3	1,026	1,227
Philippine	5.0	4.5	820	778
Hong Kong	4.4	5.3	1,554	1,242
Japan	52.1	53.3	14,415	12,045
USA	6.6	6.5	8,475	7,559
Australia	4.1	6.4	1,519	1,924
European Union	15.7	17.7	8,669	7,898
Total	225.1	223.3	62,124	57,159

Source: Statistic Indonesia 2002

(4) Import Cargo to Indonesia

1) Cargo Flow

The value of Indonesia import which has tendency to increase became US$ 31,289 million in 2002. This was conditioned by the inclining of oil and gas import by 19.26% while non-oil and gas import decreased by 2.85%.

2) Import Cargo Volume and Value from Major Origin Countries

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

Table 2.2.5 Import Volume and Value of Major Origin Countries

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

Source: Statistic Indonesia 2002

3) Commodities of Import Cargo with Origin Countries

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

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

(5) Export and Import Volume and Value by Mode of Transport

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

Table 2.2.6 Share of Export and Import Volume and Value by Air and Sea Transport

Description		Air transport			Sea Transport		
Year		Export	Import	Total	Export	Import	Total
1999	Volume (Mil ton)	1.6	0.8	2.4	234.0	61.4	294.7
	Ratio (%)	0.7	1.3	2.0	99.3	98.7	98.0
	Value (Bill US$)	2.4	2.1	4.5	46.2	21.9	68.1
	Ratio (%)	4.9	8.8	13.7	95.1	91.3	86.3
2000	Volume (Mil ton)	1.0	1.0	2.0	225.1	66.3	290.4

	Ratio (%)	0.4	1.5	1.9	99.6	98.5	98.1
	Value (Bill US$)	3.4	3.4	6.8	58.7	30.1	88.8
	Ratio (%)	5.5	10.1	15.6	94.5	89.9	84.4
2001	Volume (Mil ton)	1.5	0.5	1.9	272.5	65.1	336.1
	Ratio (%)	0.5	0.7	1.2	99.5	99.3	98.8
	Value (Bill US$)	2.9	1.4	4.3	53.5	29.6	83.0
	Ratio (%)	5.1	4.6	9.8	94.9	95.4	90.4

Source: Statistic Indonesia 2002

From the above table it is indicated that the sea transportation has been great share of export and import volume and value thereof. It has supported the export and import industries of Indonesia including capital and service fields.

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

Table 2.2.7 International Trade Value through the Region Wide Major Ports

(Billion US$)

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

Source; Statistic Indonesia 2002

Due to geographic nature of the country, the above table shows that major ports in the main islands function even more crucial parts in international trade as the table 2.2.6 indicates over 90% of international trade through ports. It has been indicated that the Indonesia ports in the Jawa and Sumatra islands had played an important roll in the international trade which will generate national and regional economic development of the hinterland of the sea ports.

2.2.2 Ports System and Trade Volume through Indonesia Ports

(1) Indonesia Ports

1) Ports System and Management

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

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

Table 2.2.8 Indonesia Ports Classification

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

Source: DGSC April 2003

2) Strategic Ports

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

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

The strategic ports are classified according to the structure of ports in the national transport system into trunk ports and feeder ports, which has newly been designated by MOC in August 2002.

- Trunk ports, which could handle large volume of sea born cargo and cover large area of service/hinterland and are categorized into
  International Hub Trunk Port,
  International Trunk ports,
  National trunk ports,
- Feeder Ports, which could handle sea cargo in relatively small volume and cover relatively small service area/hinterland and are categorized into
  Regional Feeder Ports,
  Local Feeder Ports,

(2) Sea Born Trade Volume

1) Nationwide Export /Import Cargo Volume

The volume of export and import cargo from the major regions from 2000 to 2002 shows in the Table 2.2.9.

Table 2.2.9 Volume of Export and Import from provinces from 2000 to 2002

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

Source; Statistic Indonesia 2002

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

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

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

Regionwise the export volume from the Jawa and Madura has been greater than the import volume since the industrization and value added manufacturing industries in Jawa region has been progressed.

2) Trends of Sea Born Traffic Volume

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

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

Table 2.2.10 Trends of Trade Cargo Volume from 1990 to 2001

Description	Unit	1990	AAGR	1995	AAGR	2001
Export cargo	Mill ton	89.4	23.8 %	195.9	-5.4 %	142.9
Import Cargo	Mill ton	22.9	26.2 %	52.9	-0.2 %	52.2
Domestic Cargo	Mill ton	113.1	23.3 %	245.3	-0.8 %	234.3
Sub Total	Mill ton	231.4	22.7 %	494.1	-2.6 %	429.3
Container	Thou TEU	1,227	25.1 %	2,768	19.7 %	5,502

Source: Statistic Indonesia 2002
AAGR: Annual Average Growth Rate

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

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

(3) Tanjung Priok Port

1) Role of Tanjung Priok Port

Tanjung Priok Port which is functioning as the largest trading port in the western Jawa region and Indonesia has contributed significantly to the economic growth of JABOTADEBEK(Jakarta, Bogor, Tangerang, Depok and Bekasi) industrial areas, West Jawa and Banten provinces with a logistic network comprising toll roads and railways networks. The port also functioned as the international sea transport network system. The Port of Tanjung Perak is also projected to be the international trunk port as the main regional outlet for eastern Indonesia region.

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

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

IPC2 is one of the state owned port corporations under the Government consisting of the Ministry of Communications and Ministry of State-Owned Enterprise. IPC2 manages and operate the Head office, 12 branches port offices (Ports of Tanjung Priok, Panjang, Palembang, Teluk Bayur, Pontianak, Cirebon, Banten, Jambi, Bengkulu, Sunda Kelapa, Tanjung Pandan and Pangkal Balam) located in South and West Sumatra, West Jawa, South East Kalimantan provinces, 1 port training center and 6 affiliated companies.

Its objective is to conduct the business pertaining to the port or the interest of the state and the public by implementing development plans in line with the national economic and social development plan and to render efficient services and facilities to all port users on a fair basis.

Head office of IPC2 is managed by the Board of Commissions and Managing Director, assisted by Board of Directors, Corporate Secretary, Head of Internal Supervision Unit and Senior Managers of the various service and operational departments who are responsible for day to day management and operations. IPC2 head office has commercial, operational, financial and personnel and general affairs departments. There are about 3,300 permanent employees.

Branch Office of Port of Tanjung Priok is managed by the General Manager, who is assisted by Assistant General Manager of Quality Control and Assistant General Manager of Procurement.

2) Government Agencies Related to Port Activity

Port activities cover various functions. There are many port related government agencies involved

in the port activities as shown in Table 2.2.11.

Table 2.2.11 Port Related Government Agencies

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

Source: JICA Study team

3) Affiliated Companies of IPC2

IPC2 is engaged in a wide range of businesses, such as the provision of water, electric and fuel supplies, management of hospital and port training center. Further, IPC2 has affiliated companies which are engaged in port services and to which IPC2 is extending investment, joint operation and joint-venture or dispatch of a supervisor or director. These affiliated companies are shown in Table 2.2.12.

Table 2.2.12 List of Affiliated Companies of IPC2

	Joint Operation / Management		Legal Entity in Association with Cooperative of Maritime Employee		Legal Entity in association with Private / Foreign	
Name	KOJA Container Terminal	Merak Mas Terminal	PT. Port Hospital	PT. Multi Terminal Indonesia	PT. Jakarta International Container Terminal	PT. Electronic Data Interchange Indonesia
Kind of Service	Container Terminal	Multipurpose terminal	Hospital	Conventional terminal and other cargo handling	Container terminal	EDI Indonesia

Establishment	March 26, 1999	February 10, 1999	May 1, 1999	April 10, 2002	October 6, 1998	January 23, 1996
Persons from IPC2	510 Persons	4 Persons	260 Persons	112 Persons	2 Persons	4 Persons

Source: IPC 2

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

(4) Management and Operation

1) Terminal Operation

i) Conventional Terminal

Most of the conventional terminals are managed and operated by 14 terminal operators. Each terminal operator has contracted to carry out conventional cargo handling operations including container cargo handling at the specified terminal. The present arrangement of terminal operators in the conventional terminals is shown in the Fig. 2.2.1 below.

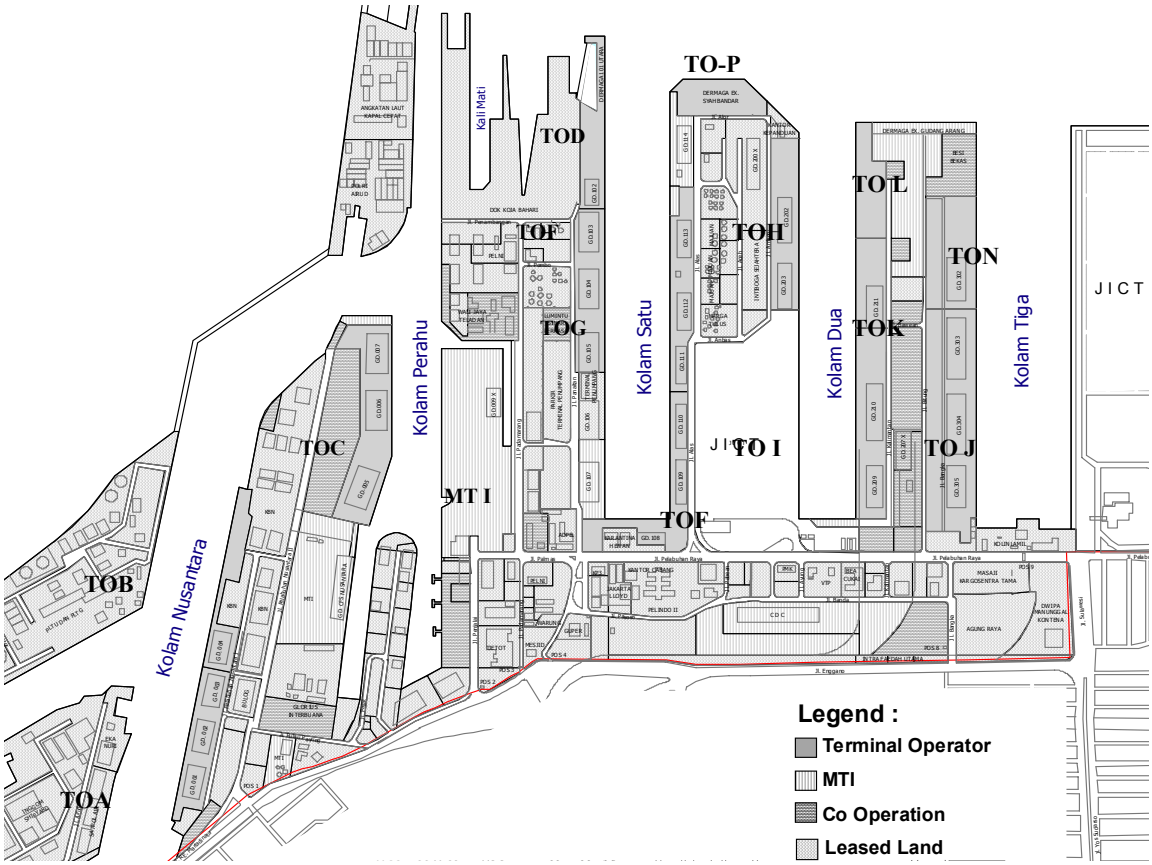


Figure 2.2.1 Utilization of Land by Contract at Conventional Terminal Area

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

Table 2.2.13 below shows the list of terminal operators concerned and their specified berth No to work as fixed Berth system. The system of fixed berths as assigned to each operator which should not improve the Berth Utilization Ratio of all the berths available shall be amended such system to utilize the berthing facilities with the most effective manner.

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

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

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

Table 2.2.13 List of Terminal Operators

No.	Name of Company		Berth No.
1	Terminal Operator – A	PT. Hamparan Jala Segara	001, 002, 003
2	Terminal Operator – B	PT. Srikreasi Unggul Persada	004, 004-U
3	Terminal Operator – C	PT. Prima Nur Panurjwan	005, 006, 007
4	Terminal Operator – D	PT. Batu Pajar Nusantara	100, 101-U, 101, 102
5	Terminal Operator – E	PT. Adipurusa	103, 104, 105
6	Terminal Operator – F	PT. Mahardi Sarana Tama	108, 109, 110
7	Terminal Operator – G	PT. Dwipa Hasta Utama	111, 112, 113

8	Terminal Operator – H	PT. Andalan Tama	201, 202, 203
9	Terminal Operator – I	PT. Gemar Laut Biru	208, 209
10	Terminal Operator – J	PT. Tangguh Samudera Jaya	303, 304, 305
11	Terminal Operator – K	PT. Indo Daya Abadi Sakti	210, 211
12	Terminal Operator – L	PT. Olah Jasa Andal	212, 213
13	Terminal Operator – N	PT. Darma Lautan Nusantara	301, 302
14	Terminal Operator – P	PT. Tri Mulya Baruna Perkasa	115, 200

Source: IPC 2 Annual Report 2002

In addition to the above terminals operators, there is a multi-purpose-used terminal, berth No.009 managed and operated by a newly affiliated company of IPC2 called "PT. Multi Terminal Indonesia" which was established in April 2002. The terminal is equipped with two gantry cranes and two transfer cranes for mainly handling container cargo. The handling volume at berth No.009 in 2002 was recorded about 70,000 TEUs.

ii) Container Terminal

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

Container yards are located in and out the port because of the scarce yard space in the terminals. Inefficient movement of containers and vessels together with troublesome customs clearance procedures are common complaints of users.

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

iii) Computerized Terminal Management System

To support container handling performance, the computerization management application system has been introduced at both container terminals, which is mainly utilized for the yard and ship Planning, Yard and Ship Operation, Gate House, Billing and electric data interchange by on-line system.

2) EDI Services for Port Related Business

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

i) PT. EDI Service Network

a) History of establishment of PT EDI Indonesia

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

The concept of introduction of EDI (Electronic Data Interchange) for the custom system was prepared and developed from 1995.

In 1997 the DGCE (custom office) made Import custom declaration to the import trade through the Tanjung Priok Port and Airport of Sukarno Hatta International Airport (SHIA). Subsequently from 2003 DGCE introduced the Import Custom Declaration to the Tanjung Peraku port in Surabaya, Tanjung Emas port in Semarang and Belawan Port in Medan since these 5 ports handle about 80 % of total national import cargo volume.

In 2004 DGCE introduced the Export custom Declaration to the above 4 ports and 1 airport since these 4 ports and 1 airport covers about 80% of the national import cargo volume.

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

PT EDI is operating the services by using the software of EDI VAN (Value Added Network) and starting from 2004 EDI Over Internet. The software of EDI VAN which was developed by General Electric USA was imported from GE and subsequent EDI Over net was developed and modified by PT EDI based on the originally developed software by GE. Through the GE software EDI Indonesia can access to GE IS Network (GE global network), IBM Advantest, and US Custom. PT EDI has about 90 staffs and 30 contract staff.

c) The future development program of PT EDI

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

d) PT. EDI Network Service

The present customers using PT. EDI network for the port related activities is showing the following diagram. Each user concerned for trade business through the ports exchanges the required data, documents for export/import procedures and process with the concerned agencies and institutions through PT. EDI network. They also monitor and obtain the accurate data of exporting and importing cargos and ships through their concerned institutions.

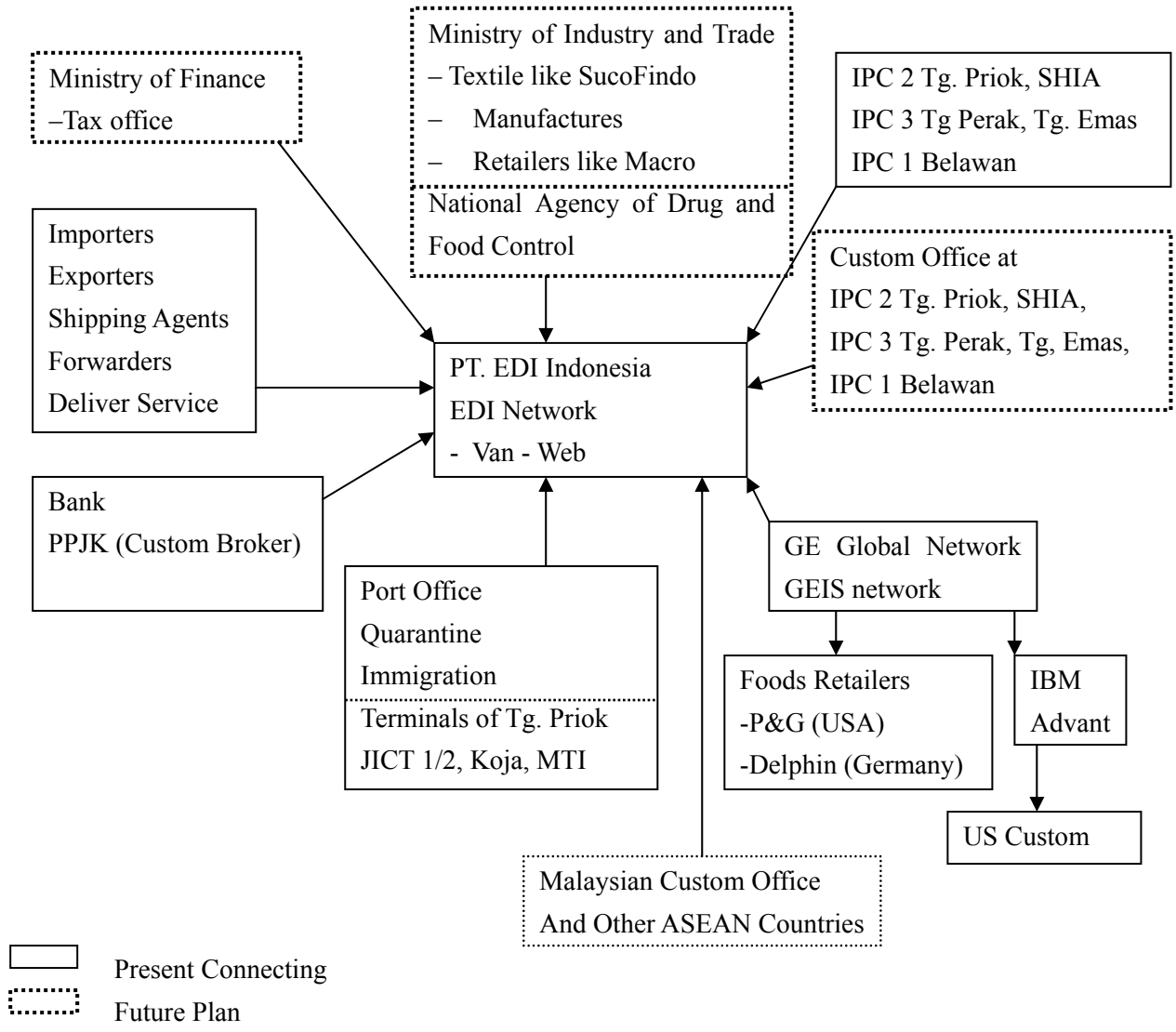


Fig 2.2.2 Diagram of EDI Network Connection with Port Related Business

e) Service from PT EDI Indonesia to Tanjung Priok Port

In the case of Tanjung Priok Port, PT EDI developed the software called “gateway, scheduler”

and installed it in the "In House Servers" of IPC 2 and VAN/Web of EDI Network in order to transfer the port related data coming to EDI from port users to the IPC 2 automatically through the PT EDI Network.

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

For example, a shipping agent send message of RKSP (Arrival Notice of Vessel), PPKB-D (Request of Permission to enter the port), Cargo Manifest, Bay Plan (Cargo in Vessel) to Custom office through Web of EDI Network. The Custom office responds through Web to the shipping agent and at the same time IPC 2/ Port Administration office will receive these correspondences through In house Servers of the port and extended connection to remote terminals of the related department, sections of the port office.

ii) Progress of Adopting EDI in IPC 2

According to the observation from PT EDI the progress of adopting EDI system in the IPC 2 has been slowly developed. The shipping agents prepared arrival notice of vessel and custom clearance documents and sent through EDI network to the port office. The port office, quarantine, immigration offices asked the hard copy thereof from the shipping agents, instead of getting such documents from EDI network and printing out such documents by themselves if necessary.

From these practices IPC 2 and related agencies have not yet fully utilized the EDI network, although IPC 2 is publishing the port data on their home page through web site (www:inaport2.co.id/). IPC 2 prepares the statistic of port activities and traffic data.

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

(5) Port Facilities

1) Port Infrastructrues

i) Channels, Basins and Breakwater

Tanjung Priok has a 424 ha water area (within the port/breakwater) and a 604 ha land area (inside of the port boundary). Configuration of channels, basins and breakwaters is summarized in Table 2.2.14. The layout of the existing port facilities of the Tanjung Priok Port is shown in Fig. 2.2.3 and attachment photographs in Fig 2.2.4.

Fig 2.2.3 Present Lay Out of Facilities of Tanjung Priok Port

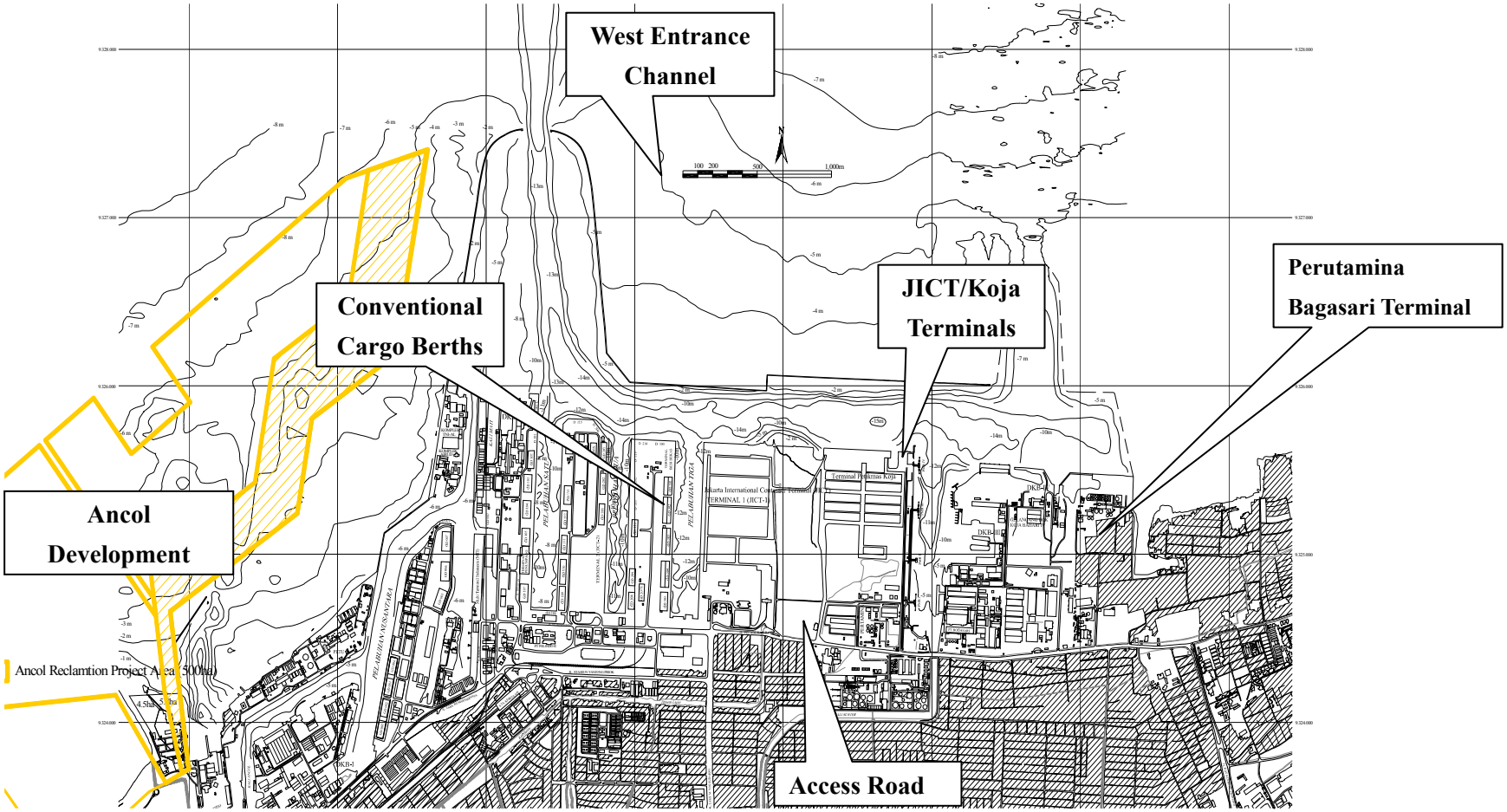


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Fig 2.2.4 Tanjung Priok Port in 2003

Many large Cargo / Container Ships are waiting at the entrance of the Port for berthing, which observed daily.

Jakarta International Container Terminal 1 (JICT 1) North berth and West Berth at 2003

New Container Berth of Seguro at tip of Pier No 3, JICT 1 on left and JICT 2 on right side.

Table 2.2.14 Configuration of Channel, Basin and Breakwater

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

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

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

Source：IPC 2

ii) Navigation Situation in the Port

There is a general regulation for navigation, PP No.81/2000, while unwritten rules exist in the port. According to the pilots of Tanjung Priok, the following information/rules are crucial for navigation:

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

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

c) The only operational entrance, the west entrance (depth of -14m), accommodates commercial ships. East entrance is used only for very small ship such as fisher boat, tug boat etc. due to the insufficient water depth (around -5m).

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

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

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

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

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

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

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

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

iii) Berths, Yards and Warehouses

Public berths are owned by IPC-2, while special dedicated private berths are owned by the private sector. The management of public berths is carried out by three (3) entities, i.e. IPC-2, JICT and Koja CT. Berth length and depth, storage yards, container yards area and warehouse of these entities are summarized in Table 2.2.15.

Table 2.2.15 Berth Length, Storage Yards and Warehouse

Berth	L (m)	Depth (m)	Storage Yard(m2)	Container Yard(m2)	Warehouse (m2)
IPC 2	7,737	-4 to -12	426,390	82,6310	185,228
JICT	1,637	-8.5 to -12	-	359,469	-
Koja CT	450	-14.0	-	225,700	-
Private	773	-8.5 to -12	NA	NA	NA
Total	10,597				

Source: IPC 2

2) Requests for Improvement of Trade Infrastructures from Port users

The Study for Development of Greater Jakarta Metropolitan Ports by JICA in 2002-2003 carried out the interview survey with operators, port users of export/import industries in the hinterland of the Tanjung Priok Port. According to the survey results, the largest request among the others was to improve the port access including the development of highway to mitigate traffic congestion. The comments and requests are summarized in the following table.

Table 2.2.16 Requests from Port Users of Export/Import Industries for Improvement

No	Opinions/Comments	Number of Companies	
		Unit	Percentage
1	Improve the existing access road from factory site in the industrial areas to Tanjung Priok port (especially from East Jakarta)	7	15.9 %
2	Construct a new access road around the Tanjung Priok Port to increase road transport capacity	3	6.8
3	Improve and develop of additional port facilities and infrastructures, (especially for automobile terminal with wharf, yard and marshalling yard etc)	5	11.4
4	Solve road traffic congestion and illegal payment in export line of the port	5	11.4

5	Improve existing damaged road conditions around the factory area outside the port	13	29.5
6	Improvement of traffic conditions of the existing roads to the port (Evaluation of transportation arrangement periodically)	9	20.5
7	Increase security in the environmental conditions of working area in /around the port area(additional safety officers shall be assigned to protect road users)	2	4.5
	Total	44	100

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

3) Port Security Compliance to ISPS code

i) Compliance to ISPS code

The government of Indonesia, is one of 43 countries which has ratified on July 1, 2004 the International Ship & Port Facility Security code (ISPS code) as amended to the existing provisions of the International Convention for Safety of Life at Sea, 1974 (SOLAS 74) according to the FAL Convention (The Conventions on Facilitation of Maritime Traffic) to enhance maritime security. The total number of port facilities reported by 193 ports in 43 countries is 1,856 whose Port Facility Security Plans (PFSP) have been approved, including 6 ports with 25 port facilities from Indonesia as of July 23, 2004.

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

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

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

As a result the documentation for international shipping to call for ports is minimized, simplified and limited. The government of Indonesia had already ratified the FAL Convention in November 2002. There are 16 clauses and 8 forms of declaration in the FAL Convention as detailed below for ship entering to the ports.

1. General Declaration,
2. Cargo Declaration
3. Ship's Store Declaration
4. Crew's Effect Declaration
5. Crew List
6. Passenger List
7. Documents required by international post agreement
8. Maritime Declaration of Health

FAL Convention amended the form 7 of Dangerous Goods Manifest in January 2002 and introduced the revised format of the Dangerous Goods Manifest to all member governments and international organizations to adopt to transport dangerous goods by sea.

According to the Recommended Practice attachment to the General Declaration the port management offices and other concerned agencies shall not request more than the following information to the shipping companies to call the port.

1. Name of ship
2. Nationality of ship,
   Details of ship registration,
   Details of Ship weight tonnage
3. Name of captain
4. Name of ship agents and address
5. Brief description of cargo onboard
6. Number of crews and passengers
7. Brief description of sailing rout
8. Date of port entry and departure
9. Name of entry and departure ports
10. The location of ship anchorage in the calling port

ii) Port Facility Security Assessment

The port office contracted RSO (Recognized Security Organization) with the cost of the port office to conduct the port facility security assessment. There are 14 RSOs in Indonesia which are licensed for business operation by the government to assess the security assets of port facility and ship in operation. RSO are the private consultants, shipping agents, Survey companies, Classification Institution, Lloyd register Asia, Nippon Kaiji Kyokai Indonesia, etc.

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

By July 1, 2004 DGSC have issued the tentative Statement of Comply to ISPS code of PFSA for 5 months only to the port offices which submitted the application of compliance of 115 facilities including 6 public ports. For the permanent Statement of Comply is valid for 5 years.

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

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

b)Surabaya Tanjung Perak which selected 9 facilities,

c)Semaran Port selected 6 facilities,

d)Panjang port,

e) Dumai Port,

f) Belawan port.

iii) The Case of Tanjung Priok Port

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

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

For smooth cargo flow in the JICT in the Tanjung Priok port JICT has prepared the security plan indicating the restricted area by complying ISPS code before July 1 2004 in their working area.

The JICT assigned special safety officer. For the x ray checking by the Custom office, JICT provide a space for storage of containers, however the area is observed small. In future the container traffic volume is increased and correspondingly the custom checking volume will be increased, the present area may be required to expand.

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

They had reported the result of the survey indicating the restricted area in their working area through IPC 2 to DGSC for approval of PFSA. The ISPS code is ratified on July 2004, thereafter DGSC staff can not enter to the restrict area for checking.

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

4) Utilization and Operation of Port Facilities

i) Berth Occupancy

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

ii) Ship Waiting Time for Berthing

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

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

iii) Handling Productivity

The handling productivity meaning ton/ship/hr (TSH) varies among the berths; it is safe to say that handling productivity itself is relatively high. Most bag cargo and general cargo handle more than 30 ton/ship/hr, and most dry bulk cargo handles more than 100 ton/ship/hr. Rather less productivity (50-100 ton/ship/hr) can been seen in liquid bulk cargo. The handling productivity in ton/gang/hr (TGH) satisfies the targeted TGH in Tanjung Priok port.

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

iv) Unloading/Loading Type

Cargoes by direct transport to/from the berth by trucks have a large share of total cargo, which means that yards and warehouses behind the berths are not fully utilized. This situation is closely related to the concentration of road traffic at certain time like unloading large volume of bulk cargo when large trucks, trailers are waiting for loading cargo from the ships in the port inner roads around the berths and out link road of the port access road. Subsequently the long queue of trucks causes traffic congestion inside and outside the port.

v) Container Terminal Performance

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

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

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

Table 2.2.17 Crane Productivity in Container Terminal

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

Source: JICT, TPK Koja

c) Yard Occupancy Ratio (YOR) seems to be moderate since 70 ~ 80% is considered to be the maximum YOR in general

d) Yard Dwell Time (YDT) for import container is long, 10~12 days in JICT. Apparently, a problem is customs clearance which is significantly increasing YDT. YDT should be improved in order to secure the efficiency of yard operation. The caurses of such longer dwelling time of import containers is elaborated in details in the chapter 2.3.3 of this report.

(6) Present Traffic Volume through Tanjung Priok Port

1) Present Cargo Volume

i) Container Cargo Movement by Terminal

Tanjung Priok Port is historically the first container handling port in Indonesia with the development of Container Terminal I and II in the late 1970s. Since mid-1980 when economic restructuring policy was introduced by the government to encourage investment in manufacturing industries which are mostly located around Jakarta/West Jawa area, as a result the container traffic through the Port of Tanjung Priok has been growing significantly.

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

Market shares among the terminals indicate that JICT takes two thirds of the total market, KOJA

terminal has a 22% share, but its share has been increasingly year by year. Throughput at conventional berths has been unstable for the past decade, but accounted for 12% in 2001.

Table 2.2.18 Container Cargo Movement by Terminal (1,000 TEU)

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

Source: IPC 2

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

Table 2.2.19 Share of Trade Value by Tanjung Priok Port in Indonesia ports

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

Source: Statistic Indonesia 2002

Cargo throughputs by trade type are shown in Table below. Total about 42 million tons (excluding oil discharged) are handled at Tanjung Priok Port. Volume of incoming cargo has been exceeding that of outgoing cargo for both international and domestic.

Table 2.2.20 Cargo Throughputs by Trade Type (ton)

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

Source; IPC 2

ii) Cargo Throughput by Packing Type

Throughput by packing type is shown in the following table. The throughput levels of bag cargo

and liquid bulk cargo have remained almost unchanged for the last five years. Average annual growth rates by packing type for last five years indicate that General cargo is 8.7%, Bag Cargo at 2.2%, Liquid Bulk Cargo at 2.6%, and Dry Bulk Cargo at 7.9% and Container 11.9%.

Table 2.2.21 Cargo Throughput by Packing Type (x 1,000 ton)

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

Source: IPC 2

2) Ship Traffic

i) Vessel Size Distribution

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

Table 2.2.22 Ship Calls at Port

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

Source: IPC 2

Today in 2004, 58 ports in the North Europe, the Mediterranean Sea-front, and the East Europe are connected with Jakarta through direct services. The shipping lines providing these direct services are Maersk Sealand Line, Grand Alliance, CMA-CGM and some joint operators (ANL, Gold Star, Lykes and Mafret), Norasia.

There are various kinds of services connecting major islands of Indonesia from Tanjung Priok port, including 44 inter-island routes connecting 30 regional and local ports. The shipping lines engaging such services of the inter-island traffic are Salma Pacific Indonesia (SPIL), Pelayaran Meratus (Meratus), Penurjwan, JP Lines (PT. Jayakusuma Perdana Lines), and Heung-A Shipping.

(7) Traffic Forecast through Tanjung Priok Port

1) Traffic Cargo Forecast by Transport Sector Strategic Study in Indonesia by ADB

The Transport Sector Strategic Study (TSSS) in Indonesia carried out in 1998 by ADB estimated the growth rate of domestic (4.6% per year) and international (7.9% per year) traffic volume by different mode of transport from 1998 to 2009 as follows:

Table 2.2.23 Estimated Growth Rate of Traffic Volume by Mode of Transport

Mode of Transport	Estimate growth rate 1998 to 2009 (%)	
	Passenger traffic	Cargo traffic
Sea Transport		
Domestic	90	50
International	100	130
Air Transport		
Domestic	65	80
International	105	150

Source; TSSS by ADB

2) Traffic Forecast through Tanjung Priok in 2025

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

Table 2.2.24 Traffic Forecast of Tanjung Priok Port in 2012 and 2025

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

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

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

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

2.2.3 Airport Infrastructure and Trade Volume through Airport

(1) Airport Infrastructure

1) Air Transport Policies of the Republic of Indonesia

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

i) The Government Policy on Airfares

The government has established the basic ceiling fares for economic passenger while the floor fare is left to the market mechanism. The stipulation of the ceiling rates is expected to make the national airline companies more flexible in determining the passenger fare magnitude according to the public purchasing power, the service quality, efficiency of the airline, and the continuance of its business.

ii) The Government Policies on National Air Transportation

Through Ministerial Decree No.11/2001 the Minister of Communications has stipulated two types of routes, namely open and closed routes. Open routes have a very dense passenger demand and can be utilized by scheduled commercial airline companies without frequency and capacity limits. Scheduled commercial transport companies can utilize closed routes with a limit in the number of frequencies and capacity.

The government policies on national air transportation cover:

a) Route and Flight Network

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

b) Procurement of Air Fleet

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

2) Air Transportation in Indonesia

In 2002 there were 17 registered flight operators. The airline price war of 2003 marks the era of

free competition in national airlines. Since then the number of operators is growing by 20%. INACA (Indonesian National Air Carrier Association) states that within a short time period at least 40 pieces of new fleet will enter the already harsh competition. This number is estimated to further increase in line with the expansion of flight operators on 'fat' as well as new promising routes.

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

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

Table 2.2.25 Airport Operators

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

Source: Decree Minister of Communications 44/2002

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

In 2003, there was one national aircraft plant, 22 scheduled operations companies, 34 non-scheduled operations companies, 193 scheduled operations craft, and 212 non-scheduled operations craft. The scheduled aircraft experiences the highest increase and steadily growing from 6 companies in the pre-crisis era to 22 last year. This number shows a wide-open opportunity to invest in this sector.

Table 2.2.26 Indonesian Airline Industry

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

Source: Processed from Ministry of Communications, 2003

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

3) Air Transport Network in Indonesia

The following airports can be regarded to be substantial hub-airports, that is, Jakarta (CGK) and Surabaya in Jawa, Batam in Sumatera, Kupang in Nusa Tenggara Timur, Pontianak and Balikpapan in Kalimantan, Ujung Pangang and Manado in Sulawesi, Ambon in Maluku, Biak, Jayapura, Merauke in Papua, while Timika of free airport may be regarded to be a hub-airport as far as it concerns having many spokes of air routes.

In addition, the pioneer air transport routes are decided by DGAC and Governmental authority concerned to promoting regional development and socio-economic activities. Operating air companies of pioneer air routes are permitted and subsidized according to the decree of DGAC. The pioneer air routes are observed to be distributed in the area where modes of road and sea transport network are not facilitated enough.

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

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

4) Air Traffic Flow in Indonesia

i) Domestic Air Traffic Flow in 2001

Larger volumes of domestic inter-Province passenger movement are observed between the routes connecting D.K.I. Jakarta (Soekarno-Hatta) with Jawa Timur (Surabaya), Bali (Denpasar), Riau (Batam and Pekanbaru), and Sumatera Utara (Medan). Some considerable volume of air passenger movements are observed on the routes connecting Jakarta with Jawa Tengah (Semarang and Solo), D.I. Yogyakarta (Yogyakarta), Sumatera Barat (Padang), Kalimantan Barat (Pontianak), Kalimantan Timur (Balikpapan), Sulawesi Selatan (Ujung Pandang) and relatively rather smaller volume Kalimantan Selatan (Banjarmasin) and Sulawesi Utara (Manado).It should be also noteworthy that some considerable passenger flow is observed in the routes connecting Jawa Timur (Surabaya) with Kalimantan Timur (Balikpapan), Kalimantan Selatan (Banjarmasin), and Sulawesi Selatan (Ujung Pandang).

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

ii) International Air Traffic Flow in 2001

There are 21 international airports in Indonesia and 87 foreign airports connecting with each

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

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

5) Airport Network in Indonesia

i) Domestic Airports

It is noted that there are many domestic airports in Indonesia that are not served by regular commercial services. It should be translated such that airports in Indonesia mostly cover its population in terms of the number and locations of the airports. The reason for no regular services can be explained mainly because industrial structure of such area, most probably agriculture, does not generate enough demand for commercial air transport services.

The major fleet domestic air transport in Indonesia is B737. It is supplemented by F27 and CS212 for long-demand regional feeder services. Judging from the existing fleet route structure, B737 for trunk route and F27 and CS212 for regional services would not change drastically. B737 class aircraft with seating capacity of 100-170 seats depending on type series would be able to serve a wide range of sector demand.

It is particularly so under deregulated market condition like Indonesia, in which airline companies' approach is to increase flight frequencies to maintain market share rather than to introduce larger aircraft for lower operating cost per seat.

ii) International Airports

There were 24 international airports in Indonesia as of February 2004. Since then, Yogyakarta Airport was opened for international services in March 2004. Semarang Airport is expected to be an international airport by mid 2004. Therefore, the number of international airports will be 26 as listed below:

a) AP-I (= PT (Persero) Angkasa Pura I) (13 Airports)
   ① Bali Airp (ort
   ② Surabaya Airport
   ③ Yogyakarta Airport
   ④ Solo Airport
   ⑤ Semarang Airport
   ⑥ Balikpapan Airport
   ⑦ Banjarmasin Airport
   ⑧ Makassar Airport

⑨ Manado Airport
⑩ Ambon Airport
⑪ Mataram Airport
⑫ Kupang Airport
⑬ Biak Airport

b) AP-II (= PT (Persero) Angkasa Pura II) (10 Airports)
① Jakarta Soekarno-Hatta Airport
② Jakarta Halim PK Airport
③ Medan Airport
④ Banda Ache Airport
⑤ Tanjung Pinang Airport
⑥ Pekanbaru Airport
⑦ Padan Airport
⑧ Palembang Airport
⑨ Bandung Airport
⑩ Pontianak Airport

c) DGAC (=Directorate General of Air Communications) (3 Airports)
① Batam Airport
② Tarakan Airport
③ Jayapura Airport

Four major international airports in Indonesia include Soekarno-Hatta as a national gateway, Bali as an international tourist gateway, and Surabaya and Medan as entry points for secondary commercial centers. These four major international airports account for 96□ of total international passengers and 57% of domestic passengers in 2002.

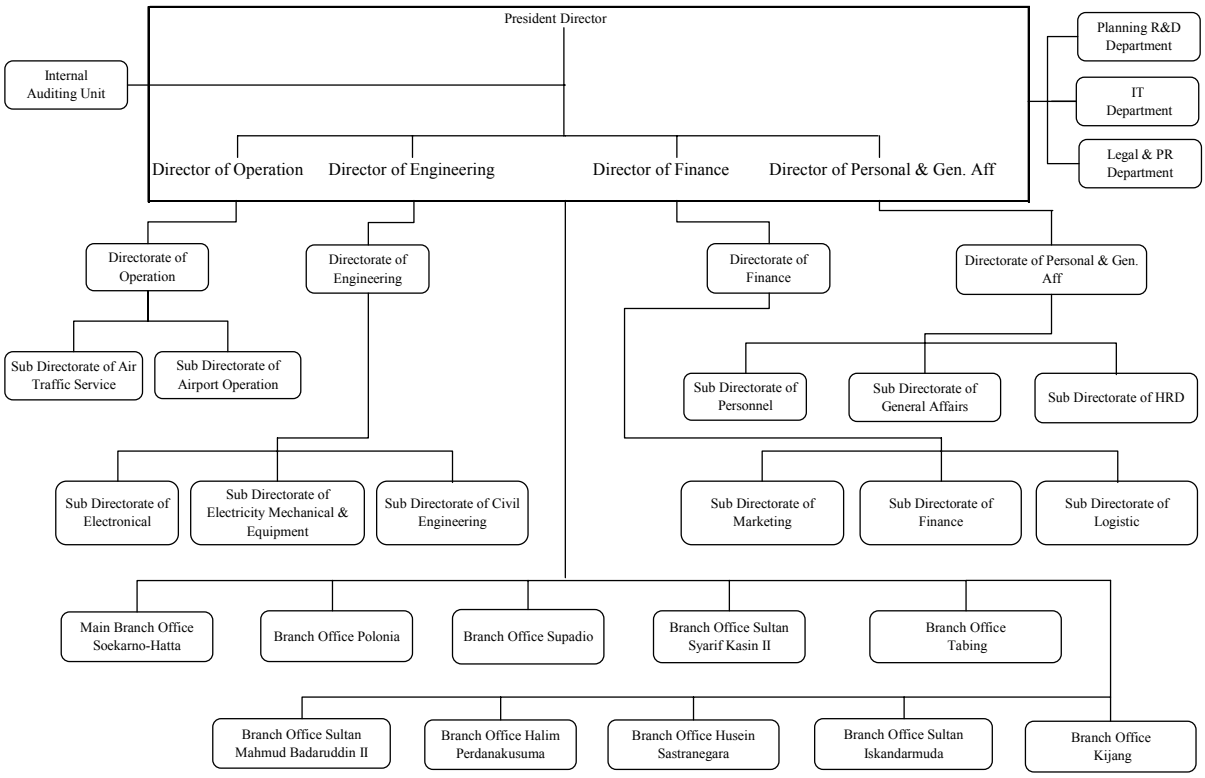
Soekarno-Hatta International Airport shows an outstanding top both in the domestic and international air transportation sectors. In order to achieve an efficient international airport system, these four airports take best and leading positions as seen from their large facilities, international and domestic hub functions and great air traffic volumes.

Air travel is fundamentally important in Indonesia, which is a highly populated archipelago without effective inter-island mode of transport. However, the profitability of airport facilities is generally low. Only a handful of major airports are generating profits while most of the remainders are loss makers. Airport facilities requiring considerable capital investment are very often beyond the resources of private operators, and thus the government has to operate for a number of years until a private company sees a sufficient market to become involved.

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

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

Fig.2.2.5 The Organization of PT. Angkasa Pura II



Organization Structure of PT. Angkasa Pura II
Source: PT. Angkasa Pura II

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

In optimizing its community services and profit gain, PT. Angkasa Pura II formed several joint ventured companies as follows:

i) PT. Angkasa Pura Schiphol (PT. APS) in airport consultancy service;
ii) PT. Gapura Angkasa in ground handling management; and
iii) PT. Purantara Mitra Angkasa Dua (PT. PMA Dua) for inflight catering service.

PT. Angkasa Pura II has the following Airport Development Plans:

i) Inter-Modal

For ensuring customer's accessibility, PT. Angkasa Pura II planned a construction of railway to/from Soekarno-Hatta International Airport in cooperation with the National Train Company (PT. KAI) and National Train Manufacturer (PT. INKA). Consultants from Bandung Institute of Technology (ITB) are now conducting an initial stage of feasibility study. The railway is to connect several business points in Jakarta to Soekarno-Hatta International Airport to help facilitate airport users.

ii) ACTV and Warehouse Expansion Construction Plan at Soekarno-Hatta International Airport

The review process for building an Air Cargo Transshipment Village (ACTV) at Soekarno-Hatta International Airport has started in 2002 and continued until 2003. In order to anticipate continued growth in air cargo, PT. Angkasa Pura II expanded warehouses at Soekarno-Hatta International Airport using ex-Indonesia Air Show assets and reviewed warehouse construction in the existing warehouse zone. Inside the area, PT. Angkasa Pura II will also build offices, export-import storage, and soft industries producing air cargo items. The construction of this Air Cargo Transshipment Village is part of the concept of creating Soekarno-Hatta International Airport as a hub cargo airport.

iii) Development of the Jakarta Airport Country Club at Soekarno-Hatta International Airport

In order to optimize land use and to expand services at Soekarno-Hatta International Airport, the Company has conducted a feasibility study on the development of the Jakarta Airport Country Club (JACC). Facilities at the JACC would include an executive lounge, meeting rooms, a restaurant, a conference room, and other facilities.

(Source: Laporan Tahunan・Annual Report 2003 PT.Angkasa Pura II)

7) Infrastructure of Soekarno-Hatta International Airport

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

General layout plan of Soekarno-Hatta International Airport is shown in Fig. 2.2.6.

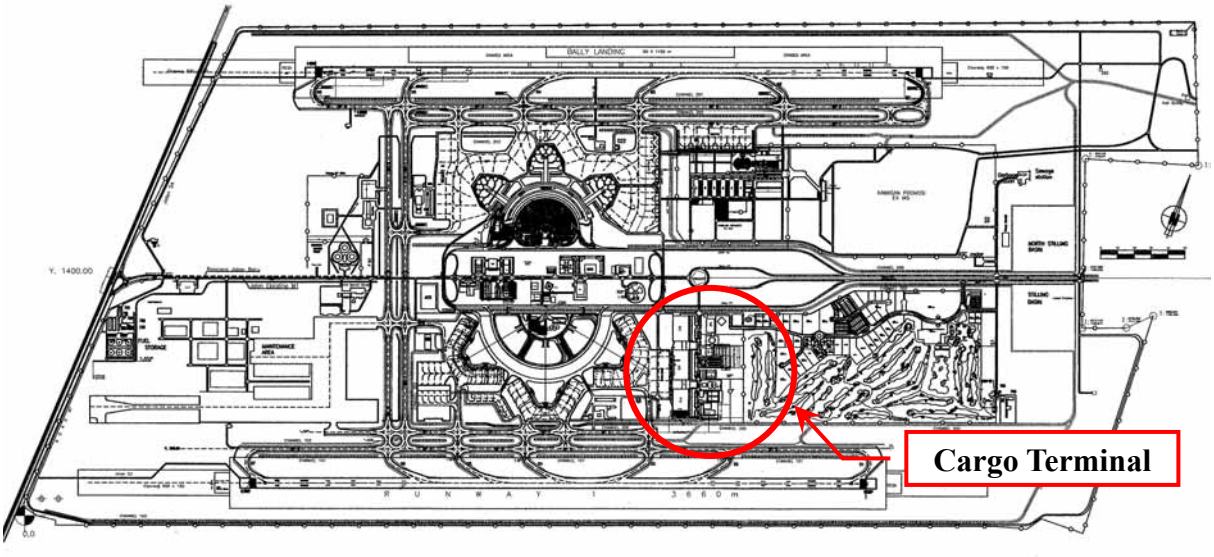


Fig. 2.2.6 General Layout Plan of Soekarno-Hatta International Airport

Source: PT. Angkasa Pura II

i) Site and Land Area

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

b) Land Area : 1,800 hectare

ii) Terminal Information

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

a) Terminal I

Terminal I was opened in 1985 and it serves only domestic and special flights at present.

Sub Terminal A: In order to maintain the service quality to the airport users, particularly in the Soekarno-Hatta International Airport, Sub-Terminal A has been reopened in the beginning of 2003 for domestic regular flights. Several airlines previously stationed at Sub-Terminal B and C were transferred to Sub-Terminal A due to exceedingly capacity.

Sub Terminal B: Merpati Domestic Flights

Sub Terminal C: Other Domestic Flights

b) Terminal II

Sub Terminal D: International Flights except Garuda Indonesian Airlines

Sub Terminal E: Garuda International Flights

Sub Terminal F: Garuda Domestic Flights

iii) Runways

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

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

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

iv) Apron

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

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

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

d) Cargo Apron: 4 B-747

e) Night Stop: 13 DC-9

v) Aeronautical Services

a) Air Traffic Control

b) Aeronautical Communication Facilities

c) Air navigation Facilities

d) Meteorological Services

vi) Others

a) Left baggage service (Terminal D)

b) Car Call service for driver

c) Nursery room (Transit room Terminal D)

d) Porter service, for incoming and outgoing passenger

e) Lost and Found service (every terminal)

vii) Computerized System

a) RADAR Data Processing System (RDPS)

b) Flight Data Processing System (FDPS)

c) Automatic Message Switching Centre (AMSC)

d) Remote Control and Signaling System (RCSS)

used for:

a) Radio System (RAD)

b) Electricity Supply and Distribution System (ELE)

c) Centralized Information System (CIS)

d) Flight Information Display System (FIDS)

e) Automatic Multi Access Check-in System (AMACS)

f) Integrated Immigration Information System (13S)

g) Jakarta Automated Air Traffic Control System

h) Aerodrome Data Processing System

viii) Terminal Facilities

a) Telescopic Gangway	• Terminal I: 21 units • Terminal II: 44 units
b) Conveyor Belt	• Terminal I: 36 units • Terminal II: 27 units
c) Counter Check-in	• Terminal I: 39 units • Terminal II: 96 units
d) Warehouse Entreport Area (12,710m^2)	• Domestic area: 12,490 m^2 • International area: 15,241 m^2

e) Fire Brigade Category IX

f) Aviation Medical Emergency

g) Hydrant Fuelling Emergency

h) Cargo Terminal

i) Flight Kitchen

j) Ground Handling Services

ix) Cargo Terminal

The general layout plan of Cargo Terminal of Soekarno-Hatta International Airport is shown in Fig. 2.2.7.

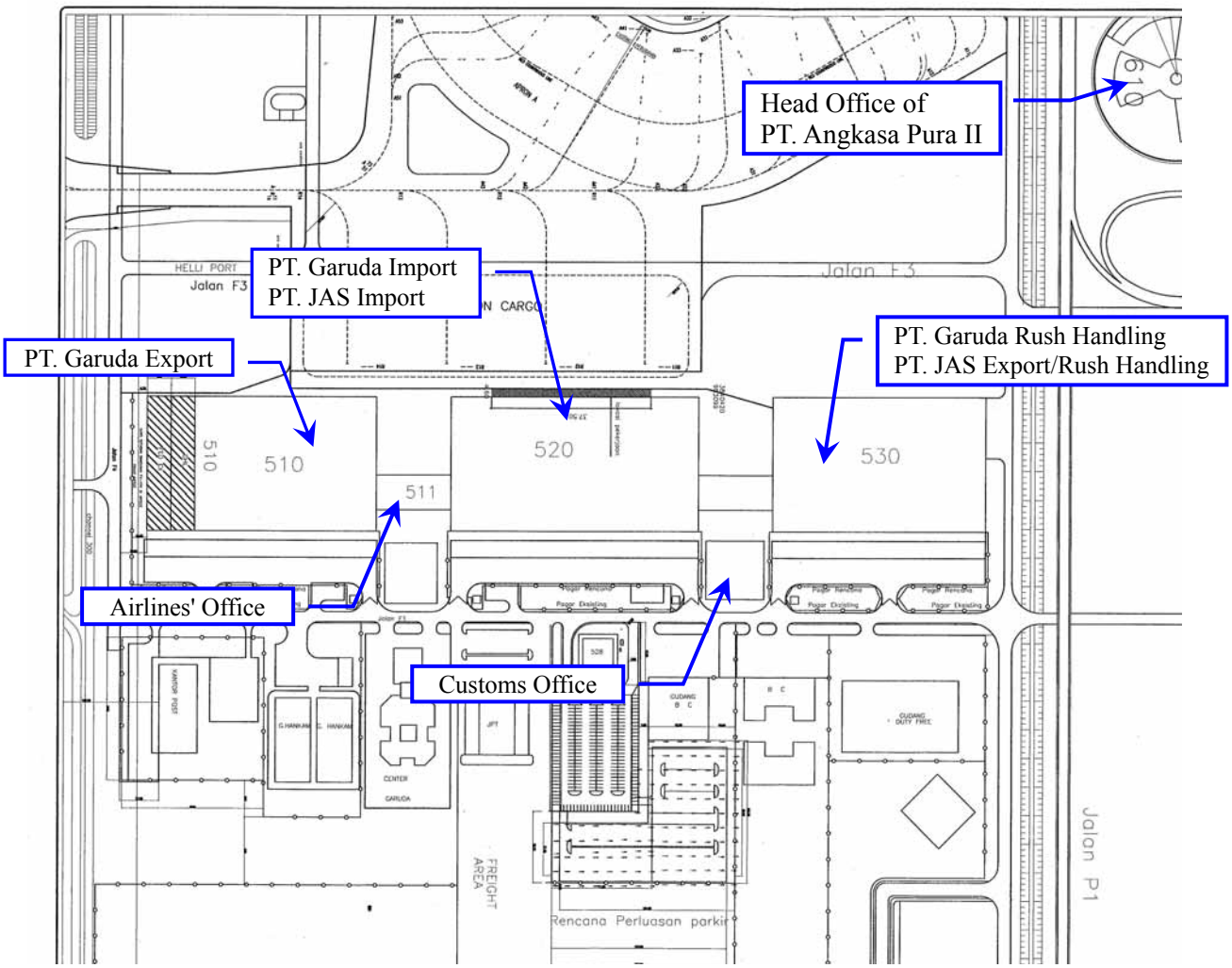


Fig. 2.2.7 General Layout Plan of Cargo Terminal

Source: PT. Angkasa Pura II

a) Cargo Area : 67,290m^2

b) Cargo Terminal : 46,825 m^2

c) Cargo Apron : 4 B-747

d) Export/Import Bonded Warehouses

Table 2.2.27 Bonded Warehouses of Export and Import

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

Source: PT. Angkasa Pura II

e) PT. Garuda's Customer Airlines : Air India, China Airlines, Garuda Indonesia Airlines, Japan Airlines, Korean Airlines, Malaysian Airlines, Thai Airways International

f) PT. JAS's Customer Airlines : Air France, All Nippon Airways, British Airways, Cathay Pacific Airways, Emirates, Eva Airways Corp., Gulf Air, Kuwait Airways, KLM Royal Dutch Airlines, Lufthansa Cargo AG, Philippines Airlines, Qantas Airways, Royal Jordanian, Saudi Arabian Airlines, Singapore Airlines

(2) Trade Volume through Airport

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

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

i) Trend of Passenger Air Transportation

a) In domestic, the favorable increase in an average of 7.94% per year was shown from 8,068,554 in 1988 to 13,831,526 in 1997.

b) In international, the steep increase in an average of 16.41% per year was shown from 3,629,081 in 1988 to 8,987,687 in 1977.

ii) Trend of Cargo Air Transportation

a) In domestic, the steep increase in an average of 13.96% per year was shown from 96,044t in 1988 to 216,753t in 1997.

b) In international, the steep increase in an average of 28.35% per year was shown from 78,014t in 1988 to 277,057t in 1997.

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

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

i) Trend of Passenger Air Transportation

a) In domestic, 7,863,838 in 1998n showed -43.15% of rapid sharp decrease as compared with 13,831,526 in 1997.

b) In International, 7,611,534 in 1998 showed -15.31% of rapid reduction as compared with 8,987,687 in 1997.

ii) Trend of Cargo Air Transportation

a) In domestic, -31.85% of rapid sharp reduction of 147,719t in 1998 was shown as compared with 216,753t in 1997.

b) In international, -15.96% of rapid reduction of 232,835t was shown as compared with 277,057t in 1997.

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

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

i) Trend of Passenger Air Transportation

a) In domestic, the steep increase in an average of 18.03% per year was shown from 7,863,838 in 1988 to 13,534,906 in 2002.

b) In international, the increase in an average of 6.39% per year was shown from 7,611,534 in 1988 to 9,556,320 in 2002.

ii) Trend of Cargo Air Transportation

a) In domestic, the increase in an average of 4.17% per year was shown from 147,719t in 1988 to 172,336t in 2002.

b) In international, the increase in an average of 4.26% per year was shown from 232,835t in 1988 to 272,500t in 2002.

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

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

i) Current Trend of Passenger Air Transportation

a) In domestic, 51.30% of steep increase was shown from 9,140,658 in 2002 to 13,829,664 in 2003.

b) In international, -4.82% of reduction was shown from 5,025,383 in 2002 to 4,783,148 in 2003.

c) In the domestic and international sum total, 31.39% of steep increase was shown from 14,166,041 in 2002 to 18,612,812 in 2003.

ii) Current Trend of Cargo Air Transportation

a) In domestic, 17.69% of sharp increase was shown from 114,278t in 2002 to 134,497 in 2003.

b) In international, -8.51% of reduction was shown from 191,973t in 2002 to 175,627t in 2003.

c) In the domestic and international sum total, 1.26% of increase was shown from 306,251t in 2002 to 310,124t in 2003.

Trend of domestic air passenger and domestic air cargo in Indonesia during the period from 1988 to 2002 is shown in Table 2.2.28.

Table 2.2.28 Trend of Domestic Air Traffic Movement in Indonesia

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

Source: Transportation and Communication Statistics, Statistical Bureau

Trend of international air passenger and international air cargo of Indonesia during the period from 1988 to 2002 is shown in Table 2.2.29.

Table 2.2.29 Trend of International Air Traffic Movements in Indonesia

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

Source: Transportation and Communication Statistics, Statistical Bureau

Cargo volume of Soekrno-Hatta International Airport during the period from 1993 to 2003 is shown in Table 2.2.30.

Table 2.2.30 Cargo Volume of Soekarno-Hatta International Airport (1993-2003)

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

Source: PT. Angkasa Pura II

Trend of air transportation in Soekarno-Hatta International Airport during the period from 1999 to 2003 is shown in Table 2.2.31.

Table 2.2.31 Trend of Air Transportation in Soekarno-Hatta Int'l Airport (1999-2003)

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

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

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

i) Predictions of Boeing Company

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

a) Worldwide economic growth will average 3.0% per year

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

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

Source: Boeing Current Market Outlook 2004

ii) Predictions of Airbus Company

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

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

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

Source: The Airbus Global Market Forecast 1999

iii) Predictions of Other JICA Study Team

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

a) Forecasts of Passenger Air Transportation in the Sukarno Hatta International Airport

* Domestic Passenger

The growth during the period 2004-2009 will average 6.29% per year

The growth during the period 2010-2015 will average 5.78% per year.

The growth during the period 2016-2025 will average 5.51% per year.

* International Passenger

The growth during the period 2004-2009 will average 8.22% per year.

The growth during the period 2010-2015 will average 6.83% per year.

The growth during the period 2016-2025 will average 7.70% per year.

b) Forecasts of Cargo Air Transportation in the Sukarno Hatta International Airport

* Domestic Cargo

The growth during the period 2004-2009 will average 6.29% per year.

The growth during the period 2010-2015 will average 5.78% per year.

The growth during the period 2016-2025 will average 5.51% per year.

* International cargo

The growth during the period 2004-2009 will average 8.22% per year.

The growth during the period 2010-2015 will average 6.83%per year.

The growth during the period 2016-2025 will average 7.70% per year.

Annual domestic and international passenger forecasts of Soekarno-Hatta International Airport is shown in Table 2.2.32.

Table 2.2.32 Annual Passenger Forecasts of Soekarno-Hatta Int'l Airport (Revised)

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

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

Annual domestic and international cargo forecasts of Soekarno-Hatta International Airport is shown in Table 2.2.33.

Table 2.2.33 Annual Cargo Forecasts of Soekarno-Hatta Int'l Airport (Revised)

Unit: ton

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

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

3) Other Related Statistics

i) Trade volume of Indonesia in 2002 is shown in Table 2.2.34.

Table 2.2.34 Trade Volume of Indonesia in 2002

	Weight (ton)	Value (US$)
Loaded	223,270,100	57,158,800,000
Unloaded	72,741,200	31,288,900,000
Total	296,011,300	88,447,700,000

Source: Statistik Indonesia 2002 (Statistics in Indonesia in 2002)

ii) Trade volume of airfreight in Indonesiac in 2002 is shown in Table 2.2.35.

Table 2.2.35 Trade Volume of Airfreight in Indonesia in 2002

Unit: ton

	International Air Traffic	(Domestic Air Traffic)
Loaded	145,917	(136,207)
Unloaded	96,957	(128,803)
Total	242,874	(265,010)

Source: Statistik Indonesia 2002 (Statistics in Indonesia in 2002)

Note: The figures of Domestic Air Traffic in bracket is shown just for guidance.

iii) Annual international and domestic aircraft movements of Soekarno-Hatta International Airport in 2003 are shown in Table 2.2.36.

Table 2.2.36 Annual Aircraft Movements of Soekarno-Hatta Int'l Airport in 2003

	International	Domestic	Sub Total	Local	Total
Departure	16,906	76,430			
Arrival	16,771	76,463			
Total	33,677	152,803	186,480	206	186,686

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

iv) Annual international and domestic passenger movements of Soekarno-Hatta International Airport in 2003 are shown in Table 2.2.37.

Table 2.2.37 Annual Passenger Movements of Soekarno-Hatta Int'l Airport in 2003

	International	Domestic	Sub Total	Transit		Total
				International	Domestic	
Departure	2,403,358	6,485,039				
Arrival	2,379,790	7,344,625				
Total	4,783,148	13,829,664	18,612,812	139,682	951,346	19,703,840

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

v) Annual international and domestic airfreight movements of Sokarno-Hatta International Airport in 2003 are shown in Table 2.2.38.

Table 2.2.38 Annual Airfreight Movements of Soekarno-Hatta Int'l Airport in 2003

Unit: kg

	International	Domestic	Total
Departure	88,473,406	90,791,367	
Arrival	87,153,429	43,705,693	
Total	175,626,835	134,497,060	310,123,895

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

vi) Export of non-oil & gas in Soekarno-Hatta International Airport in 2003 is shown in Table 2.2.39.

Table 2.2.39 Export of Non-Oil & Gas in Soekarno-Hatta International Airport in 2003

No.	Commodity	PT. Garuda	PT. JAS
1	Consol Cargo	26,606,256.00	34,115,175.50
2	Tuna Fish	3,905,880.00	156,561.00
3	Turtles	3,905,880.00	156,561.00
4	Foodstuffs	2,633,095.00	0.00
5	Personal Effects	2,138,649.00	156,119.00
6	Fresh Fish	1,804,469.00	7,553,486.00
7	Live Tropical Fish	1,714,519.00	0.00
8	Live Animal	1,547,652.00	5,944,243.00
9	Pos / Mail	417,098.00	259,584.84
10	Miscellaneous	201,743.00	3,507,667.00
11	Diplomatic	36,610.00	36,245.00
12	Gold/Money	12,228.00	39,117.00
13	Human Remain	4,876.00	174,410.00
14	Chemicals	0.00	405,121.00
15	Courier	0.00	1,681,808.00
16	Cut Flowers	0.00	447,464.00
17	Document/Consol	0.00	422,274.00
18	Electronic	0.00	1,525,036.00
19	Foot Wear	0.00	716,237.00
20	Garments	0.00	5,372,385.00
21	Handy Craft	0.00	305,214.00
22	Spare Parts	0.00	1,282,744.00
23	Textile/Batik	0.00	737,278.00
24	Vegetables	0.00	5,369,326.00
Total		44,928,955.00	70,364,056.34

Source: Statistik Angkutan Udara Tahun 2003 (Statistics of Air Transportation in 2003)
Note: The statistic figures of Tuna Fish and Turtles seem obviously to be wrong, but the figures are used as they are because the correct figures were not available.

vii) Air transportation by type of domestic and international aircrafts in Soekarno-Hatta International Airport in 2003 is shown in Table 2.2.40.

Table 2.2.40 Air Transportation by Type of Aircraft in Soekarno-Hatta Int'l Airport in 2003

No.	Domestic			International		
	Aircraft Type	Frequency	%	Aircraft Type	Frequency	%
1	B737	31,066	20.33	744	4,501	13.37
2	734	30,597	20.02	733	3,812	11.32
3	732	22,665	14.83	A33	3,774	11.21
4	M80	21,323	13.95	773	2,299	6.83
5	FJF	11,739	7.68	772	2,142	6.36
6	735	11,728	7.68	737	1,891	5.62
7	733	10,721	7.02	777	1,768	5.25
8	F10	4,711	3.08	AB6	1,649	4.90
9	722	3,914	2.56	A34	1,359	4.04
10	D1C	2,098	1.37	732	1,149	3.41
11	A33	1,072	0.70	A31	1,097	3.26
12	DH8	490	0.32	M82	1,083	3.22
13	744	275	0.18	D1C	1,020	3.03
14	742	203	0.13	767	959	2.85
15	BO5	36	0.02	743	772	2.29
16	PGS	33	0.02	763	752	2.23
17	743	20	0.01	M11	697	2.07
18	A31	11	0.01	738	656	1.95
19	767	11	0.01	742	462	1.37
20	AB6	4	0.00	74F	453	1.35
21	Others	86	0.06	757	399	1.18
22				735	229	0.68
23				741	135	0.40
24				722	127	0.38
25				AN1	27	0.08
				Others	465	1.38
Total		152,803	100.00		33,677	100.00

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

viii) Freighter schedule in summer 2004 is shown in Table 2.2.41.

Table 2.2.41 Freighter Schedule in Summer 2004

Airlines	Aircraft Type	Operation Day							STA	STD	Route
		1	2	3	4	5	6	7			
SIA7297	B747F			3					03:45	05:45	AKL-CGK-SIN
SIA7293	B747F						6		01:00	03:00	AKL-CGK-SIN
EVA6231/32	B747F			3					07:10	09:05	TPE-SIN-CGK-TPE
EVA6231/6232	B747F					5			05:25	07:35	TPE-SIN-CGK-TPE
EVA6237/6238	MD11F							7	03:40	05:50	TPE-CGK-TPE
FDX5194	A310F		2	3	4	5			09:45	11:35	SFS-CEB-CGK-SIN-PEN
FDX5194	A310F						6		22:30	-	SFS-CEB-CGK
FDX5194	A310F							7	-	00:15	CGK-SIN
FDX5194	A310F						6		22:30	-	SFS-CEB-CGK
TSE2001/2002	B73F		2	3	4	5			08:05	00:30	SIN-CGK-SIN
PO081	B747F		2		4		6		12:00	06:00	KUL-JKT-HKG
CI278	B747F			3				7	06:00	09:30	TPE-JKT-TPE
KE374	B747F	1		3		5		7	05:30	10:05	ICN-JKT-ICN
MH6208	B747F		2				6		16:00	20:00	SYD-JKT-KUL

Source: PT. Garuda & PT. JAS

ix) Charges at Jakarta-Soekarno-Hatta International Airport

a) Cargo Handling Fee
- Per kg US$ 0.01
- Minimum Charge US$ 1.00
- Administration fee US$ 1.00

b) Rush Handling Fee
- Per kg US$ 0.09
- Minimum Charge US$ 1.00
- Administration fee US$ 1.00

c) Warehouse Charges
- First 3 days will be charged as 1 day only, per kg US$ 0.07
- 4th – 10th day, per kg, per day US$ 0.07
- Thereafter, per kg, per day US$ 0.105
- Rush handling service US$ 0.09
- Minimum charge US$ 1.00
- Administration fee, per document US$ 1.00
- A 200% surcharge will apply for the usage of strong room/box, cool room and cold storage.
- A 100% surcharge will be applied for usage of AC room.

Source: TACT (The Air Cargo Tariff) Rule Book

2.2.4 Inland Trade Infrastructure and Transport Volume Through Road Network

(1) General Description

Transport sector is a vital sector of the economy and its estimated to make up 4.2% of GDP in 2001, while 3.8% in 2000. there is the need for continuous and heavy annual expenditure to keep pace with increasing demand and to maintain and rehabilitate existing infrastructure. Consequently, national transport system has an important role in supporting national development by facilitating all aspects of people's activities socially as well as economically. It promotes population mobility and flow of goods and services from one region to another.

Sub sector capacity has been increasing to keep up with demand, however, such as road and port, in particular, suffer from serious overloading and congestion in/around urban center. There is also serious congestion in some inter-urban corridors, e.g., along the north coast of West Java area

The Ministry of Communication, in accordance with Presidential Decrees No. 44/1974 and No. 45/1974, is responsible for the formation and execution of government Policies, and the planning and implementation of development programs for all aspects of transport sector and development. At regional level the Ministry of Communication has been represented since 1988 by 26 regional offices known as Kanwil, which contained technical implementation offices for land, sea and air communications. The position of Kanwil is abolished under the Act No. 22/1999 and it is understood that their function is now undertaken by/ absorbed into provincial and local administration.

Transport services are provided by mix of private and state owned enterprises (BUMN's). General outline of service provision is as follows:

Table 2.2.42 Outline of Transport Service

Mode	Passenger	Freight	Infrastructure Dev.
Road Transport	Mainly private for bus services, with some BUMN's	Private	MoSRD, PT. Jasa Marga (Persero) for Tollroad
Railway Transport	PT. KAI (Kereta Api Indonesia)	PT. KAI (Kereta Api Indonesia)	PT. KAI (Kereta Api Indonesia)
Sea Transport	PT. PELNI (excl. ferry), PT. ASDP (for ferry) with some private	Mix of BUMNS (PT. Jakarta Lloyd etc.) and private	PELINDO I, II, III & IV (for commercial port), PT. ASDP (for ferry port), MoC (for non-commercial ports)
Air Transport	Garuda, Merpati and some private	Garuda, Merpati and some private	PT. AP-I and PT. AP-II (for commercial airport), MoC (for non-commercial airport)

(2) Road Transport System

Tanjung Priok port is located along the coastline in the northeast direction from the center of Jakarta city. The surrounding area of Tanjung Priok port is flat with the elevation of approximately 2m, and coastline runs nearly in the east-west direction and varies in the northeast to southwest direction at the west end of Tanjung Priok port. There is newly developed Marunda area to the east and Ancol reclaimed area to the west respectively. Three directions of arterial road i.e. from West (Jl. Laks. R.E. Martadinata), from East (Jl. Jampea Cilincing) and from South (Jl. Laks. Yos Sudarso) are main access to Tanjung Priok port.

1) Jl. Laks. R.E. Martadinata/ Jl. Enggano

Between Harbor Toll Road and the port, Jl. Laks. RE. Martadinata typically consists of a 14.5m wide road with a rigid pavement and 2 traffic lanes in each direction divided by a narrow (0.61m) median. The road is curbed and has a 3m footpath on the north side and a 1.4m footpath on the south side. To the immediate north is Kali Ancol and the harbor. A drainage ditch is located 3m behind the footpath on the south side. West of Harbor Toll Road, the road continues to consist of 2 traffic lanes in each direction but is not divided over its full length. The width of the footpath varies from 1.2m to 2.4m. To the immediate north is Kali Ancol and to the immediate south is a drainage channel and an area of swampy ground between the road and railway tracks. These conditions make any conventional widening of the existing road almost impossible.

Table 2.2.43 Road Facilities, Road Width and Road Name of Jl. Laks R.E. Martadinata

Km	Description	Road Name	Road Width (m)
0.9	Bus Terminal	Enggano	28
1.0	Kota Station	TMN, Stasiun Tanjung Priok	21
1.8	Container Terminal	Martadinata	20
3.4	Harbor Road Crossing	Martadinata	24

Note: Kilometer shows distance from the crossing point of Jl. Jampea and Jl. Jl. Sulawesi

2) Jl. Jampea and Jl. Cakung

Jl. Jampea is a heavily congested, 4 lane divided arterial road with a narrow median, located within a 30m Right-of-Way (ROW) and has intensive roadside development along most of its length. At its westerly end, the intersection with Jl. Sulawesi and Jl. Pelabuhan Raya which leads to the main harbor gate, is a vast expense of asphalt with no proper road markings or control. As a result, traffic is congested at this location for most of the day, particularly in the south to east and east to south directions. New sections of viaduct providing direct access to the port would alleviate this situation.

At its easterly end, the intersection of Jl. Jampea with Jl. Cakung and Jl. Cilincing, the road to Marunda, is controlled by traffic signals but the geometric layout is poor.

Jl. Cakung is a 4-lane divided arterial road but has a wide median and is located within a 100m ROW. Illegal roadside development has been established in many areas and, as a result the full width of ROW is not always apparent.

Table 2.2.44 Road Facilities, Road Width and Road Nameof Jl. Jampea and Jl. Cakung

Km	Description	Road Name	Road Width (m)
1.2	Depot Gas LPG	Jl. Jampea	25
1.5	Kali Sunter	Jl. Jampea	25
1.7	Depok Silo	Jl. Jampea	25
3.0	Container Terminal (L.R)	Jl. Jampea	25
4.5	Container Terminal (L.R)	Jl. Cakung	38
5.2	Container Terminal (L.R)	Jl. Cakung	38
6.5	Container Terminal (L.R)	Jl. Cakung	38

3) Jl. Laks. Yos Sudarso/ Jl. Sulawesi

At its southern end, this arterial road consists of two lanes in each direction separated by JIUT toll road which, at this location has six lanes of traffic. After the toll road merges with the arterial, the arterial continues as a 10-lane divided highway for a short distance, before turning into a 6-lanes divided highway with 2-lanes of frontage road.

The intersection with Jl. Enggano is usually congested and becomes severely congested whenever there is any minor incident such as rain, accident or breakdown.

Table 2.2.45 Road facilities and road width of Jl. Laks Yos Sudarso and Jl. Sulawesi

Km	Description	Road Name	Road Width (m)
0.3	Jl. Enggano	Jl. Sulawesi	50
1.1	End of Toll road	Jl. Yos Sudarso	64

The traffic in the vicinity of Tanjung Priok port is mixed traffic, comprising short-journey traffic (intra urban) and long-journey traffic (inter urban).

Tanjung Priok port is the inbound and outbound gate for the movement of goods, international (export-import) and inter-island movements and the transportation of people between island using west corridor from the port area.

(3) Toll Road Network System

Highway network in Jabodetabek area (Jakarta, Bogor, Depok, Tangerang and Bekasi) is mainly covered by toll road and main arterial roads. The toll road is consisting of West Jawa Toll Road, Banten Toll Road and Intra-urban Toll Road through the inter-city truck lines, while the main arterial roads are crossing the major urban zone and inner-city routes. Main arterial roads in the urban area are under improvement by the flyover crossing or the road widening in order to avoid

the traffic congestion. Present toll road network in Jakarta metropolitan area is listed below. Main road network including toll road in Banten and West Java area is shown in Figure 2.2.8 and Main road network including toll road in Jakarta area is shown in Figure 2.2.9.

Table 2.2.46 Present Toll Road Network in Jakarta Metropolitan Area

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

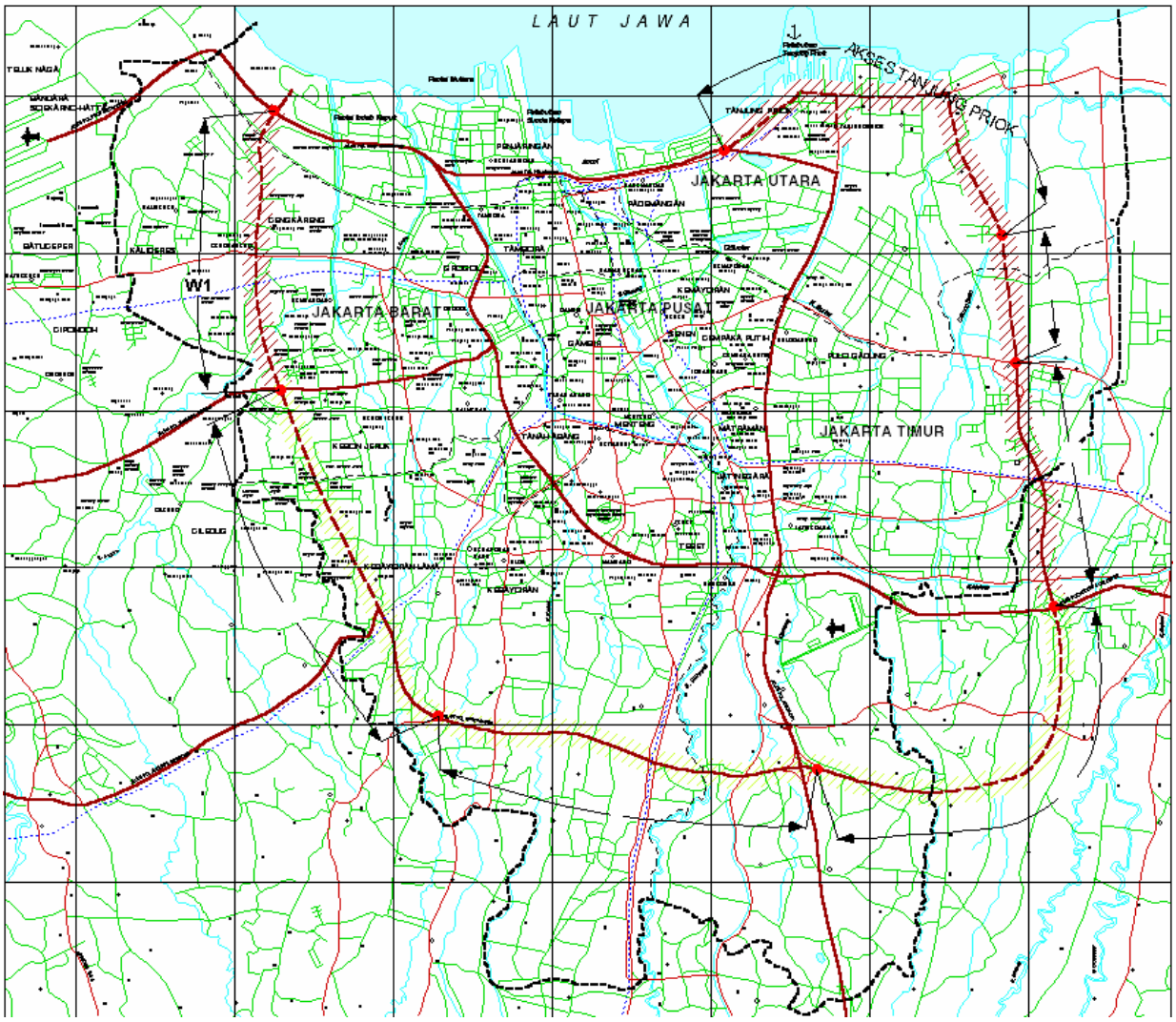


Figure 2.2.8 Main Road Network in Jakarta Metropolitan

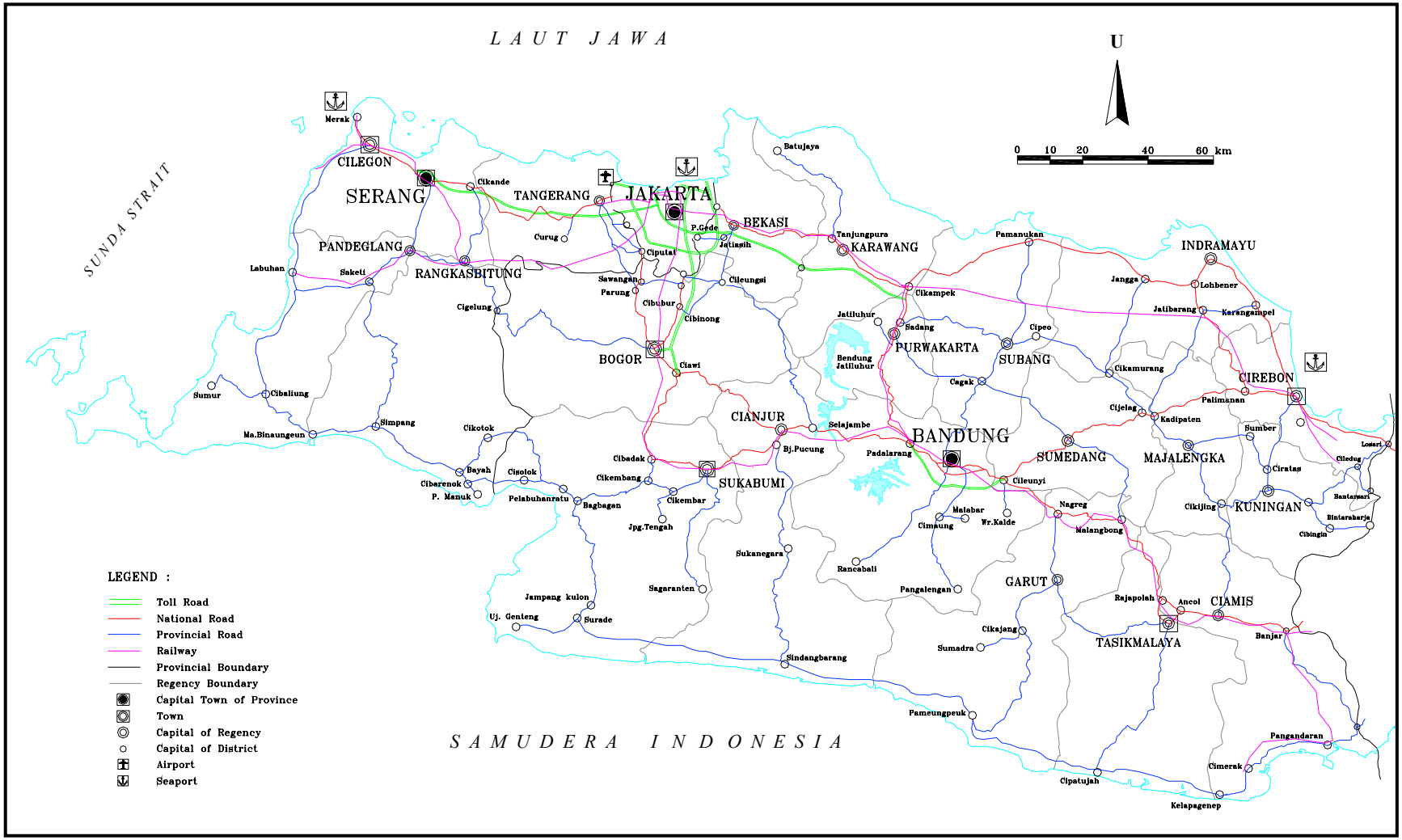


Figure 2.2.9 Main Road Network in Banten and West Jawa

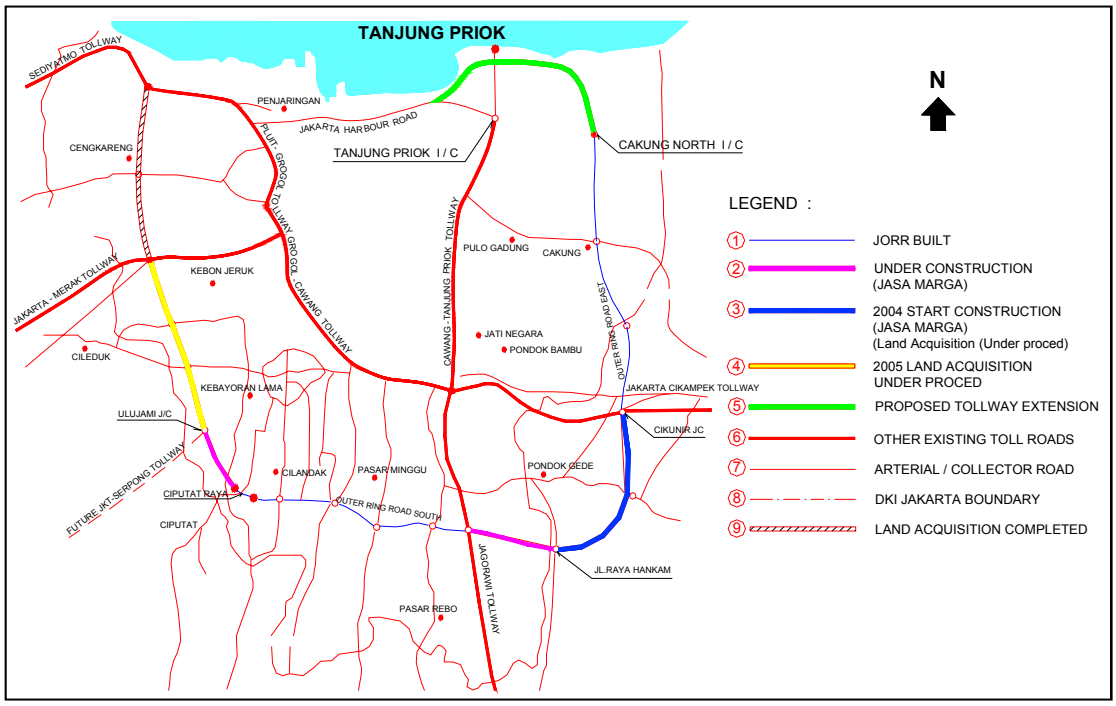


Figure 2.2.10 Toll Road System in Jabodetabek

(4) Present Condition of Traffic and Demand

1) General Condition

The study team has not been able to obtain information of cross-modal traffic situation, however, 'Transport Sector Strategy Study' (hereinafter referred to as "TSSS") implemented by ADB in 2000 gives us some general ideas for its profile. According to TSSS, inter-provincial traffic situation and demand in cross-modal view are summarized in Table 2.2.47.

Table 2.2.47 Inter Provincial Traffic Situation and Demand

(persons)

Transport Mode	1998 Trip's	1998 %		2009 Trip's	2009 %		Annual Growth
Domestic	**418,420**	**100.0%**	**98.6%**	**635,068**	**100.0%**	**98.1%**	**3.9%**
Road	352,035	84.1%	82.9%	530,486	83.5%	81.9%	3.8%
Railway*1	30,638	7.3%	7.2%	41,589	6.5%	6.4%	2.8%
Inland Waterway	1,796	0.4%	0.4%	2,918	0.5%	0.5%	4.5%
Ferry	20,211	4.8%	4.8%	35,045	5.5%	5.4%	5.1%
Sea	7,375	1.8%	1.7%	14,056	2.2%	2.2%	6.0%
Air	6,365	1.5%	1.5%	10,974	1.7%	1.7%	5.1%
International*2	**6,036**	**100.0%**	**1.4%**	**12,352**	**100.0%**	**1.9%**	**6.7%**
Sea	2,403	39.8%	0.6%	4,869	39.4%	0.8%	6.6%
Air	3,633	60.2%	0.9%	7,483	60.6%	1.2%	6.8%
Total	**424,456**		**100.0%**	**647,420**		**100.0%**	**3.9%**

*1 : Excludes local & Urban trips (represents inter city services)

*2 : Average of arrivals & departures

(Cargos)

Transport Mode	1998			2009			Annual
	Tonnage	%		Tonnage	%		Growth
Domestic	**303,197**	**100.0%**	**81.2%**	**496,527**	**100.0%**	**75.5%**	**4.6%**
Road	279,444	92.2%	74.8%	461,961	93.0%	70.2%	4.7%
Railway*1	1,918	0.6%	0.5%	1,918	0.4%	0.3%	0.0%
Inland Waterway	32	0.0%	0.0%	52	0.0%	0.0%	4.5%
Ferry	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sea	21,650	7.1%	5.8%	32,320	6.5%	4.9%	3.7%
Air	153	0.1%	0.0%	276	0.1%	0.0%	5.5%
International*2	**70,160**	**100.0%**	**18.8%**	**161,340**	**100.0%**	**24.5%**	**7.9%**
Sea	69,923	99.7%	18.7%	160,754	99.6%	24.4%	7.9%
Air	237	0.3%	0.1%	586	0.4%	0.1%	8.6%
Total	**373,357**		**100.0%**	**657,867**		**100.0%**	**5.3%**

*1 : Excludes oil, coal, cement and fertilizer (private bulk movement)

*2 : Total import & export tones, sea freight includes containerized tonnages

The principal mode to serve the major national and regional domestic needs in Indonesia will continue to be road transport. TSSS expects that road transport carry over 80% of inter-provincial passenger and 90% of domestic tonnages over the next ten years. Railway is considered an important supplementary mode, particularly for passenger in major urban corridors in Java and bulk freight commodity transport, such as coal in Sumatera. TSSS estimates railway travel account for about 6% of total passengers excluding urban and local travel by 2009.

Ferry services are important in providing multi modal linkages between island grouping and regions and are expected to provide for about 5% of total passenger movement in next ten year according to TSSS.

Sea and air transport is vitally important to the national economy serving international and inter-island market as well as supporting national integration and regional development. Sea transport is the principal international cargo mode, providing 99% of total international cargo. TSSS expects that sea transport will make up nearly 30% of total (domestic and international) tonnages by 2009 compared 24.5% in 1998. Air travel also provides an important function for international tourist and business travel. TSSS considers air transport will continue to be the dominant mode for international passenger travel comprising 60% of the total.

2) Present Situation of Traffic at Tanjung Priok and Surrounding

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

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

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

Figure 2.2.11, shows the present route from each direction base on industrial estates in Tanjung Priok port and surrounding.

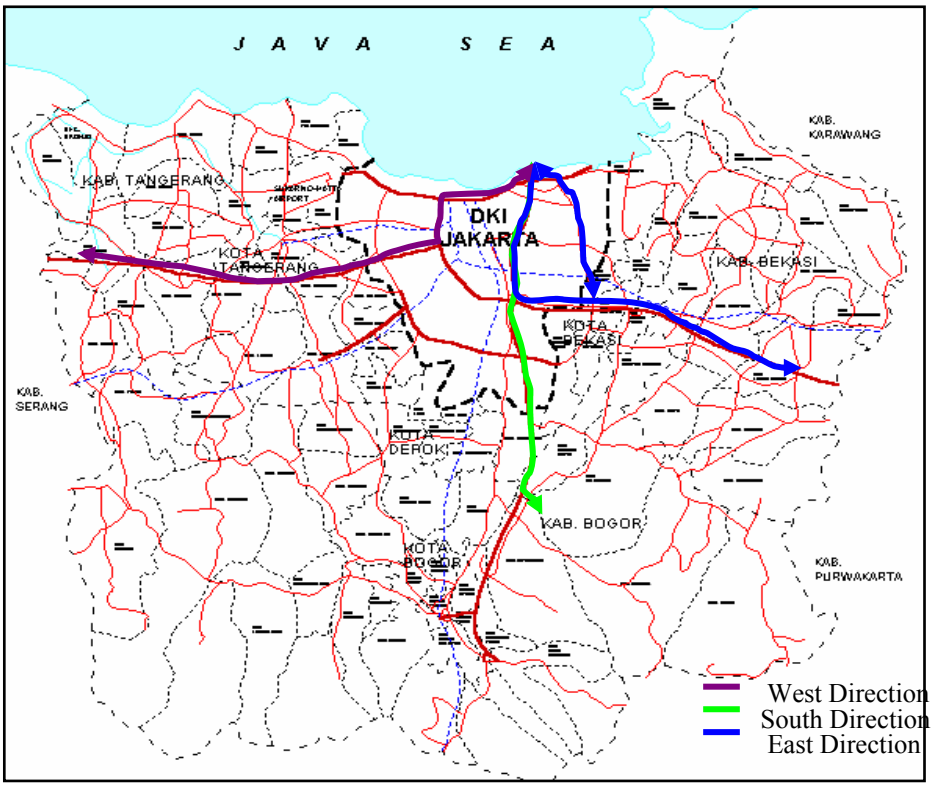


Figure 2.2.11 Movement Direction Base on Tanjung Priok Port

The study for Development of the Greater Jakarta Metropolitan Ports in the Republic of Indonesia by JICA has been conducted with some land transport survey. A traffic count survey and origin destination (O/D) survey were carried out at the gates of Tanjung Priok port and two crossing points of the city and port roads. The survey recorded the daily traffic volume traveling to and from Tanjung Priok as follows:

Base on Traffic Survey on September 2003, the traffic volume on particular road segment is as follow:

Table 2.2.48 Traffic Count Survey Result

(Veh/day)

No.	Road Segment	Motor Cycle	Passenger Car	Small Bus	Bus	Smal Truck	Medium Truck	Large Truck	Total
1	Cacing	18,457	16,719	3,911	1,433	283	5,633	10,824	57,260
2	Cilincing	33,612	22,499	5,560	1,545	236	5,286	11,371	80,109
3	Jampea	29,720	22,479	5,595	1,538	236	4,970	11,414	75,952
4	Sulawesi	26,399	25,223	6,806	1,435	197	2,187	12,421	74,668
5	Enggano	21,023	17,583	7,135	2,653	2,537	1,501	3,115	55,547
6	Martadinata	39,415	18,156	6,004	2,217	1,640	2,179	751	70,362

Traffic count survey will present in unit of passenger car unit, to make equal of all type of vehicles in one unit. Base on Indonesia Highway Capacity Manual Year 1997 (IHCM 1997), the unit of Passenger Car Unit Factor, as follow :

Table 2.2.49 PCU Conversion Rate

No.	Vehicle Type	pcu Factor
1	Motor Cycle	0.25
2	Passenger Car	1
3	Small Bus	1
4	Medium & Large Bus	1.5
5	Pick Up	1
6	Medium Truk	2.3
7	Large Truck	4

Source : Indonesia Highway Capacity Manual, 1997.

Identification of traffic performance for road segment can represented by comparation between traffic volume and capacity. Daily traffic volume will multiply with peak ratio factor that get from comparation between peak hour traffic volume with daily traffic volume (K factor 8.21).

Table 2.2.50 Traffic Volume in PCU/Hour)

(pcu/hr)

No.	Road Segment	Motor Cycle	Passenger Car	Small Bus	Bus	Smal Truck	Medium Truck	Large Truck	Total
1	Cacing	379	1,373	321	176	23	1,064	3,555	6,891
2	Cilincing	690	1,847	456	190	19	998	3,734	7,936
3	Jampea	610	1,846	459	189	19	938	3,748	7,811
4	Sulawesi	542	2,071	559	177	16	413	4,079	7,856
5	Enggano	431	1,444	586	327	208	283	1,023	4,302
6	Martadinata	809	1,491	493	273	135	411	247	3,858

Each road segment has practical capacity with the independent variable is width of road. Base on IHCM 1997, the standard capacity of urban road has calculate with formula as follow:

Type of Road & Capacity Factor			
4 or 6 lane, divided	Kolektor	Unit	
Base Capacity	1,650	pcu/hr	Flat terrain
FCw	1.00		Carriageway width 3.5 m
FCsp	N/A		Divided road
FCsf	0.84		Efective shoulder < 0.5 m, Very High side friction
FCcs	1.04		> 3.00
Capacity	1,441	pcu/hr	Per lane
Practical Capacity	1,153	pcu/hr	Per lane 80 % from Capacity

Base on those urban road capacity can calculate the capacity for road segments at Tanjung Priok access road. The Table 2.2.51 shows, the capacity for access road to Tanjung Priok and Volume Capacity Ratio.

Table 2.2.51 Capacity and Volume Capacity Ratio at Several Road in Tanjung Priok

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

Volume capacity ratio will give capture of traffic situation, which the value is near to the value of one or more than one, presented that traffic condition is worst. Almost all road segment have more than one and near to one.

The Origin and Destination survey was conducted by Greater Jakarta Metropolitan Ports in the Republic of Indonesia mention that the movement from/to Tanjung Priok Port has three origin/destination near Jakarta Metropolitan. The three can be split in three direction, south, west and east. The three of those direction has same quantity of movement, the figure of movement for eac direction shows in Table 2.2.52.

Table 2.2.52 Traffic Volume Each Direction and Roads (PCU/day)

(PCU/day)

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

	Total	**74,457**	**32,2%**	**111,619**	**32,2%**	**170,963**	**32,2%**
Total		**231,208**	**100,0%**	**346,604**	**100,0%**	**530,885**	**100,0%**

Trip pattern for cargo movement for trailer/container classified according to the zone group, covering Jakarta, North Jakarta, the zone to the east, the zone to the south and to the zone to the west. Figure 2.2.12. shows the trip movement of the trailer/container with origin and/or destination in Tanjung Priok.

With the same method, trip pattern of cargo movement with origin and/or destination in Cilincing Depot Zone mention in Figure 2.2.13.

The direction of trailer/container cargo was determine go to east and north direction, more than 60% of cargo mover goes to this direction.

(5) Depo and those Function

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

Table 2.2.53 Container Cargo Movement by Terminal

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

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

List Container Load (LCL) is one of container with some consignee inside it. This LCL will delivery to near depot. In the depot, the container will spread out the cargo base on consignee (importer). Depot has function as second sea port.

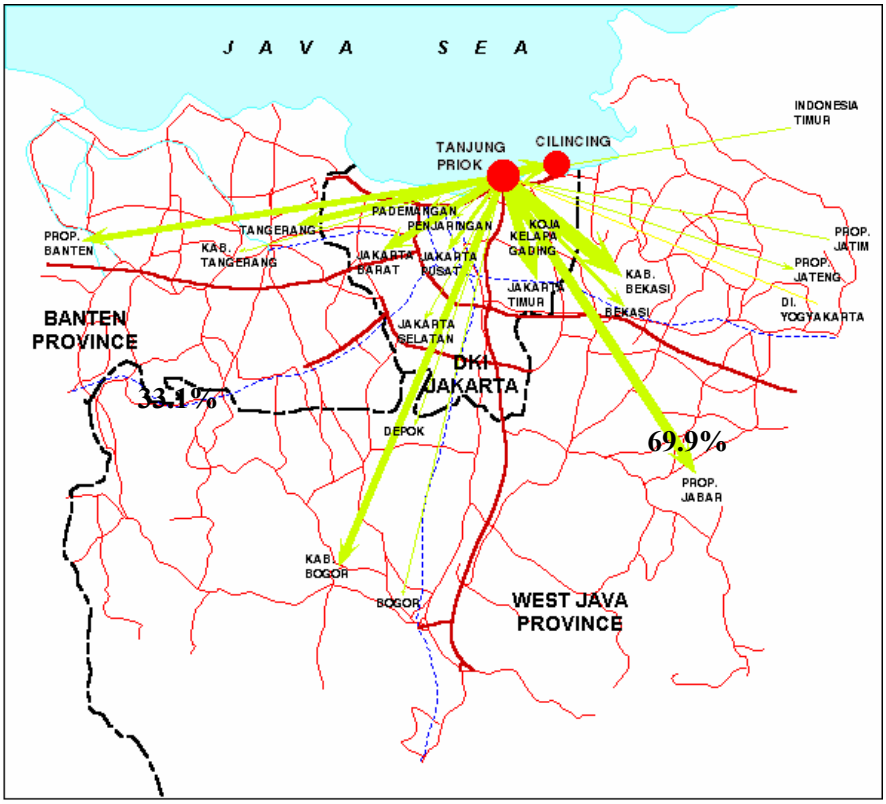


Figure 2.2.12 Trip Pattern of Trailer/Container from/to Tanjung Priok

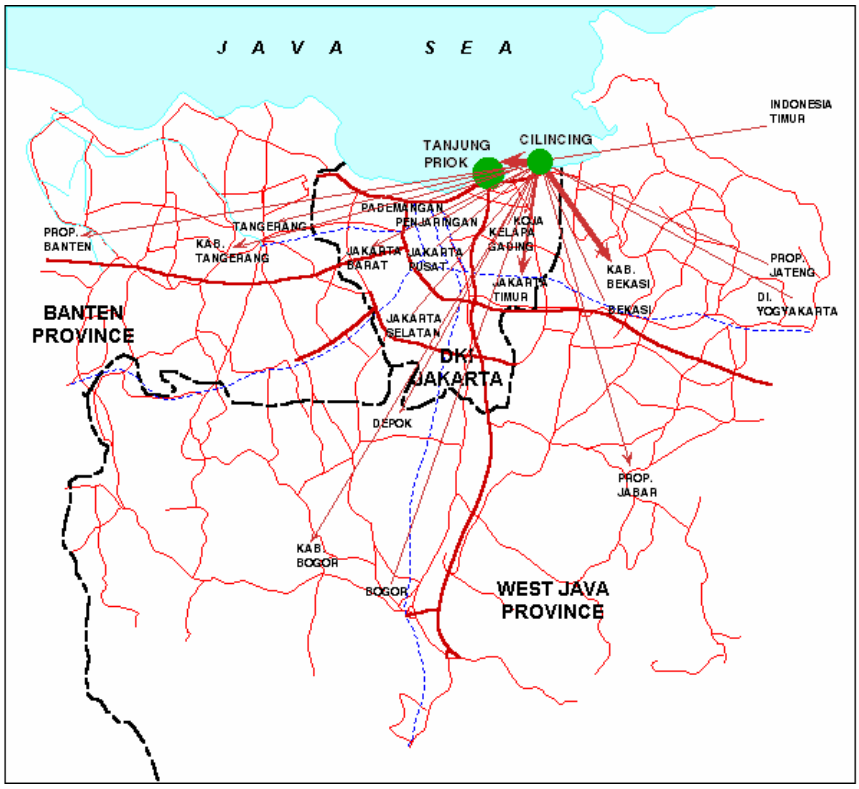


Figure 2.2.13 Trip Pattern of Trailer/Container from/to Cilincing Depot

Table 2.2.54 List of Depot of Container in Tanjung Priok and Sorrounding

No.	Company	Service Centre of Custom Office	Address	Phone	Equipment (Cargo Handling)	Container Type
1	Multi Terminal Indonesia	I	Jl. Raya Pelabuhan No. 9 Tanjung Priok Lap. CFS Nusantara	021. 4302649 021. 43910736	-	FCL / CLC
2	Primanata Jasa Persada	I	Jl. Pulo Payung No. 1 Pelabuhan Tanjung Priok 14310	021. 490072	-	-
3	Tjetot	I	Jl. Penjalai No. 3 (Pos II) Lap. CFS Nusantara	021. 43936540 021. 4300362	-	-
4	Container Tirta Bahari	I	Jl. Penjalai No.1 Tanjung Priok	021. 4351069	-	-
5	Dwipa Manunggal Kontena (Incl. Dengerous Cargo)	II	Jl. Sulawesi Ujung No. 1 Tanjung Priok	021. 4370774	Available	FCL / CLC
6	Tangguh Samudera Jaya	II	Jl. Bangka No. 1 Tanjung Priok	021. 491194		
7	Masaji Korgosentra Tama	II	Jl. Kalibaru Barat I No. 3 Cilincing Tanjung Priok 14110	021. 43909281	Available	FCL / CLC
8	Indodaya Abadisakti	II	Yos Sudarso Megah Building No. 1 Jakarta Utara	021. 43910259 021. 43900720	-	-
9	Adi Caraka Tirta Containerline	II	Wisma Mitra Sunter Lt. 10-06 Jl. Yos Sudarso Kav. 89 Sunter Jaya Jakarta Utara	021. 6515538	-	-
10	Agung Raya	II	Jl. Bangka No. 1 Pelabuhan Tanjung Priok	021. 4307777	Available	FCL / LCL
11	Graha Segara (Incl. Reefer)	II	Jl. Timor No. 1 Tanjung Priok	021. 43904903	-	-
12	Darma Kartika Bakti	II	Jl. Yos Sudarso Kav. 15-56	021. 4355659/60		
13	Transporindo Lima Perkasa (Incl. Dengerous Cargo)	III	Jl. Enggano 94 D	021. 4359457	Available	Dominant FCL

No.	Company	Service Centre of Custom Office	Address	Phone	Equipment (Cargo Handling)	Container Type
14	Airin	III	Jl. Cilincing Raya No. 33 Tanjung Priok	021. 4301831	Available	FCL
15	PT. Bimaruna Jaya	III	Jl. Raya Cakung Cilincing Km. 1.5 Jakarta 13910	021. 4610404	Available	FCL / CLC
16	PT. Nittsu Lemo Indonesia L	III	Jl. Raya Cakung Cilincing Km. 1.4 Jakarta 13910	021. 46822533 021. 46823912	-	FCL / CLC
17	PT. Puninar Pacific	III	Jl. Raya Cakung Cilincing Km. 1.5 Jakarta 13910	021. 4608720	Available	FCL / CLC
18	PT. Tri Pandu Pelita	III	Jl. Raya Cakung Cilincing Km. 1.5 Jakarta 13910	021. 44830259 021. 4417655	-	-
19	PT. Multi Sejahtera Abadi	III	Jl. Raya Cakung Cilincing Pal II Jakarta 14140	021. 4400865	-	-
20	PT. Jakarta Distribution Centre	III	Jl. Perintis Kemerdekaan , Kelapa Gading Komplek Pergudangan Dolog	021. 45842621 021. 4516124	-	-

Source : Regional Representative Office IV of Custom, Tanjung Priok, 2004.

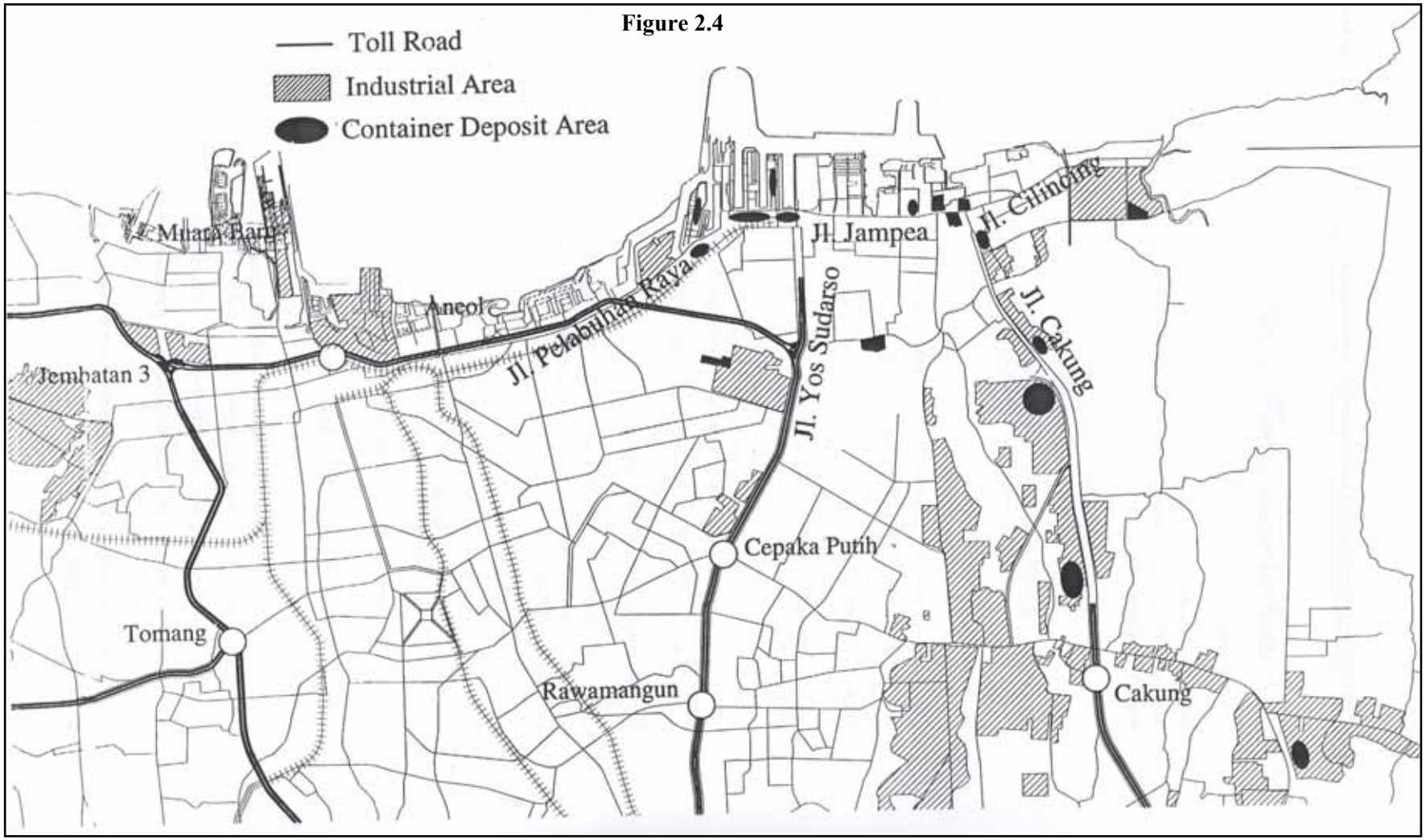


Figure 2.2.14 Location Map of Container Terminal

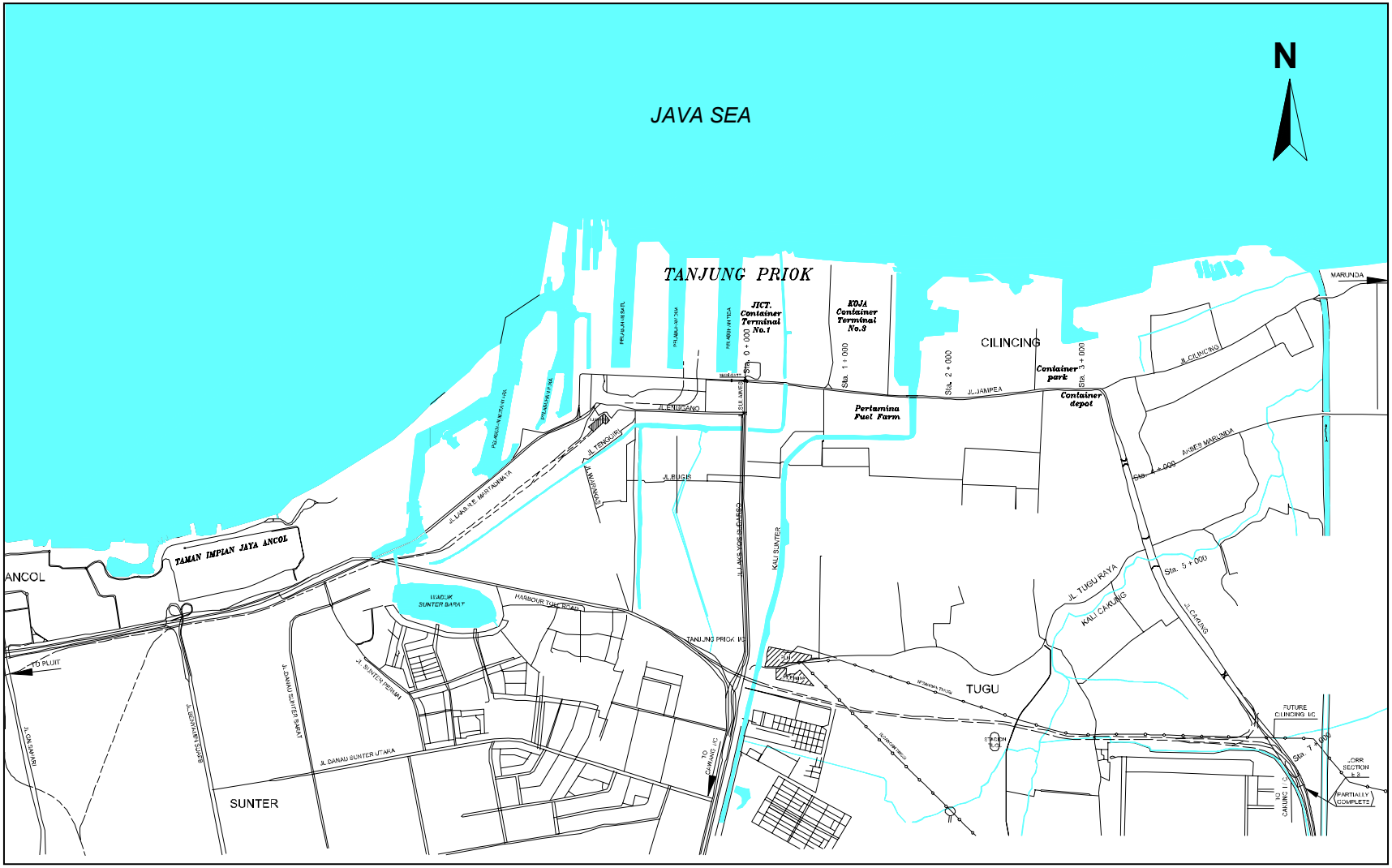


Figure 2.2.15 Existing Road Network at Tanjung Priok Port Are

(6) Access Time Distribution

1). Medium Distance Travel Speed.

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

i). South Direction

Arterial Road:

Tanjung Priok port – Yos Sudarso (by pass) – Sutoyo – Raya Bogor

Toll Road:

Tanjung Priok port – JIUT – Jagorawi

ii). East Direction

Arterial Road:

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

Toll Road:

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

iii) West Direction

Arterial Road:

Tanjung Priok port – RE. Martadinata – Grogol – Daan Mogot – Tangerang - Balaraja

Toll Road:

- Tanjung Priok port – Sulawesi – Harbor Toll Road – JIUT – Jakarta Merak

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

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

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

Compare with arterial road and toll road there some different travel time and travel speed. Concerning from travel speed survey that have already conduct for 3 (three) direction from Tanjung Priok Port. Table 2.2.55 shows, differences of arterial road and toll road for 3 (three) direction.

Table 2.2.55 Differences of Travel Time and Travel Speed on Arterial Road and Toll Road

Direction	Benefit	
	Travel Time	Travel Speed
South Direction	1:30	21,23
East Direction	1:24	15,80
West Direction	0:57	0,66

2) Short Distance Travel Speed

Most of Depot has location at Tanjung Priok and surrounding, travel speed was conducted for some depot locations. These travel speed survey has identified the performance of level of service, especially average travel speed the access road to the Tanjung Priok Port.

i) Jakarta International Container Terminal 1 (JICT 1) to Cakung toll gate of E2 section via Jl. Jampea, Jl. Cilincing (now only available arterial roads, 12km in length) takes as follows :

Morning (08.00 – 9.00) : 23’33” (30.5 km/h)
Evening (16.00 – 17.00) : 54’06” (13.3 km/h)

ii)JICT 1 to Tanjung Priok toll gate of Jakarta Intra-Urban Toll road (3.2 km)

Morning (08.00 – 9.00) : 7’47” (23.1 km/h)
Evening (16.00 – 17.00) : 22’18” (8.6 km/h)

iii) Jl. Enggano to Jl. Martadinata

Morning (4.7km) : (08.00 – 9.00) 7’05” (39.8 km/h)
Evening (7.8) : (16.00 – 17.00) 14’38” (32.0 km/h)

2.2.5 Forwarding Industry

(1) Present Conditions of Forwarding Industry

1) Overview of Forwarding Industry in Indonesia

In this report, Forwarding Industry is defined as the business which offers service including customs clearance, all necessary procedure for export and import, temporary cargo storage, etc.

Therefore, the forwarding company will bear a certain role in all process until cargoes reach the final destination such as factory and warehouse after the cargoes are received.

There are about 800 companies which are related to forwarding industry in the Jakarta Metropolitan Area. Their main scope of services and concept of cargo flows for both export and import in Indonesia are shown in Figure 2.2.16 for sea transport and Figure 2.2.17 for air transport.

The flows of dominant procedures for both export and import cargoes at both port and airport are shown in Figure 2.2.18 and Figure 2.2.19 for sea transport and Figure 2.2.20 and Figure 2.2.21 for air transport. The necessary time shown in these figures is only based on the interview survey and is mentioned here for the purpose of only brief information supplement of time required. The actual time required obtained by the site survey is explained in Section 2.3.

2) Issues of Forwarding Activities

The outline of forwarding industry in Metropolitan Jakarta Area is described based on the results obtained by the interview survey of selecting several companies related to forwarding industry. These results are summarized in Table 2.2.16.

The following problems, which are clarified into the port and airport fields, are considered major to impede the trade activities. In general, there are four major problems for the forwarding activities of the port and airport, such as “inadequate information disclosure”, “unclear schedule and person in charge”, “inadequate infrastructure”, and “inconvenient custom procedures”. The present situation of common issues for forwarding activities of the port and airport are summarized in Table 2.2.57.

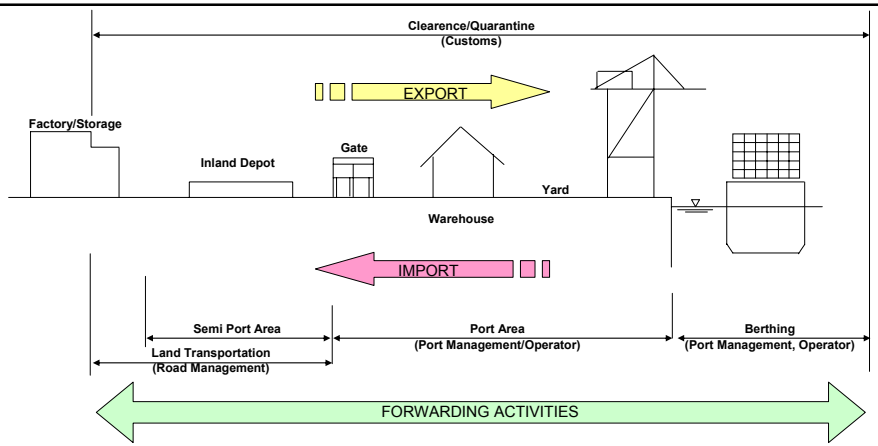
Table 2.2.56 Outline of Forwarding Industry in Jakarta Metropolitan Area

	Category			
	Scope of Service	Number of Employee	Number/Kinds of Equipment	Amount of Cargo Handling
A	Customs clearance, Transportation, Shipping agent, Harbor transportation	30 including 2 Japanese	1. Warehouse N/A 2. Forklift N/A 3. Truck N/A 4. Others N/a	1. Bulk Export 6,000 ton/month 2. Bulk Import 7,000 ton/month 3. Container Export 200 TEU/month 4. Container Import 60 TEU/month 5. Export Air cargo N/A 6. Import Air cargo N/A
B	Customs clearance, Transportation, Shipping agent, Aircargo agent	198 including 9 Japanese	1. Warehouse 1 2. Forklift 1 3. Truck 4 4. Others N/A	1. Bulk Export N/A 2. Bulk Import N/A 3. Container Export N/A 4. Container Import N/A 5. Export Air cargo 550 ton/month 6. Import Air cargo 1,800 ton/month
C	Customs clearance, Transportation, Air cargo agent	About 100 including one Japanese	1. Warehouse N/A 2. Forklift N/A 3. Truck N/A 4. Others N/a	1. Bulk Export N/A 2. Bulk Import N/A 3. Container Export N/A 4. Container Import N/A 5. Export Air cargo 100 ton/month 6. Import Air cargo 50 ton/month
D	Customs clearance, Domestic transporation, Domestic warehousing	About 200 including 3 Japanese	1. Warehouse 2 2. Forklift 10 3. Truck 16 4. Others N/A	1. Bulk Export 50,000 ton/month 2. Bulk Import 10,000 ton/month 3. Container Export 1.000 TEU/month 4. Container Import 200 TEU/month 5. Export Air cargo 10 ton/month 6. Import Air cargo 20 ton/month
E	Customs clearance, Transportation, Engineering	1,342 including 22 Japanese	1. Warehouse 4 2. Forklift 120 3. Truck 50 4. Others Bulldozer 7 Crane 90	1. Bulk Export 4,500 ton/month 2. Bulk Import 3,000 ton/month 3. Container Export 200 TEU/month 4. Container Import 200 TEU/month 5. Export Air cargo 30 ton/month 6. Import Air cargo 60 ton/month
F	Customs clearance, Domestic transporation, Domestic warehousing	About 120 including 5 Japanese	1. Warehouse 3 2. Forklift 10 3. Truck 5 4. Others N/A	1. Bulk Export N/A 2. Bulk Import N/A 3. Container Export 3,000 TEU/month 4. Container Import 500 TEU/month 5. Export Air cargo 20 ton/month 6. Import Air cargo 2 ton/month
G	Customs clearance, Transportation, Shipping agent	130 including 2 Japanese	1. Warehouse N/A 2. Forklift N/A 3. Truck 7 4. Others N/A	1. Bulk Export N/A 2. Bulk Import 3.000 ton/month 3. Container Export 1,000 TEU/month 4. Container Import 500 TEU/month 5. Export Air cargo 100 ton/month 6. Import Air cargo 150 ton/month

Table 2.2.57 Major Problems for Forwarding Activities in Port and Airport

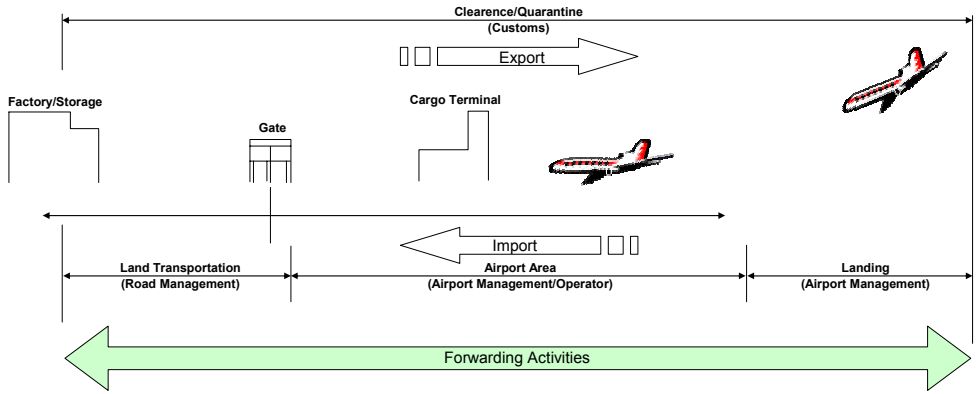
Major Problems	Export		Import	
	Port *1	Airport *2	Port *3	Airport *4
Inadequate information disclosure	E-3, E-9	E-3, E-7	I-1	I-1
Unclear schedule and person in charge	N/A	N/A	I-3, I-10	I-2, I-10
Inadequate infrastructure	E-7, E-8, E-10, E-11, E-12, E-13	E-4, E-8, E-9	I-13, I-14, I-16	I-13, I-14, I-15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

*1, *2, *3 and *4 refer to Table 2.2.59, Table 2.2.60, Table 2.2.61, and Table 2.2.5.62 respectively, which indicate the category of forwarding activities.



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

Fig. 2.2.16 Forwarding Activities and Concept of Cargo Flow at Port



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

Fig. 2.2.17 Forwarding Activities and Concept of Cargo Flow at Airport

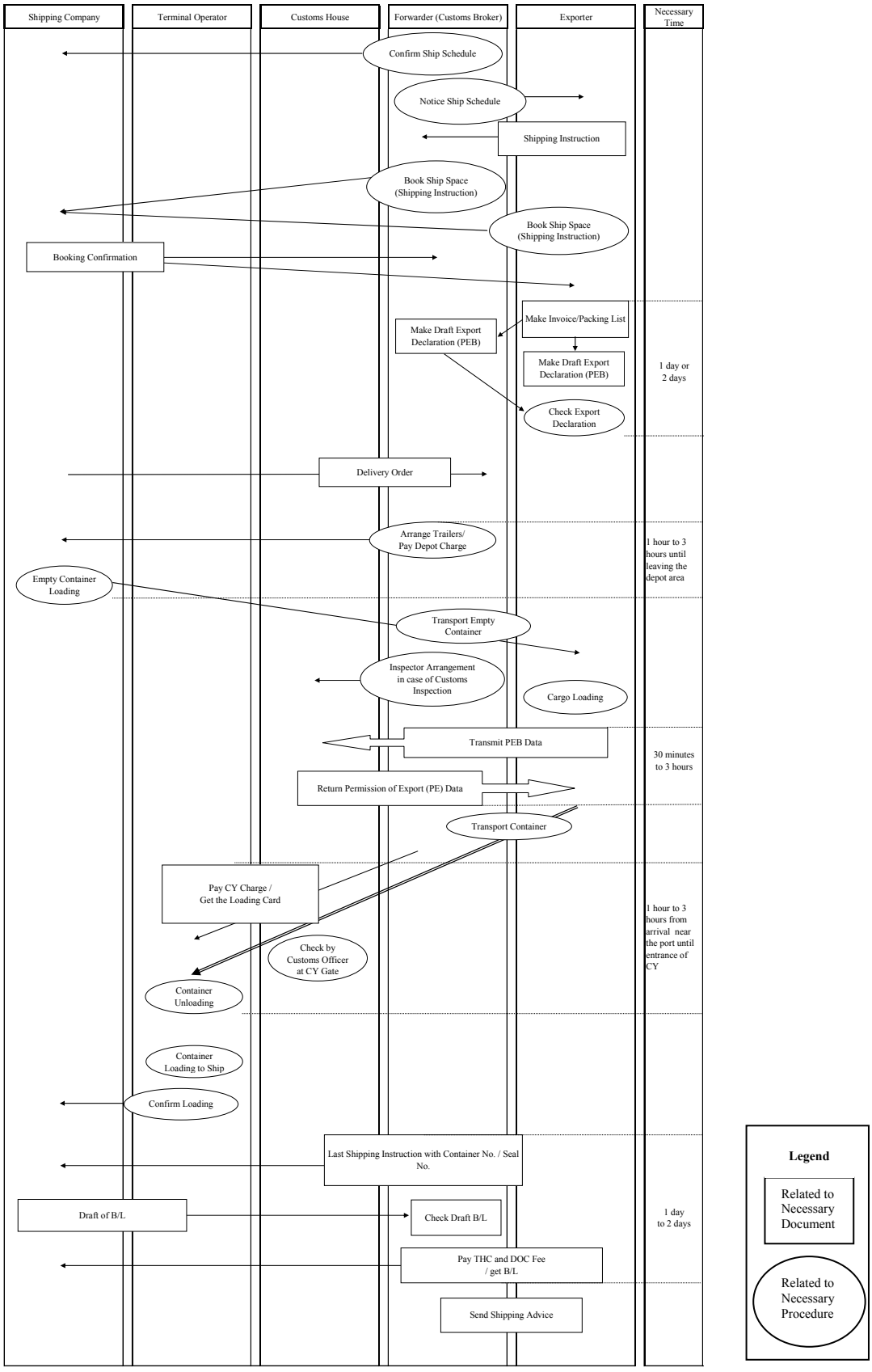


Fig. 2.2.18 Flow of Procedures on Export on Port

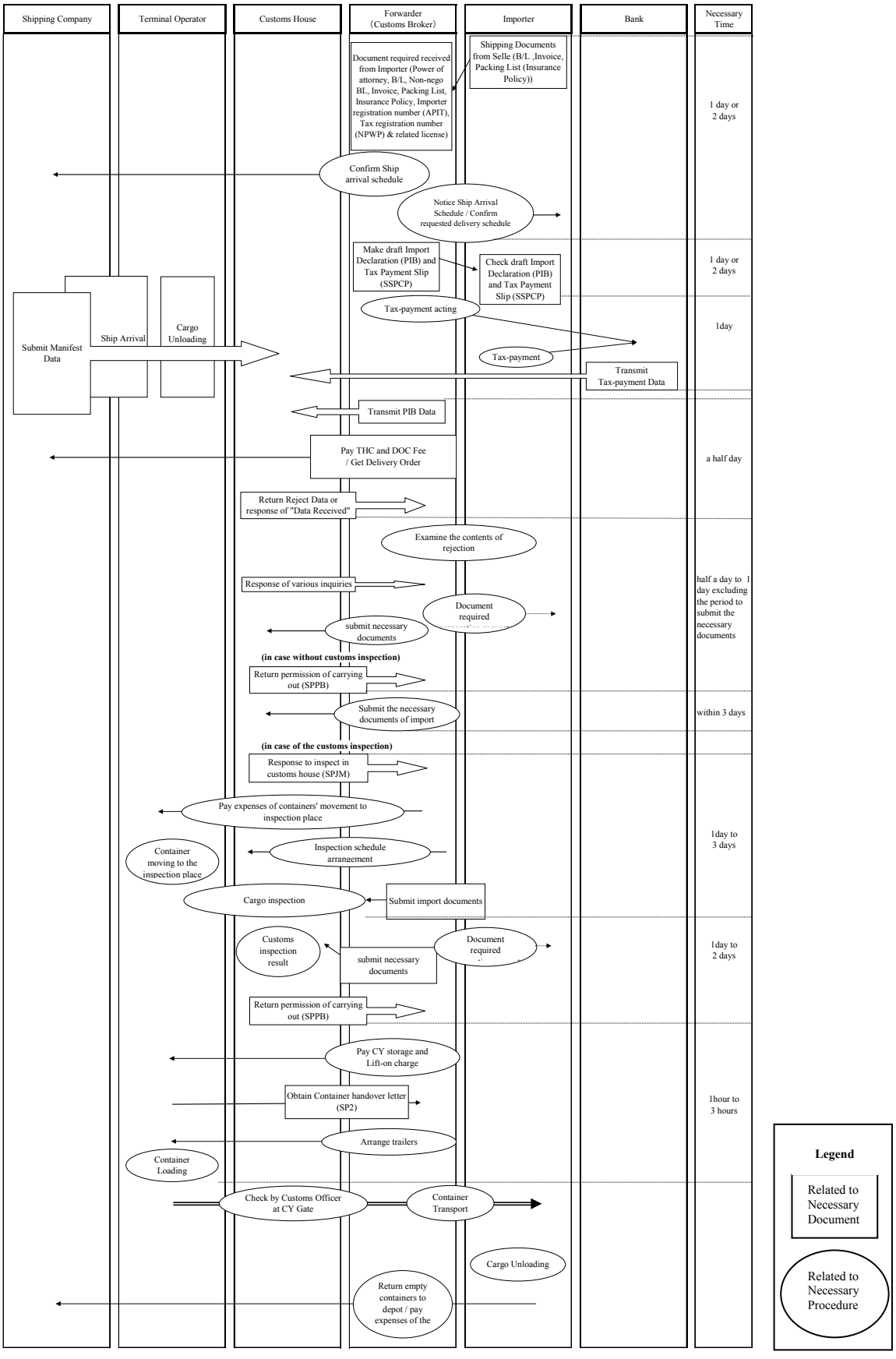


Fig. 2.2.19 Flow of Procedures on Import on Port

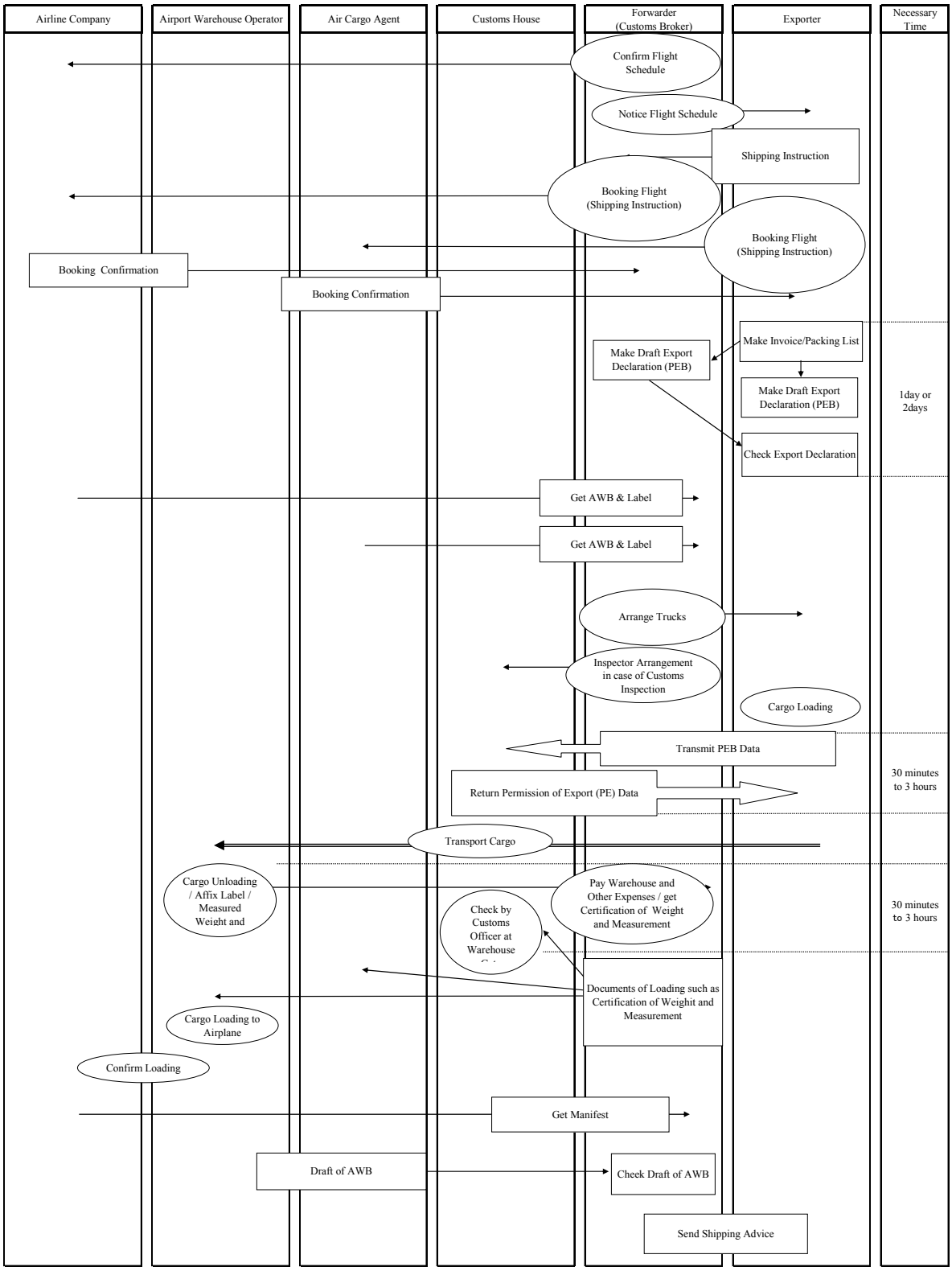
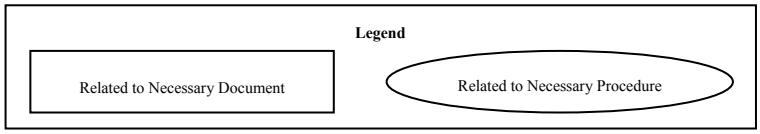


Fig. 2.2.20 Flow of Procedures on Export on Airport



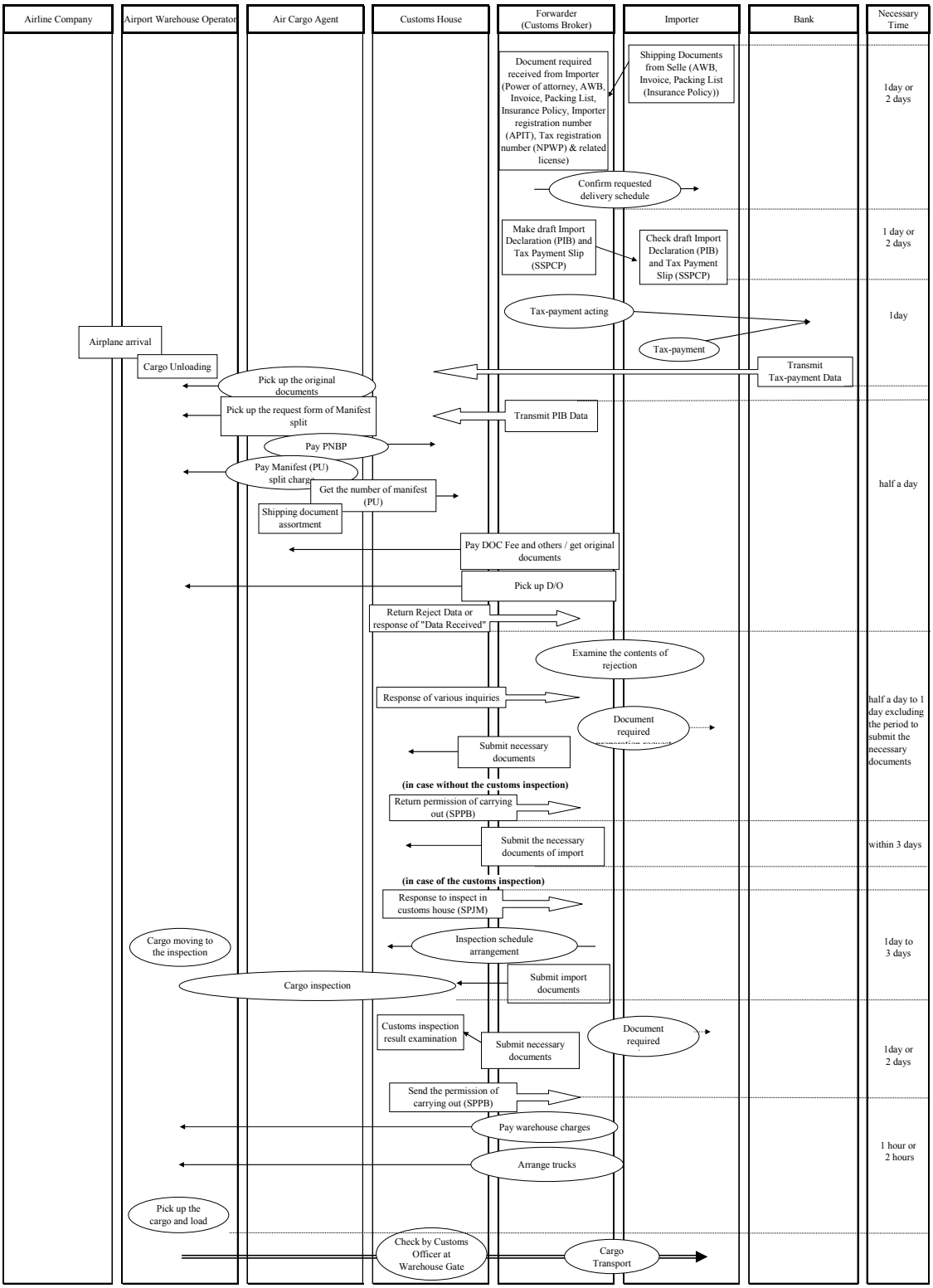
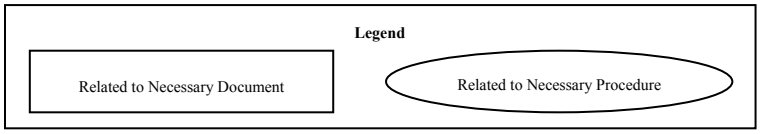


Table 2.2.21 Flow of Procedures on Import on Airport



(2) Analysis of Problem

The forwarding activities of export/import trade facilitation cover large business field spatially. The present condition and problems can be clarified by all procedures shown in Figure 2.2.18 for sea traffic cargo and Figure 2.2.17 for air cargo based on the viewpoint of smooth forwarding activities and the improvement of related facilities.

1) Forwarding Activities through the Port and Airport

i) Requests for Improvement of Problems of Port

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

a) Inadequate information disclosure

The decrees from Ministry of Industry and Trade, Customs House, etc. are not recognized to publics widely. There are cases that documents required for export customs clearance cannot be prepared timely since decrees are announced suddenly and enforced at the same time. Therefore, in order to overcome this problem and improve inadequate information disclosure, especially legal matters, the following countermeasures might be considered.

- To prepare collection of decrees and notifications;
- To inform any new decrees and notifications in advance;
- To utilize effectively website or monthly periodical of the customs office as the information distribution tools;
- To establish public facility in order for any individuals to access to all decrees

b) Unclear schedule and person in charge

For the custom declaration, the contact person is not clear in case the response from customs house is late. Moreover, the time required cannot be foreseen in case customs inspection becomes necessary. Furthermore, it is difficult to make exact delivery schedule since it will sometimes take lots of time to pick up containers from a container yard after the completion of customs clearance. Therefore, in order to overcome this problem and improve unclear schedule and person in charge, the following countermeasures might be considered.

- To clearly specify the contact section and person in charge for any inquiries or troubles;
- To specify both inspectors' name and inspection time in advance in written form;
- To notify approximate time required for customs clearance

c) Inadequate infrastructure

Only few parking spaces for trailers are available during the procedures and this always

causes traffic congestion frequently. Also, it may be kept waiting for issuance of container handover document for a long time by the defect of a terminal operating system. Therefore, in order to overcome these problems and improve inadequate infrastructure, the following countermeasures might be considered.

- To extend parking spaces in or around the port area;
- To establish reliable terminal operating system and prepare supportive measure in case of failure and defect;
- To carry out any procedures efficiently

d) Inconvenient custom procedures

There are many inconvenient custom procedures reported during the site survey, such as in case that tax payment cannot be completed by Friday, preparation of necessary documents for import declaration cannot be carried out before 10:00 on Monday since the conversion rate of tax payment and customs declaration changes every week at present; tax payment is accepted only till around 10:00 or 11:00 depending on a bank. Therefore, in order to overcome these problems and improve inconvenient custom procedures, the following countermeasures might be considered.

- To extend business hour of the customs office flexibly in response to the users' convenience;
- To extend operation hours of the bank

ii) Requests for Improvement of Problems of Airport

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

a) Inadequate information disclosure

Similar problems are occurred for the forwarding activities of airport and they have to be improved in the same manner as the port case.

b) Unclear schedule and person in charge

Similar problems are occurred for the forwarding activities of airport and they have to be improved in the same manner as the port case.

c) Inadequate infrastructure

Carrying-in of export cargo to warehouse is concentrated around 7:00 to 9:00p.m. Moreover, since the warehouse apron is narrow, the space for palletizing is difficult to be reserved and it makes cargo handling disorderly. Besides, only few parking spaces are available. Therefore, in order to overcome these problems and improve inadequate infrastructure, the following countermeasures might be considered.

- To expand the warehouse apron;

- To expand parking lots

d) Inconvenient custom procedures

Since warehouse for import cargoes at airport is closed at 5:00p.m., delivery works are concentrated at around 4:00 to 5:00p.m. Moreover, since the apron is narrow and few parking spaces are available, it takes lots of times to proceed shipment works. Besides, the cargo handling is also disorderly. Therefore, in order to overcome these problems and improve inconvenient custom procedures, the following countermeasures might be considered.

- To extend business hour of the warehousing works;
- To extend the warehousing works efficiently especially during peak time;
- To handle air cargoes with care

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

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

i) Terminal Handling Charge (THC)

As shown in Table 2.2.58, the terminal handling charge (THC) in Indonesia is much higher than neighboring countries, especially, it is more than twice as much as Thailand. For increasing the amount of cargo in Indonesia and promotion of investment, it is necessary that THC has to be the same level with neighboring countries or to be set up less for more competitiveness.

Table 2.2.58 Terminal Handling Charge

Country	20 feet Container	40 feet Container
Indonesia	US$ 150 (1.0)	US$ 230 (1.0)
Thailand	US$ 65 (0.4)	US$ 98 (0.4)
Malaysia	US$ 90 (0.6)	US$ 135 (0.6)
Singapore	US$ 107 (0.7)	US$ 158 (0.7)

Source: Interview Survey by JICA Study Team
Note: ( ) is the ratio to the amount in Indonesia

ii) Lead Time

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

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

As shown in Figure 2.2.22 the relationship between productivity of the quay and cargo handling tariff is one of the aspects to show the less competitive (Port of Tanjung Priok) with foreign countries in Asia.

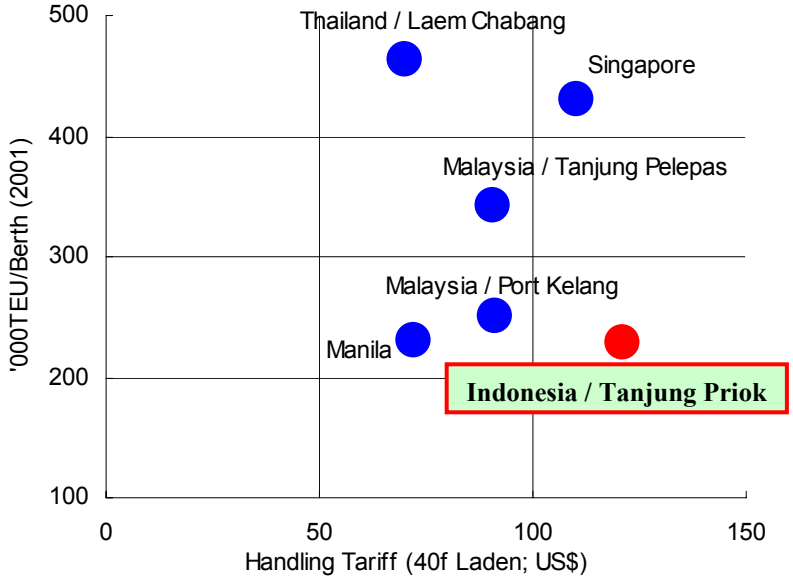


Figure 2.2.22 Relationship between Productivity of Quay and Cargo Handling Tariff for 40 Feet Laden

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

iv) Operation of Container Terminal

a) Operation Planning

When planning terminal operation, the simple mistake by the planner may occur. During the interview survey, there was a report of the fact of making a shipping company pay the additional expense to the work generated additionally in this kind of situation. This implies that the responsibility for the generated problem is ambiguous. If such actions are continuously taken by the terminal operator, a shipping company will examine the propriety of port call someday. This situation has to be improved since this will give the negative impact for investment promotion.

b) Relocation of Container without Notification

Over Land Transport well known as "O.B." (Over Brengen), which is the Dutch phrase, is used to be one of the problems of yard operation. This is the rule that terminal operator can move cargoes to a specified location when one of the following conditions is satisfied:

- in case the yard occupancy ratio (YOR) of CY exceeds 65%;

- in case cargoes are not picked up even after 10 days after ship arrivals;
- in case O.B. is requested by trader or warehousing as a substitute;
- in case cargo is a dangerous material such as flammable or explosive and special place is required to store them;
- in case of emergency such as a fire, a flood, a storm, etc.;
- others when required.

Through the interview survey, the fact was came out that this procedure was not always informed to the importer in advance when the O.B. was needed and the terminal operator seemed to apply this rule for the sake of only their convenience.

Although this problem was often happened while the container yard was fully utilized and congested previously, the present situation is much better and this seldom happens recently because the yard operation has been improved and the yard is not congested like before. However, this may be happened again once the more cargoes are handled later on. In order to avoid these improper actions, appropriate operation of this rule must be carried out when the O.B. is needed.

v) Yard Security in the Port

There is a report from one of forwarding companies that some cargoes in a container were missing when the container arrived at the final destination. It is very difficult to clarify at which time and where it lost in the process from an origin (factory) to a destination (buyer). However, the increase in freight loss will lose the trust to the export from Indonesia certainly. Moreover, in case loss items are traded in a domestic market, the price of goods in the domestic market may be fallen, and it will be further affected to investors as a result.

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

3) Airport

The present conditions and problems about the Soekarno-Hatta International Airport are listed below and the details are described in “2.2.3 Airport Infrastructure and Trade Volume through Airport”.

- Although there are two warehouses such as PT. JAS and PT. Garuda at Soekarno-Hatta International Airport, it cannot be said that it is sufficient space. Also, the parking space for the trucks is very narrow.
- The width of the apron of the airport warehouse is very narrow and it is difficult for the cargo pulled out in the apron to sort. Since the eaves of the roof of the apron of shed are

very short, there is a possibility that cargo may get wet when it rains.

- Although it is seldom crowded at export shed, import shed usually crowded.
- Almost all the cargo handling equipment is outdated.
- It seems to be very unsanitary since any animal can move in and out of the shed freely.
- It also seems that labors deal with cargo coarsely and they are indifferent to damages, such as dirt of cargo, and breakage.
- It seems that there is a problem also in security such as theft prevention.

4) Road Condition around Gate to Container Yard

The parking lots for container trucks are insufficient in the port at present. Therefore, the truck which cannot be accommodated in CY for the customs procedures at the port is overflowed into the road (see photo 1 and 2). Moreover, the vehicles which are waiting for entering to the gate are overflowed similarly. As a result, large traffic congestion is usually caused around the gate. Besides, the trucks are concentrated in front of the gate of JICT on Thursday and Friday night because of the shipping schedule, which makes a serious problem. The on-the-street parking of tank truck in front of PERTAMINA during the night is also worsening traffic congestion. Therefore, the improvement of traffic condition around the gate to the container yard must be considered in some way.

Photo 1 Road Condition around the Gate to CY

Photo 2 Congestion in front of the CY Gate

5) Road Condition around Empty Container Yard

The empty container depots are concentrated around Cakung and Cilincing area. Many trucks are always parking along the road between the empty container depot in Cakung and the port (see photo 3 and 4). Besides, when the time of the road repair work after rainy season every year, two lane roads became one lane passing, which will cause large traffic congestion.

The road condition become worsened by not only repair works after rainy season but also chronic bad road condition such as cave-in in the road, waiting of the garbage collection truck to the dump site, abandoned disabled car and unauthorized parking on the road, etc. Especially, the situation in the morning is the worst since the pickup and return of empty container are concentrated during this period. Therefore, the improvement of road condition around the empty container yards must be considered in some way.

Photo 3 Road Condition around the Empty Container Depot Area

Photo 4 Long Queuing at the Gate of Empty Container Depot

6) Customs

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

Presently, it is possible to obtain the decrees on customs clearance in part from the website of a customs house or Ministry of Industry and Trade (MOIT). However, as for the decrees, notification, etc. which are released accordingly, there is no means to collect all decrees and notifications at once since either the collection of decrees or the collection of notifications are not prepared. Furthermore, since decree and notification may sometime be released without notice, it is very difficult to correspond immediately and it may cause confusion as a result.

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

ii) Understanding Level on Decrees on Custom Clearance

The registered customs specialist will normally check and prepare the customs declaration. However, the customs broker's staffs are actually engaged in customs procedures on the spot. It is highly dependent on their understanding level about the custom clearance procedures whether trouble will be occurred or not. For those who have less understanding skills about the procedures, it is necessary to encourage them to participate in the technical training program or something like it and to improve their capabilities so that the smooth customs clearance procedures can be facilitated.

Moreover, correspondence of the customs house personnel may be different depending on a person in charge or precincts. Therefore, it is important for the customs house staffs, who are bearing practical business at the site, to participate in the upskilling training so that their understanding levels on the custom clearance procedures including regulations can become higher and inconsistent correspondence can be eliminated.

Moreover, it is also important to disclose the contents of upskilling training to a customs house website, etc. and to have positive discussions by BBS (Bulletin Board System), etc. As a matter of fact, without increase of human resource capability, the improvement of the custom clearance procedures cannot be expected.

iii) Publicity of Urgent Matter

The information exchange with the customs house is going to be sped up by using electronic media through the import EDI started in 2003 and the export EDI started in May 2004. Under these circumstances, by introduction of a computer system, troubles generated on a communication line or a system may lead to a serious problem. In case such a problem occurs, it is important to disclose timely the fact, the method dealing with troubles, restoration time, etc., which can provide all information in order to avoid any secondary disabling conditions.

iv) Customs Inspection

a) Improvement of Customs Inspection Station

The customs inspection for the containers is carried out at the place without the roof. Therefore, under this condition, there is a possibility that cargoes get wet when it rains and this may deteriorate the value of commodity.

b) Opaque Expenditure Related to Customs Inspection

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. 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.

v) Obscurity of Customs Inspection Schedule

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.

In order to minimize the time loss for the customs inspection and to carry out efficiently, it is indispensable to adjust the timing of an inspection arrangement such as the container towing and allocation of workers by the customs broker and the timing of dispatch of customs house personnel. For this purpose, it is necessary to specify not only inspectors' name but also inspection time in a customs inspection notification document, so that the customs inspection schedule can be clearly clarified.

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

A duty of payment of Non-Tax State Revenue (PNBP: Penerimaan Negara Bukan Pajak) was

imposed from May 1, 2004 to the exporter and importer at the time of export and import procedure by the Decree 118/KMK.04/2004. This new regulation was introduced for the purpose of utilization as a budget for the improvement of customs services such as introduction of EDI system.

Since this regulation was just introduced newly, it cannot be clarified whether this newly collected revenue is utilized effectively for the improvement of customs service, which is the original intent. Therefore, it is important to ask the government to disclose the actual applications of this budget for spending and also to carry out monitoring including the effect of this new regulation continuously at the same time.

vii) Utilization of EDI System

The initial investment of EDI system is kind of expensive and it is difficult for all companies to purchase and introduce this system as a matter of fact. However, since the necessity, importance and convenience of this system are recognized, presently many companies already purchased and introduced this system to carry out the necessary procedures. In contrast, those who cannot afford this system entrust this procedure to the customs broker such as the Customs Service Arrangement Company (PPJK: Perusahaan Pengurusan Jasa Kepabeanan) since they also understand the function and benefit of this system.

Through the interview for the fishing company, it was reported that the declaration by EDI system has been carried out through PPJK without any problems even though the company does not have own EDI system since the initial investment cost for this system is very large. The company also reported that system itself is very useful so that any mistake for declaration or false declaration can be eliminated, and visits to submit the documents to many sections can be skipped, etc. by paying small amount of money for PPJK as the charge for data transfer. They also mentioned that the shortage of human resources who can handle or be adaptable for new technology and the capacity-building are the most important issues for introducing any new system.

Since this system was newly introduced recently, it takes lots of time and the system down is sometimes happened at this moment. However, these problems are what occur frequently at the early stage of introduction of any new system and these events should not be evaluated at this moment.

For the time being, in this initial stage, it is important to clarify problems and inadequate matters thoroughly and to aim at a system improvement based on these problems. Moreover, it is necessary to disclose clearly prospective extensions of this system such as establishment of database or disclosure of database in public and way of dealing with troubles, etc. In addition, it is essential to carry out the monitoring of the usage accordingly and to make efforts for the improvement of the system in order to provide more convenient and satisfactory system.

viii)Entire Customs Procedures

Customs house established the policy called "For Part of the Improvement of Service and Surveillance at the Customs Section". Under this policy, the combined team with the government has been formed since July 2002 in order to improve management and procedure of the customs section and has been working for the explanation of a policy document and hearing the opinions and views of relevant people. The American Chamber of Commerce in Indonesia, Jakarta Japan Club and the Korean Trade Center are also jointly working with this team.

The Indonesian government is currently taking the initiative in solving problems and trying to improve the customs procedures under the policy, which is a good attitude. However, in order to make policy effective and improve the trade procedures steadily, it is important to monitor accordingly whether the effect of this measure is fully achieved or not and to review it if needed.

The contents of this policy are as follows.

I. INITIATIVE OF TRADE FACILITATION

- A. Validation of New System for Channel's Determination
  1. Priority Channel (Gold – Card)
  2. Red Channel and Green Channel
- B. Improvement of Payment System
  1. Improvement of Payment Document Form
  2. Electronic Payment Data Delivery System
  3. Mandatory Payment on Perception Bank (Issuing and Advising Bank)
- C. Improvement of Price Database
- D. Improvement of Goods Releasing System
- E. Development of DGCE's Information System
  1. Modernization of DGCE's Automation System
  2. Completion of DGCE's website
  3. Development of Customs EDI's Community

II. INITIATIVE TO ELIMINATE SMUGGLING AND UNDER VALUATION

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

III. INITIATIVE TO IMPROVE THE PERSONNEL'S INTEGRITY

- A. Completion of Ethical Code (Code of Conduct)

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

IV. FUNDING AND FUNDING SOURCES

7) Approvals and Licenses by Other Institutions

Not so many exceptional regulations are considered for the approval and license systems related to trading prepared by other institutions such as MOIT and Tax Office and it was reported that the necessity of some systems such as the approval of the import of the second-hand equipment by MOIT, the certain tax benefit to the import of equipment by tax office, the pre-registration for the certain imports by MOIT, etc. are not clear. Moreover, there is no clear description about period and amount required for these approvals and licenses.

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

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

Based on the interview survey and on-site survey, the present conditions and considerable problems as identified for executing reasonable forwarding activities at port can be summarized in Table 2.2.59 and Table 2.2.60. And, the considerable problems at airport are summarized in Table 2.2.61 and Table 2.2.62.

Table 2.2.59 Problems of Executing Forwarding Activities on Export at Port

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

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

Table 2.2.60 Problems of Executing Forwarding Activities on Import at Port

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

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

Table 2.2.61 Problems on Executing Forwarding Activities on Export at Airport

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

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

Table 2.2.62 Problems on Executing Forwarding Activities on Import at Airport

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

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

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

2.3.1 Design of Survey for Time Measurement

(1) Objectives of Survey

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

(2) Items, Areas and Procedures of Survey

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

1) Survey Items

The basic concept of process of import cargo which arrived at the country through sea port and air port and temporally kept in the bonded area them delivered to the final destination as the sea born cargo and air born cargo together with the required document flow are illustrated in the Figure 2.3.1 and Figure 2.3.2 respectively. The Figure 2.3.3 shows the container import process through JICT 1 in Tanjung Priok as the further information for easy understanding of the cargo flow.

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

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

The survey items in each process of the cargo flow and document flow with respect to imports and exports are tabulated in Table A2.3.1 to Table A2.3.7 (These tables are compiled in the **Appendix** "**A**").

Table A2.3.1: The survey items related to the ship operation from arrival to departure

Table A2.3.2: The survey items for import of sea freight (FCL and conventional cargo)

Table A2.3.3: The survey items for import of sea freight (LCL)

Table A2.3.4: The survey items for export of sea freight (FCL)

Table A2.3.5: The survey items for the aircraft operation from landing to taking off

Table A2.3.6: The survey items for import air cargo

Table A2.3.7: The survey items for export air cargo

2) Survey Areas

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

3) Survey Period and Number of Samples Required under each Category of Cargo

The survey period and the number of samples to be collected are indicated in the Table 2.3.1.

Table 2.3.1 Proposed Survey Period and Number of Samples

Type of Cargo		Direct Sampling Period (Collection of EDI and Paper Information)	Number of Samples (Target No. – Approximately)
Port Cargo (Import)			
	FCL Container	14 days (21 days)	2,100 Containers
	LCL Container	14 days (28 days)	140 Containers (420 PIB)
	Conventional Cargo	14 days	30 PIB
Port Cargo (Export)			
	FCL Container	7 days (21 days)	420 PEB
Air Cargo			
	Import	10 days (about 2 week)	400 PIB
	Export	4 days (about 2 week)	100 PEB

4) Survey Method and Procedure

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

i) Sea Borne Cargo

a) Import FCL Cargo

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

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

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

(4) Data to be entered in the survey slips include information on vessels, arrival, yard unloading, containers, customs brokers and commodity items (HS No.) and Customs inspection channels.

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

(6) Of the containers selected during 7 days as referred to in (1) above, about 6 containers were tracked by vehicle at random each day to record the time required for arrival at their destinations. The destinations were located in all directions and were included CFS areas. The northern destination refers to the industrial zone near the Port of Tanjung Priok.

(7) Data processing is undertaken with consideration given to such details as import items, import pattern and Customs inspection channel. Statistical processing of such data were also performed for each stage of time measurements.

(8) The containers covered by the statistical processing were those unloaded from vessels berthed seven days before the first day of the 14-day gate container sampling. Thus the quayside cargo handling records of JICT 1 must cover a period of about 20 days.

(9) If the records contain data on containers unloaded from vessels arriving before the period of about 20 days, the data were treated as unusual and the reason for their recording were investigated separately.

b) Import LCL Cargo

(1) The basic survey method is the same as for Import FCL. However, the number of containers to be sampled during the survey period is approximately 140 since LCL containers account for less than 10% of FCL containers. Out of the LCL containers handled during the 14-day sampling period, 140 sample containers must be picked out (10 box/day x 14 days).

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

(3) The survey men entered the time required for cargo clearance with the cooperation of Customs officers and CFS operators. Other details of the survey method and procedure are the same as for FCL containers.

c) Import Conventional Cargo

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

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

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

d) Export FCL Cargo

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

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

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

(4) Vessel information was obtained from PELINDO II data files to corroborate the data entered in the survey slips.

(5) Generally, the container processing time from arrival at the terminal to loading is considered to be one to two days. Where containers are observed to take longer processing time, Customs officers and customs brokers concerned must be interviewed to find out and record the reason(s) for such delay.

ii) Airport Cargo

a) Import Air Cargo

(1) The survey were limited to JAL, Garuda, Thai and Singapore Airlines flights arriving from Narita International Airport, Kansai International Airport, Bangkok International Airport

and Singapore International Airport. Field survey was conducted consecutive 10 days and a total of more than 50 flights were surveyed on the basis of an average of 5 flights a day.

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

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

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

b) Export Cargo

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

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

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

iii) Documents and Information for Control

The documents and information required from the Customs, PELINDO II, ANKASA PURA II and operators concerned are as detailed in Table 2.3.2 below.

Table 2.3.2 Required Documents Obtained from Authorities

Organization	Documents	Required Information
Customs Office	PIB (Import Declaration) PEB (Export Declaration)	Type of PIB/PEB, Type of Import, Method of Payment, Declaration No., Invoice No. B/L No., Container No. Date of PIB/PEB Submission, Date of Examination, Terminal, HS No. Consignee, Forwarder
Customs Office	Response to PIB/PEB	Instructions to Consignee, Date of Response
Customs Office	LHP (Examination Report)	Inspection Report with inspection date

	SPPB (Carry-out/Export Permit)	Declaration No., B/L No., Date of Issue
PELINDO II (Port Corporation)	PPKB (Service Request/ Agreement) (Arrival/Departure Record)	Vessel Information, Date of Arrival at Anchorage, Anchoring Time, Time of Berthing and Departure, Origin and Destination of Vessel
JICT 1 (Terminal Operator)	Berthing Plan	Vessel Information, Time of Docking and Off-Docking, Time for Unloading and Loading, Container No.
	Gate Record	Container No. Out and In Time, Voyage No. FCL/LCL
ANGKASA PURA II	Airport Information	Cargo Operation Record

2.3.2 Implementation of Time Measurement Survey

(1) Survey Procedure

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

The design of time measurement survey and method of data collection were discussed and proposed by the Study Team based on the aforementioned previous investigation. The data collection and data record were undertaken by the Indonesian Consultant Firm under the instruction and supervision by the member of Study Team.

The EDI data and paper record, which is already listed in Table 2.3.2 in the former section, were collected from the authorities concerned namely the Customs Office, PELINDO II and Shipping Companies with their cooperation and the field data were recorded steadily at site by the surveyor stationed on the positions which were instructed by the Study Team.

The collected data were sorted out and recorded in the Survey Sheets which were provided by the Study Team and supplied to the Consultant as described in the next section. The initial process of data analysis was carried out by the Consultant accordingly and compiled in their Survey Report. Figure 2.3.4 indicates the entire procedure of data collection from field and authorities together with the data sorting steps for the case of FCL container import.

(2) Survey Sheet

The particular time points during the process of cargo clearance in import and export procedures were recorded directory by the surveyor deployed and stationed in the Port, Airport, CFS and Road.

Also the necessary data regarding the time and related information required for the study were extracted from paper records supplied by the Customs, PELINDO II and Shipping Companies. These data and information were recorded in the Survey Format Sheet provided in advance.

The WCO provides a sample form of Survey Sheet in the "GUIDE TO MEASURE THE TIME REQUIRED FOR THE RELEASE OF GOODS" WCO 2002 and suggests the utilization of altered sample form in consistence with the condition of the country when propose to execute the survey. New Survey Sheet has been prepared by the Study Team based on the recommendation of WCO and consideration of the experience gained through the first study conducted in Jakarta in March 2004.

The Survey Sheets used under this survey are shown in Table A2.3.8 to Table A2.3.14 in the **Appendix "A"**.

(3) Survey Places and Authorities for Data Collection

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

The service hours of the authorities and field offices related to the import and export business are given in the Table A2.3.15 for reference.

1） Import and Export of FCL

(a) JICT 1 Gate No.6,7 and 8, (b) Customs Service Office, (c) JICT Container yard,
(d) Toll Road and Artery Road, (e) PELINDO II, (f) Office of JICT 1,

2） Import of LCL

Inland Container Depot – CFS

3) Import of Conventional Cargo

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

4） Import and Export of Air Cargo

(a) Spot in Apron, (b) Cargo Yard in front of Warehouse, (c) Inside of Warehouse,
(d) Customs Office, (e) ANGKASA PURA II

(4) Survey Period

The actual period of data collection at site and data inputting to computer by the Consultant are shown in the Table 2.3.3.

Table 2.3.3 Survey Period for Time Measurement

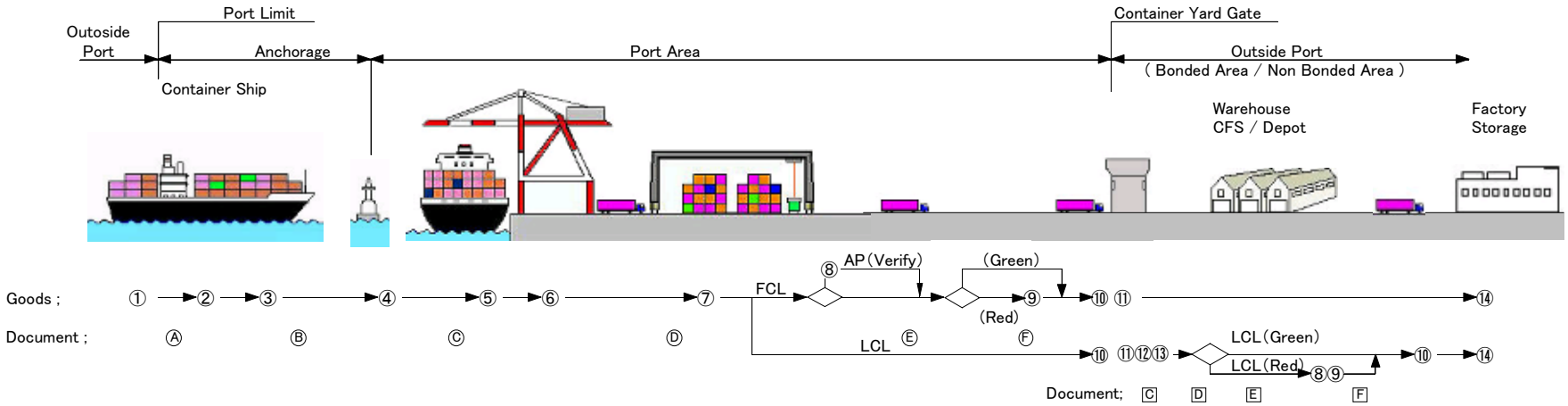
No.	Period / Month/Date / Item	01 Week	02 Week	03 week	04 Week	05 Week	06 Week	07 Week	08 Week
		6/07 to 6/13	6/14 to 6/20	6/21 to 6/27	6/28 to 7/04	7/05 to 7/11	7/12 to 7/18	7/19 to 7/25	7/26 to 7/31
01	Preparation								
02	JICT 1 Gate								
03	Customs Service Office								
04	JICT 1 Office and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

(5) Number of data Recorded

The number of data collected and analyzed through the study is summarized in Table 2.3.4 in which sampling numbers of data proposed at design stage are listed together with for the purpose of comparison. Actual sampling number exceeded almost target number because of the rather larger number of sampling than target was performed in consideration of the probable mixing of insufficient data for analysis.

Table 2.3.4 Number of Data Recorded

Type of Cargo		Number of Data Proposed	Number of Data Recorded and Analyzed
Port Cargo (Import)			
	FCL Container	2,100 Container	2,207 Containers
	LCL Container	140 containers (420 PIB)	350 PIB
	Conventional Cargo	30 PIB	36 PIB
Port Cargo (Export)			
	FCL Container	420 PEB	544 PEB
Air Cargo (Import)		400 PIB	397 PIB
Air Cargo (Export)		100 PEB	103 PEB



Major Point of Cargo Flow (Import)

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

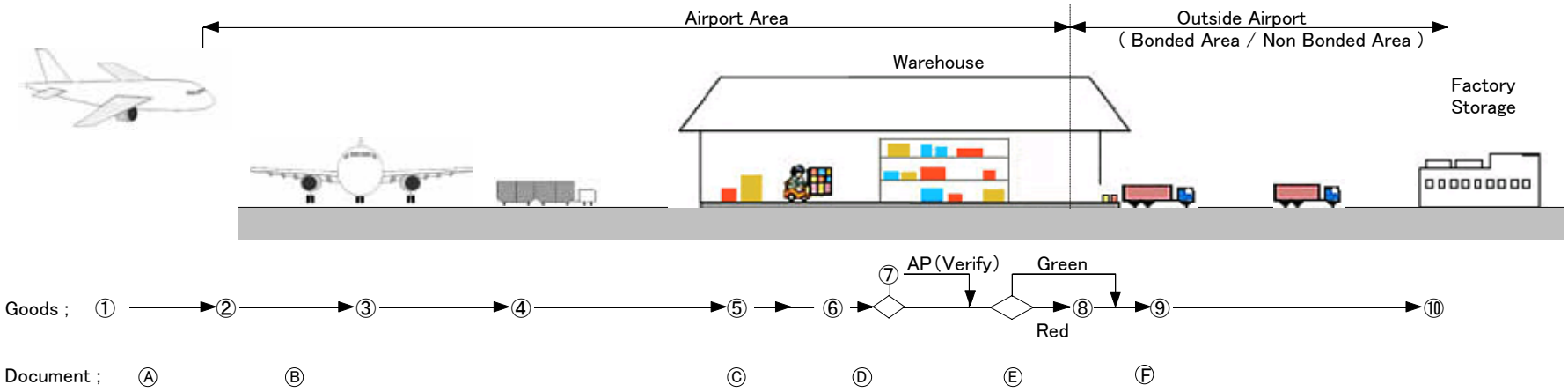
AP : Analyzing Point

Major Point of Document Flow (Import)

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

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

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



Major Point of Cargo Flow (Import)

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

AP : Analyzing Point

Major Point of Document Flow (Import)

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

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

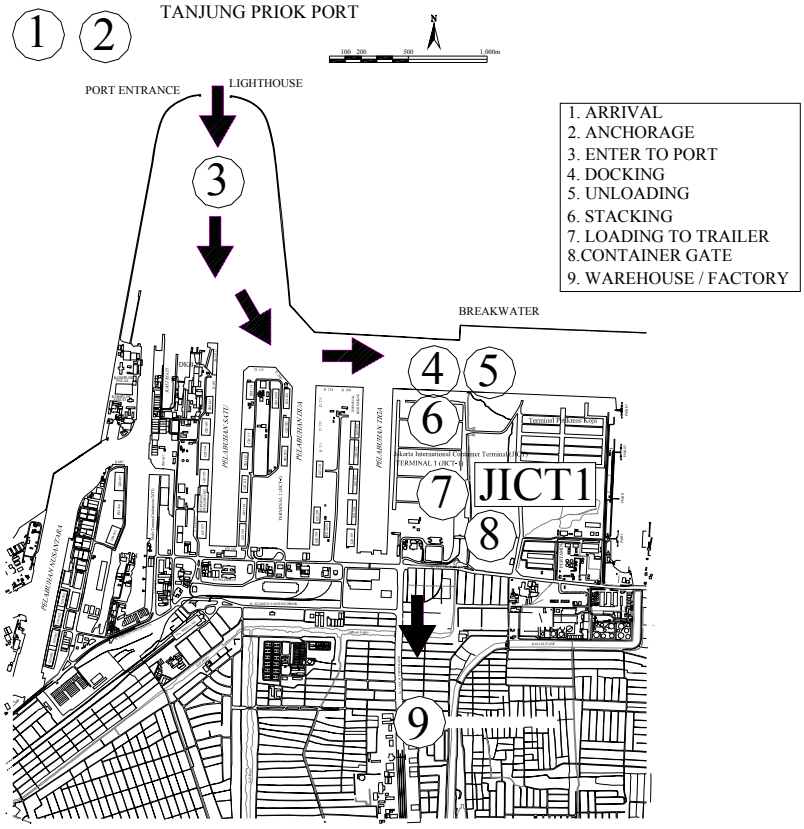


Figure 2.3.3 Import Container Flow through JICT1

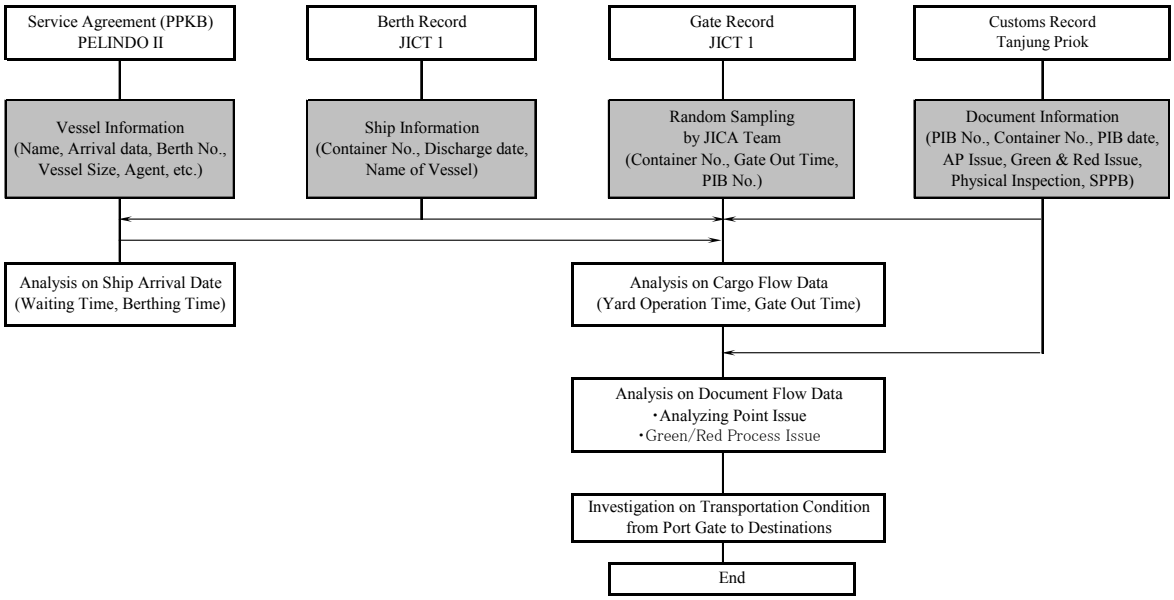


Figure 2.3.4 Flow Chart of Survey for FCL Container (Import)

2.3.3 Analysis of Survey Results

(1) Overview

Figure 2.3.1 represents the import clearance process of seaborne cargo (import containers) schematically and Figure 2.3.5 illustrates the detailed import clearance process in terms of cargo flow and document flow including the analyzing points (AP) and Green/Red cannel issue of measuring time required for clearing the various stages in the process.

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

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

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

First Analysis

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

Second Analysis

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

The terminology used in the import clearance process illustrated in Figure 2.3.5 is explained below. For better understanding of the terminology it is advisable to refer simultaneously to that figure. The customs formalities for import containers can basically be grouped into the four categories (A, B, C and D) described below.

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

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

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

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

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

The analysis of the survey results was performed in the order of port cargo and airport cargo. The measurements of the transit time from the port or airport to the final destinations of cargo in Jakarta or suburban areas will be treated separately in Item (8) of this Subsection.

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

The final results of the elapsed time surveys are presented in this Subsection with the Consultant's observations, and full details of the compiled data are given in the Appendices to this report and the separate volume containing the data.

The survey results are discussed in the order of Import FCL Containers, Import LCL Containers, Import General Cargo, Export FCL Containers, Import Air Cargo, Export Air Cargo and Transit Time Survey on Containers/Air Cargo Carried via Road.

(2) Import FCL Container

1) Elapsed Time Survey on Incoming Ships

i) Survey Data

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

In this two-week survey which lasted from 15th to 28th June, 2004, random sampling of import containers was made at the JICT 1 container gate on a daily basis. The container information recorded at the gate during the sampling activities was checked with the vessel entry and loading/unloading records at PELINDO 2 and JICT Operation Office to identify the vessel names and obtain necessary survey data.

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

The service records (PPKB) of the PELINDO 2 were checked to record the times of arrival of

vessels loaded with sample containers in the outer harbor and the times when harbor tugs started assisting the vessels in their entry maneuverings. The differences between the arrival times of vessels and the starting times of tug operations were treated as the vessel waiting times. Figure 2.3.6 gives the waiting times of 60 container vessels for turns to be berthed at JICT 1.

This figure shows that 41 vessels entered the harbor within five hours after their arrival in the outer harbor, while the remaining 19 vessels had to lie at anchor at the anchorage ground for over six hours and five of them had to wait for more than 24 hours. According to shipping line officials, their ships arrive at the port ahead of schedule because of the need to meet unforeseen changes in the port arrangements for readying the berths for accommodating the vessels , and for this reason they allow for a waiting time of about 12 hours or so.

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

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

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

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

iv) Discharging Time

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

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

Moreover, 10 vessels remained at their berths for 1.5 days or longer. It seems that some appropriate measures should be implemented by the port authority to encourage earlier vessel departures from

the berths after the completion of handling operations so as to further reduce the turnaround time of vessels calling at this busy container terminal.

2) Time Measurements of FCL at Container Yard

i) Survey Conditions and Data Recording

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

The target for the number of sample containers to be surveyed was set at 6% of the number of those containers taken out through the container terminal gates each day. During the field observations of the container operations at the JICT 1 Container Terminal in the test run conducted in March 2004, the number of import containers taken out daily through the gates was up to approximately 2,000. In view of this field data and considering the uncertainty of obtaining container information required for analysis, more than 150 containers were sampled each day. Table 2.3.5 gives the number of sample containers chosen at the three gates of the container terminal each day throughout the survey period.

For the sample containers the container numbers, import declaration numbers and gate-out times were recorded at the gates where they were selected. Based on these numbers pertinent information on the container vessels carrying the sample containers as well as the actual processing times for the relevant import documents at the various stages of the customs clearance were obtained from the PELINDO 2, JICT1 and the customhouse.

ii) First Analysis of Import FCL Containers

After being discharged at the quay, import FCL containers were brought into and stored at the container yard and then taken out through the terminal gates after the completion of the import formalities to leave the port area. For the purpose of our analysis, the measurements of the times required for clearing the various stages of the import clearance process are compiled into the four graphs drawn in the following figures. Full details of the enlarged graphs are presented in the Appendices to this report.

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

The data compiled in these figures indicate that 40% of the import containers sampled were taken out of the container yard within five days after their arrival there for temporary storage. It is also seen from the figures that 50% of the sample import containers were carried out of the container yard six days after they were brought in. It took 13 days for 90% of the import containers selected

as samples to leave the yard.

For 32% of the sample import containers, the submission of import declarations (PIB) was made on the same day as the berthing of vessels, for 58% it was made after a lapse of three days following the berthing, and for 87% the PIB was submitted seven days after the berthing.

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

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

For further detailed analysis of the survey data relating to the import FCL containers, a field investigation was undertaken to determine the time that those containers for which the PIB was submitted to the customhouse on the day of the vessel berthing had stayed at the container yard before their exit from the terminal. The outcome of the investigation was fitted into the graph of Figure 2.3.10 to obtain Figure 2.3.14. The investigation revealed that 51% of the sample import containers had been taken out of the container terminal within four days after the PIB submission to the customhouse on the same day as the berthing, indicating that the rest had remained at the container yard for five days or more.

In respect of the sample import containers grouped according to the days of dwell, the average values for the length of time elapsed at the various stages of the import clearance process were obtained as indicated in Figure 2.3.15. From this figure it can be seen that the average number of days elapsed was 3.3 days from the berthing of vessel to the PIB submission, 2.1 days from the PIB submission to the issuance of import approval, and 1.9 days to the exit of containers through the terminal gates after the import approvals were issued. Thus the import clearance process for containers took a period of approximately seven days on the average. A closer look at the graph of Figure 2.3.15 shows that those import containers requiring a longer period of time to complete the import clearance process spent a larger share of time between the berthing of their vessels and the submission of import declarations (PIB) to the customhouse. The percentages of other factors to the length of time elapsed pending the final stage of the import clearance process increases with the addition of days elapsed, but they do not seem to present a significant difference.

iii) Second Analysis of Import FCL Containers

a) Green and Red Lines

The first step was the determination of the percentages of four different categories of customs clearance, namely, G Green, R Red AP Green and AP Red (see Figure 2.3.16**)** into which the 2,207

import containers selected as samples were grouped. Those containers categorized as Red Line requiring physical inspection accounted for 53% of the total, those categorized as Green Line accounted for 46.4% and those for which the PIB was required to be verified and documents were required to be examined and confirmed represented 51.7%.

Figure 2.3.17 indicates the average length of time elapsed from the submission of the PIB (import declaration) to the issuance of the SPPB (import approval) in respect of the four categories noted above. The customs clearance time for the G Green containers averaged 33 minutes, while the import containers categorized as AP Green, R Red and AP Red took an average of approximately 22 hours, 77 hours and 100 hours, respectively, to obtain the SPPB.

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

For the import containers under the four different categories, ① the time elapsed from the berthing of vessels to the PIB submission and ② the time elapsed from the issuance of the SPPB to the exit of containers from the container terminal gates were determined to obtain the total length of time required for completing the whole process from the berthing to the container exit from the gate (see Figure 2.3.18). From this figure it is evident that the time requirements of the process from the berthing of vessels to the PIB submission are equally about three days for the import containers under the four categories. For the process from the issuance of import Approval (SPPB) to the container exit from the terminal gate, the containers categorized as G Green or AP Green took two to three days, while those grouped into R Red and AP Red categories required only about one day.

Thus even those import containers classified under G Green and AP Green categories took about 6.5 days to exit from the container terminal gates after the berthing of the vessels bringing them to the terminal, due primarily to delays in submitting import declarations (PIB) and making arrangements for containers to exit from the terminal gates. On the other hand, those import containers grouped under R Red and AP Red categories required approximately eight days to be taken out of the terminal after the berthing of their vessels. In any case, the whole process from the vessel berthing to the container exit from the terminal took an average of seven days. Incidentally, a recent Japanese survey made public indicated the time requirements of 3.1 days for the entire process from the vessel arrival until the issuance of import approvals while Singapore takes 1 day and Germany/USA take 2 days as shown in Figure 2.3.19. The Japanese survey, covering a one-week period from March 12 to 18, 2003, involved the statistical processing of 2,400 import declarations by customs authorities.

Figure 2.3.20 presents the results of statistical processing of the findings of physical inspection of 498 sample import containers categorized as R Red. From this figure it can be noted that the length of time elapsed from the PIB submission until the customs ruling of import containers as falling under Red category averaged 49 minutes, the time elapsed from the ruling until the start of physical inspection averaged 68 hours, the physical inspection took an average of two hours, and the time

elapsed until the issuance of import approval (SPPB) after the inspection averaged five hours. Thus a total of 3.2 days were required to obtain the SPPB after the PIB submission. This indicates that a very long time was needed to make preparations for import containers under R Red category to undergo physical inspections.

b) Analyzing Point (AP)

The document examination at the AP was categorized into ① the verification of import duty payments (PV: Payment Verification) and ② the verification of import licenses (TN: Tata Niaga). Depending on circumstances, ③ the verification of both PV and TN may be performed.

Statistical processing of time measurements of the document clearance process at the AP for sample import containers under the Green and Red categories was undertaken with the results as compiled in Figure 2.3.21 (Green) and Figure 2.3.22 (Red).

The analysis of the document clearance time measurements indicated that customs instructions for importers to file any necessary or additional documents could be given in about an hour after the submission of import declarations (PIB) whether such instructions were applicable to the PV or TN and whether they pertained to the Green or Red category. In the case of the PV/TN, however, it took importers as many as eight to 14 hours to receive customs instructions to file necessary or additional documents after submitting their import declarations. The length of time elapsed from the receipt of customs instructions to file necessary or additional documents until the approval of these documents normally averaged about three hours, but in the case of the PV the processing time was over eight hours for both the Green and Red categories. The time requirements of the AP procedure ranged from a minimum of three hours to a maximum of 17 hours. Nevertheless, the AP processing time may be said to be rather shorter than that of other formalities in the whole import clearance process.

c) Required Import Clearance Time by Commodity

Checking the 498 sample import containers grouped under Red category with the customs authorities revealed that among them there were 241 containers for which commodities listed in a single import declaration (PIB) could be classified as single-unit items. In regard to these containers the records of time elapsed from the PIB submission to the SPPB issuance were collated and reworked. In consequence, the import document processing time for the 241 containers averaged 120 hours which by far exceeded the average processing time of approximately 77 hours for the containers under R Red category.

The significance of the processing time difference noted above remains yet to be evaluated, but attempts were made to make a comparison among the different commodities listed on a single import declaration. The average times required for customs clearance of individual commodities are presented in Figure 2.3.23. As seen from this figure, the longest clearance time recorded was for vehicles and parts and it was about 1.5 times longer than the shortest clearance time for mineral and mineral products.

(3) Import LCL Containers

1) Survey Conditions and Data Recording

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

After being discharged at the Port of Tanjung Priok, import LCL containers were stored temporarily at the container yard and, when permitted for bonded carriage, they were transported to the CFS located immediately behind the port. Although permits for transportation to the CFS could be obtained with relative ease, the actual dates of transportation were decided with due regard for the circumstances on the part of the CFS. The Survey Team was unable to obtain advance information about the delivery schedule of import LCL containers at the CFS. For this reason, with prior consent of large CFS firms and the customs offices operating there, the Survey Team picked out several import declarations (PIB) for each arriving LCL container as samples to obtain relevant information required.

2) Elapsed Time Survey

Upon arrival at the CFS the import LCL containers were stripped for taking out break-bulk cargo which was then sorted into separate consignments which underwent customs inspection and, when cleared through the customs, were then delivered to the consignees. The Survey Team measured the times required for LCL containers to clear the various stages of the entire process from their arrival at the CFS until the departure of separate consignments from the CFS. Figure 2.3.24 presents the results of the elapsed time survey.

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

Table 2.3.6 accompanying Figure 2.3.24 gives the breakdown of the dwell times. The time elapsed from the stripping of import LCL containers to the submission of import declarations (PIB) averaged 5.4 days (96%) and this delay was primarily responsible for the protracted stay of sorted consignments at the CFS. The average time elapsed from customs inspection to the issuance of import approval (SPPB) was 29 minutes and the times elapsed from the SPPB issuance to the exit of consignments from CFS averaged 2.3 hours---a very short time considering the whole import clearance procedure for LCL containers. From the time measurement records it seems that import declarations (PIB) were submitted to the customhouse after all prearrangements for taking delivery of import consignments had been completed by the consignees. Be the matter what it may, the

preparations for filing import declarations seemed to take much time.

(4) Import General Cargo

1) Incoming General Cargo Vessels

Table 2.3.7 presents arrival and berthing information on the 22 general cargo vessels in foreign trade that entered the Port of Tanjung Priok during the period from 14th June to 1st July, 2004. Of these vessels 14 took up a berth without waiting for turns to berth, but five vessels were kept waiting at the anchorage ground for one to three hours and two other vessels had to wait for over 24 hours. These incoming vessels required an average of one hour to reach their berths from the harbor entrance. This indicates their generally smooth approach to the berthing area.

2) Survey Conditions and Data Recording

- Samples: 36 import declarations (PIB)
- Cargo Vessels Sampled: 8 vessels (corresponding numbers shaded in Table 2.3.7)
- Survey Period: 21st to 28th June, 2004
- Survey Place: General cargo berth (Port of Tanjung Priok)

Of the 22 incoming general cargo vessels mentioned above, eight were selected for survey purposes, for reasons that their operators were known in advance and that they agreed to cooperate in the survey. Several items of the import cargo of each selected vessel were chosen as samples and time measurements were made of the import clearance process for these selected cargo items.

3) Elapsed Time Survey

The general cargo vessels started discharging their cargoes within one to two hours after berthing and the discharging operations were completed in an average of 30 hours. Subsequently, the cargoes went out of the port area with import approval. The time elapsed from the berthing of the vessels to the cargo exit from the terminal gates averaged approximately 32 hours (see Table 2.3.8).

The sample cargo items fell under the two categories: AP Green and AP Red. Checking the customs clearance formalities revealed that in the case of general cargo, it was a general practice of importers to file advance import declarations with the customhouse in respect of their consignments prior to the vessel arrival. Table 2.3.9 indicates the customs clearance procedures for the two categories of cargo.

In the case of cargo in the AP Green category, advance import declarations were filed with the customhouse 29 hours before the berthing of vessels and the AP procedure was finished on completion of cargo discharging operations.

Survey Team members observed some cargoes going out of the terminal gates after being loaded directly onto trucks at the quay and other cargoes being delivered to the transit sheds at the quay. From this it may be assumed that general cargoes could be taken out of the port area on completion

of discharging operations if only arrangements were finished for their transportation from the terminal.

On the other hand, the AP procedures for the cargoes in the AP Red category were finished within an hour, but since their physical inspection took more than 100 hours, the time elapsed until the issuance of import approval exceeded 100 hours, although import declarations were filed with the customs more than 60 hours before the berthing of the vessels bringing the cargoes. The cargo items under AP Red category were construction machines and the import regulations governing them seemed to be responsible for the considerable delay in their import clearance.

(5) Export FCL Containers

1) Survey Conditions and Data Recording

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

Of the containers for which export declarations (PEB) were filed with the customhouse during the survey period, 50 each were selected as samples in the morning and in the afternoon. Some of the selected export declarations lacked essential information required by the Survey Team and they were ruled out. Finally, 544 export FCL containers were chosen as samples. Table 2.3.5 summarizes details of sampling.

2) Elapse Time Survey

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

Table 2.3.10 and Figure 2.3.25 presents the times elapsed until the arrival of export FCL containers at the container yard after the submission of export declarations (PEB) and issuance of export approval. As seen from the table and figure, 66% of the export containers selected as samples were brought into the container yard within a day after the submission of the PEB to the customs. The longest time elapsed was seven days. Nearly 90% of the sample containers were carried into the container yard within three days after the PEB submission.

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

The customs clearance time from the PEB submission to the issuance of export approval averages 47 hours for Case A and 24 hours for Case B (see Table 2.3.11).

(6) Import Air Cargo

1) Survey Conditions and Data Recording

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

During the survey period approximately 10 air waybills (AWB), or PIBs in effect, were selected daily as samples from the air waybills of each of the above six direct or one-stop flights of GA, JAL, SQ and TG connecting Jakarta with Japan's Narita International Airport and Kansai International Airport. Table 2.3.12 gives detailed information on the AWBs selected from among those of the flights noted above.

The 397 PIBs selected as samples were used as data for the first analysis covering the entire process of air cargo import clearance from aircraft landing to cargo exit from transit sheds. During the survey additional data containing a large amount of information about import cargoes carried by other flights than the six ones earlier mentioned were supplied by the airport customs authorities. These data were accepted for use in the second analysis.

Samples for Second Analysis

- Sample: 1,368 PIBs
- Survey Period: 22nd June, 2004 to 3rd July, 2004
- Survey Place: Soekarno-Hatta International Airport
- Flight: GA, JAL, SQ and TG
- Details of Data: See Table 2.3.13

2) First Analysis of Import Air Cargo

The import air cargoes under survey arrived in Unit Loading Devices (ULD - in air cargo containers as consolidated units) and were put into the transit sheds where they were stripped and sorted out into separate consignments which stayed there pending the issuance of import approval for delivery to the consignees. Import declarations (PIB) were filed with the customs and import approval (SPPB) were issued after customs examinations. The individual consignments were then taken out of the transit sheds by the consignees. Figure 2.3.2 of Subsection 2.3.1 provides a schematic representation of the import clearance process for inbound air cargo.

Figure 2.3.26 gives the breakdown of the times elapsed from aircraft landings to air cargo exits from transit sheds. As seen from the figure, no airborne consignment was taken out of the sheds within 24 hours, but 74% of the air consignments in storage were carried out of the sheds on the second and third days of storage. Fourteen percent (14%) of the air consignments chosen as samples were categorized as Red Line cargo whose exit from the sheds reached the peak on and after the fifth day of storage.

All of the Green Line cargo was taken out of the sheds by the eighth day of storage. Figure 2.3.27 gives the average times required in each stage of the import clearance process for the Green Line air cargo. As can be noted, the times elapsed from aircraft landings to the PIB submission ranged from 30 hours up to 40 hours, and the time elapsed from the PIB submission to the SPPB issuance remained almost constant at about four hours, while the times elapsed from the SPPB issuance to cargo exit from the terminal gates tended to increase with greater length of time spent at the transit sheds.

Almost all of the Red Line cargo was carried out of the sheds by the ninth day of storage. Analysis of the cargo dwelling times at the sheds indicated that the longer time spent in storage was ascribable to the prolonged process from the PIB submission to the SPPB issuance including customs inspection (see Figure 2.3.28). In the case of the Red Line cargo, the times elapsed from the SPPB issuance to the cargo exit from the transit sheds remained constant at approximately 10 hours. It is a different situation from the Green Line cargo.

3) Second Analysis of Import Air Cargo

i) Green Line and Red Line Cargo

The percentages of import air cargo according to the four categories of customs processing, namely, G Green, R Red, AP Green and AP Red, were calculated with the results as illustrated in Figure 2.3.29**.** As seen, import airborne containers categorized as Red Line requiring physical inspection accounted for 14%, those categorized as Green Line accounted for 86% and those for which the import declarations (PIB) were subjected to the AP processing represented 53%.

Figure 2.3.30 shows the average times required in the four categories of customs processing for completing the whole process from the PIB submission to the SPPB issuance. As can be noted, the import air cargo in G Green category took an average of seven hours to finish the process, while the cargoes in the categories of AP Green, R Red and AP Red required 14 hours, 94 hours and 126 hours, respectively, before they were cleared through the customs with import approvals.

To sum up, the AP processing took an average of approximately seven hours and the Red processing required an average of approximately 110 hours.

ii) AP (Analyzing Point) and Red Line (Physical Inspection)

The document examination at the AP consisted of ① the verification of tax payments (PV: Payment Verification) and ② the verification of import approvals (TN: Tata Niaga). Depending on circumstances, ③both the PV and TN may be performed at the AP.

Figure 2.3.31 gives the breakdown of the times required for three categories of AP document examination in respect of the sample import air cargo. As seen, the times elapsed from the PIB submission to the customs request for necessary or additional documents from importers were nine hours for the PV category and three hours for the TN and PV/TN categories, respectively.

In regard to the time requirements of the physical inspection, the process from the issuance of instructions for physical inspection to its commencement took approximately 70 hours, but the inspection itself required only three minutes. Further, 35 to 40 hours elapsed from the finish of the physical inspection to the issuance of import approval. Speeding up the prearrangements for the physical inspection and post-inspection procedures may help reduce the time requirements of the whole process of import cargo.

(7) Export Air Cargo

1) Survey Conditions and Data Recording

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

In respect of air cargoes intended for loading onto the above flights during the survey period, a total of 103 export approval (PEB) which could be checked at the export air cargo transit sheds with customs cooperation were selected as samples for survey purposes (see Table 2.3.14).

2) Elapsed Time Survey

The average time elapsed from the cargo arrival to loading onto aircraft was approximately eight hours. Most of the outbound air consignments selected as samples were carried to aircraft within approximately 11 hours after their arrival at the transit sheds. Figure 2.3.32 illustrates the times required for the sample air consignments to finish the export clearance process and Table 2.3.17 gives the average, minimum and maximum times elapsed at the various stages of the air cargo export clearance process. The longest time elapsed of 24 hours was recorded for some outbound air consignments waiting at the transit shed racks to be consolidated into Unit Loading Devices (ULD).

(8) Transit Time Survey in Jakarta and Suburban Areas

1) Survey Conditions and Data Recording

- Sample: 147 tracer vehicle runs for tracing container/air cargo trailer trucks
- Survey Period: 15th to 28th June, 2004
- Survey Place: Jakarta and suburban areas in all directions from Tanjung Priok Port and vicinity of Soekarno-Hatta International Airport
- Details of Survey: See Table 2.3.18 showing road map of the survey area and vehicle runs

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

Prior to the departures of the container trailer trucks, the Team members in charge asked the truck drivers their destinations and made adjustments to their tracing plan so as to have the directions of the truck travels spread as much evenly as possible. The times when the trucks passed predetermined witness points (main interchanges and toll road exits) and the distances to those points were recorded. Finally, the times and distances traveled by the trucks and their average travel speeds until reaching their final destinations as well as their average travel speeds between the witness points were recorded.

2) Times Elapsed

Survey vehicles runs were made in the morning and in the afternoon according to the prearrangements for any differences in the travel times of container trailer trucks running in different directions to be observed. The recorded transit times of the containers are given in the Appendices to the present report. The survey results indicated that there was no significant difference between the container transit times recorded in the morning and in the afternoon, and that the transit times ranged between one hour and two hours and did not vary very much with directions of travel.

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

The survey results are compiled in the following figures:

① Figure 2.3.33: East Direction from Tanjung Priok Port
② Figure 2.3.34: South Direction from Tanjung Priok Port
③ Figure 2.3.35: West Direction from Tanjung Priok Port through Cawang
④ Figure 2.3.36: West Direction from Tanjung Priok Port through Ancol
⑤ Figure 2.3.37: North Area (Near Tanjung Priok Port)
⑥ Figure 2.3.38: Approach Roads to Destination after Exit from Toll Gate
⑦ Table 2.3.19: Airport Cargo

a) Eastbound

The container trailer trucks traveled at an average speed of approximately 20 km/h in the section from the port to the toll road and could run at an average speed of about 50 km/h on the toll road.

b) Southbound

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

c) Westbound (via Cawang)

In the vicinity of the port there was as heavy westbound traffic via Cawang as the southbound traffic. This westbound traffic via Cawang, like the traffic via Ancol, was headed for Jakarta's suburban areas through the urban toll roads, but the container trailer trucks were unable to accelerate on the toll roads in urban area. They could run at an average speed of 50 km/h or more on the suburban toll roads.

d) Westbound (via Ancol)

Traffic conditions were much the same as the westbound traffic via Cawang and there was heavy congestion on the toll roads in Jakarta's urban area.

e) North of Jakarta (Area behind Port)

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

f) Transit Time from Toll Exits to Final Destinations

After leaving toll road exits the container trailer trucks had to run at varying speeds due to the different road conditions of the areas traveled. The road conditions of Tangerang and Bitung areas along the westbound routes were generally bad, and some trucks were unable to run at a higher speed than 10 km/h on the ordinary roads and even the tall road of the Cikarang and Kerawang areas along the eastbound routes.

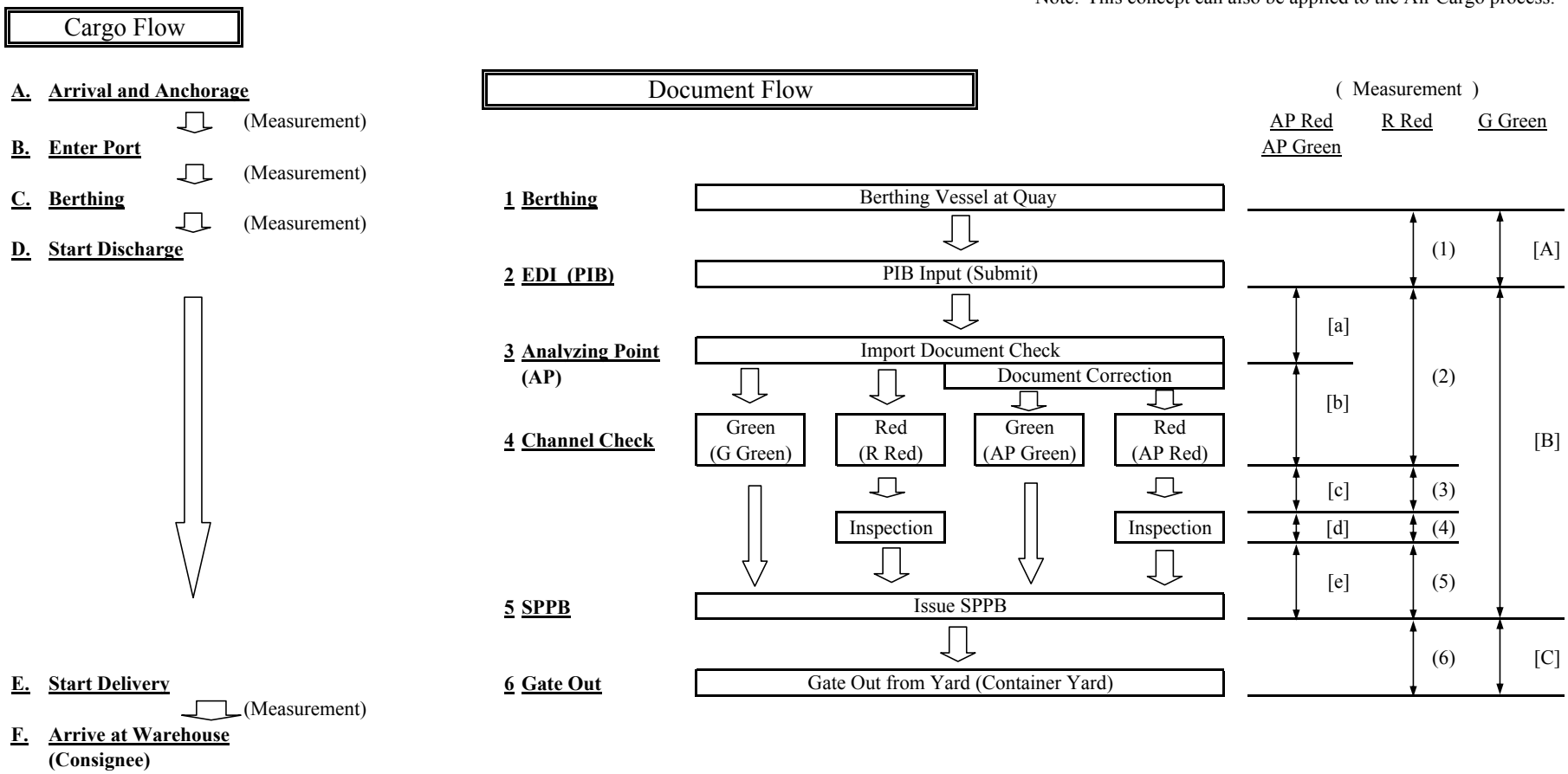
g) Vicinity of Airport

In the transit time surveys conducted in the eastern, western and southern directions from the Soekarno-Hatta International Airport, much the same results were obtained from the surveys in the eastern and southern directions as the surveys undertaken along the eastbound and southbound routes from the Port of Tanjung Priok. However, the survey conducted in the western direction including the airport vicinity resulted in longer travel times required by cargo trucks to reach their final destinations than in the other directions.

(9) Overall Evaluation

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

Note: This concept can also be applied to the Air Cargo process.



(Channel)

G Green:	Pass the AP without question and subsequently classified as Green lime category
AP Green:	Clarification is requested at AP and proceed to Green line after AP
R Red:	Pass the AP without question and then categorized as Red line cargo
AP Red:	Clarification is requested at AP and then categorized as Red line cargo

(Term)

AP:	Analyzing Point
PIB:	Declaration of Import
SPPB:	Import Approval

(Type of AP)

PV:	Payment Verification
TN:	Authorized Documents (License, others)
PV/TN:	Both

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

Arrival Data of Container Vessel

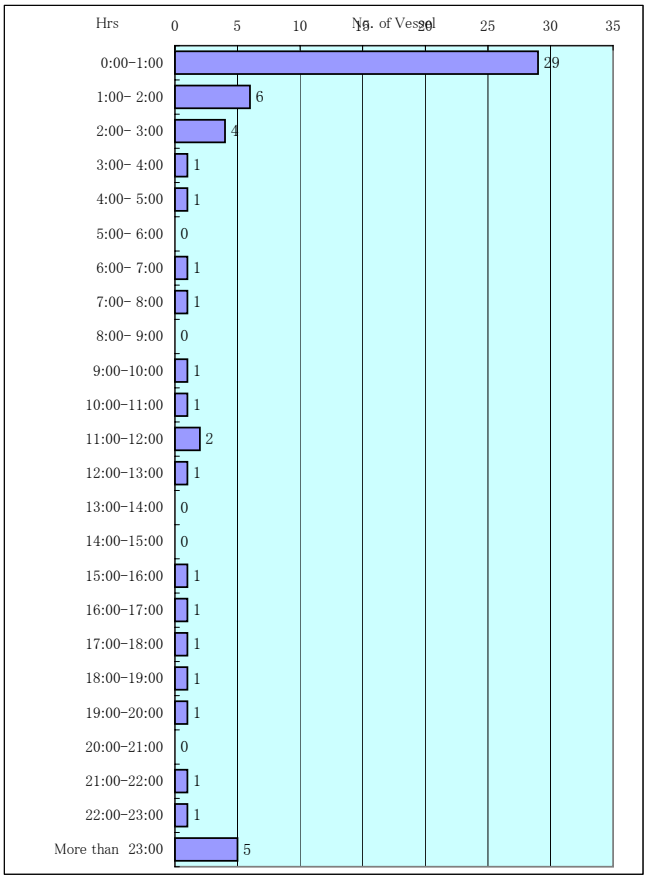
Survey Period: 15th June to 28th June 2004 Total No. of Vessel: 60 Ships
Port: Tanjung Priok Berth: JICT 1

Waiting Time at Anchorage before Enter Port

Time	No. of Vessel	Ratio	Accumulation
0:00-1:00	29	0.48	0.48
1:00- 2:00	6	0.10	0.58
2:00- 3:00	4	0.07	0.65
3:00- 4:00	1	0.02	0.67
4:00- 5:00	1	0.02	0.68
5:00- 6:00	0	0.00	0.68
6:00- 7:00	1	0.02	0.70
7:00- 8:00	1	0.02	0.72
8:00- 9:00	0	0.00	0.72
9:00-10:00	1	0.02	0.73
10:00-11:00	1	0.02	0.75
11:00-12:00	2	0.03	0.78
12:00-13:00	1	0.02	0.80
13:00-14:00	0	0.00	0.80
14:00-15:00	0	0.00	0.80
15:00-16:00	1	0.02	0.82
16:00-17:00	1	0.02	0.83
17:00-18:00	1	0.02	0.85
18:00-19:00	1	0.02	0.87
19:00-20:00	1	0.02	0.88
20:00-21:00	0	0.00	0.88
21:00-22:00	1	0.02	0.90
22:00-23:00	1	0.02	0.92
More than 23:00	5	0.08	1.00
Total	60		

Min (Hrs) : 0:00
Max (Hrs) : 34:30
AVERAGE: 6:32

Figure 2.3.6 Waiting Time at Anchorage before Enter Port

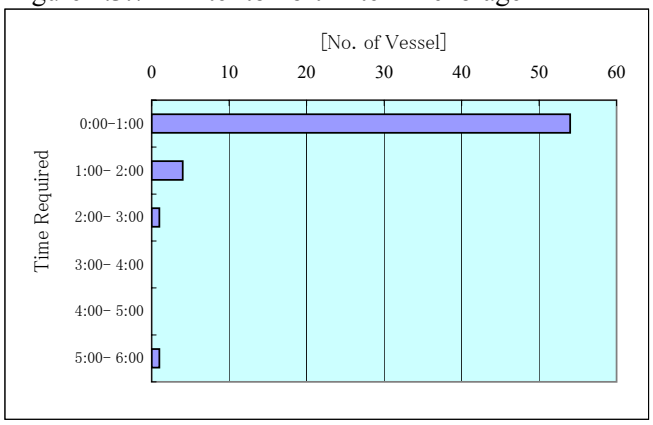


Enter to Port from Anchorage to Berth

Time	No. of Vessel	Ratio	Accumulation
0:00-1:00	54	0.90	0.90
1:00- 2:00	4	0.07	0.97
2:00- 3:00	1	0.02	0.98
3:00- 4:00	0	0.00	0.98
4:00- 5:00	0	0.00	0.98
5:00- 6:00	1	0.02	1.00
Total	60		

Min (Hrs) : 0:45
Max (Hrs) : 6:00
AVERAGE : 1:08

Figure 2.3.7 Enter to Port After Anchorage



Arrival Data of Container Vessel

Berth: JICT 1
Survey Period: 15th June to 28th June 2004
Total No. of Vessel: 60 Ships

Start Discharge Operation after Berthing

Time	No. of Vessel	Ratio	Accumulation
0:00-1:00	43	0.72	0.72
1:00-2:00	10	0.17	0.88
2:00- 3:00	3	0.05	0.93
3:00- 4:00	1	0.02	0.95
4:00- 5:00	2	0.03	0.98
5:00- 6:00	0	0.00	0.98
6:00- 7:00	0	0.00	0.98
7:00- 8:00	0	0.00	0.98
8:00- 9:00	0	0.00	0.98
9:00-10:00	0	0.00	0.98
10:00-11:00	0	0.00	0.98
11:00-12:00	0	0.00	0.98
24:00>	1	0.02	1.00
total	60		

Min (Hrs) : 0:00
Max (Hrs) : 23:30
AVERAGE : 1:12

Figure 2.3.8 Start Discharge Operation after Berthing

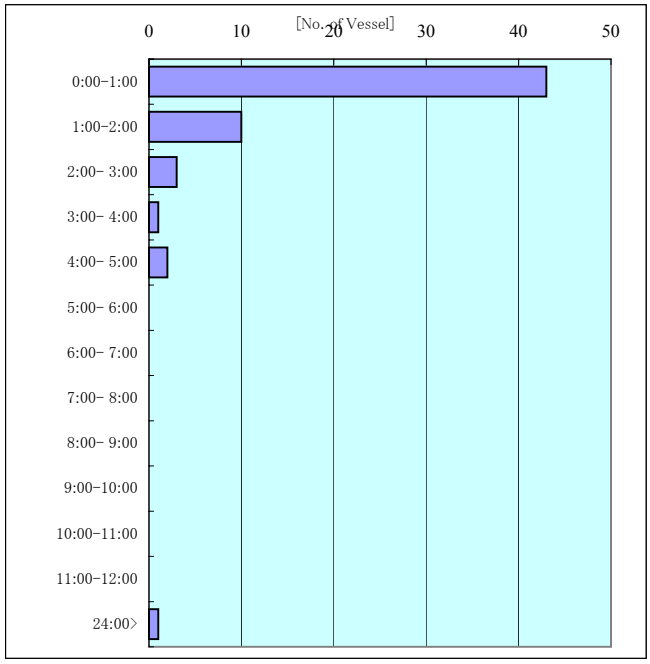
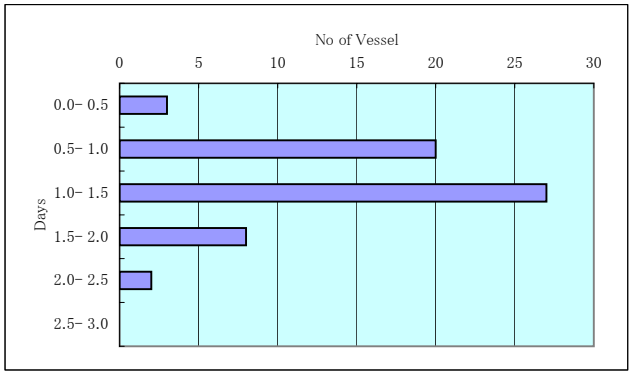


Table V4 Operation Time

Days	No. of Vessel	Ratio	Accumulation
0.0- 0.5	3	0.05	0.05
0.5- 1.0	20	0.33	0.38
1.0- 1.5	27	0.45	0.83
1.5- 2.0	8	0.13	0.97
2.0- 2.5	2	0.03	1.00
2.5- 3.0	0	0.00	1.00
Total	60		

Min (hrs) : 7:10
Max (Hrs) : 57:30
AVERAGE : 27:29

Figure 2.3.9 Berthing Time of Container Vessel



Measurement of Required Days for Processing Import Container
in the Container Yard

Case: FCL Imported

Survey: 15th June to 28th June 2004

Place: JICT 1

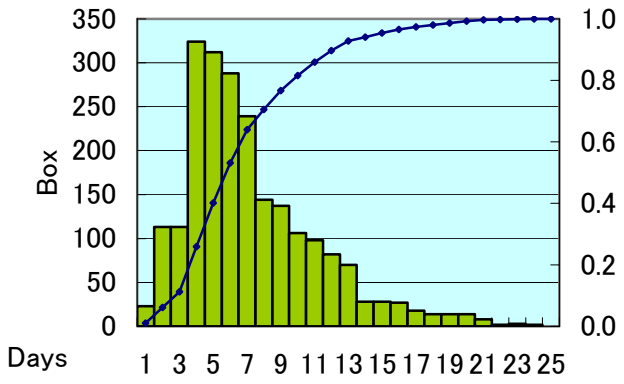


Figure 2.3.10 After Berthing to Gate Out

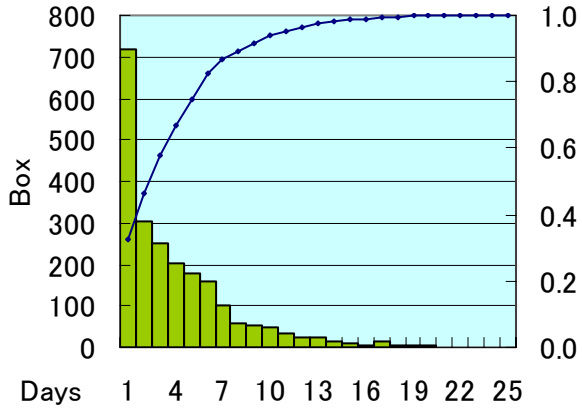


Figure 2.3.11 After Berthing to PIB Submit

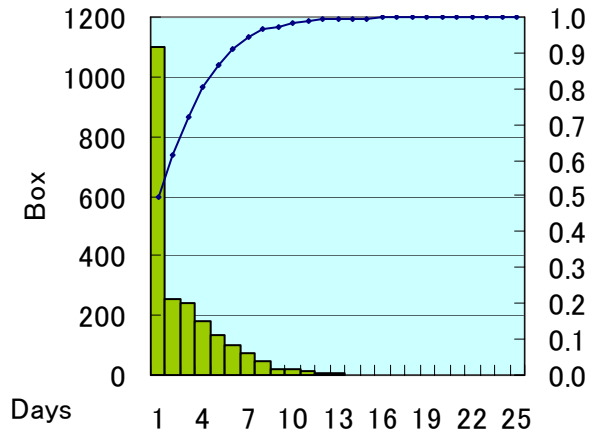


Figure 2.3.12 After PIB Submit to Issue SPPB

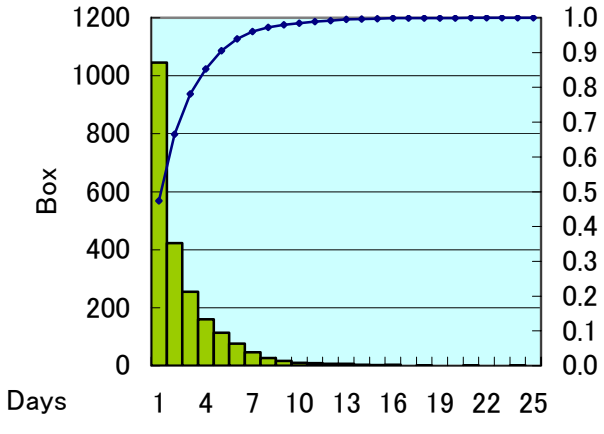


Figure 2.3.13 After Issue SPPB to Gate Out

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

Table 2.3.5 Total Sample of FCL Import and Export

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

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

[Unit ; Container]

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

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

[Unit ; Container]

Figure 2.3.14 Details of Clearance Process - PIB Submitted within one Day after Berthing (Base Data: After Berthing to Gate Out)

Case: FCL Import
Survey: 15th June to 28th June 2004
Place: JICT 1

Days	Total Sample	PIB Submitted within One Day after Berthing		More than One Day
Kept in CY		Discharge at Berth to PIB		
(Days)	(Box)	(Box)	Ratio	(Box)
1	23	22	0.96	1
2	113	102	0.90	11
3	113	72	0.64	41
4	324	164	0.51	160
5	312	130	0.42	182
6	288	86	0.30	202
7	239	69	0.29	170
8	144	29	0.20	115
9	137	12	0.09	125
10	106	11	0.10	95
11	98	9	0.09	89
12	82	5	0.06	77
13	70	3	0.04	67
14	28	0	0.00	28
15	28	2	0.07	26
16	27	0	0.00	27
17	18	0	0.00	18
18	14	0	0.00	14
19	14	0	0.00	14
20	14	0	0.00	14
21	8	0	0.00	8
22	2	1	0.50	1
23	3	0	0.00	3
24	2	0	0.00	2
25	0	0		0
Total	2,207	717	0.32	1,490

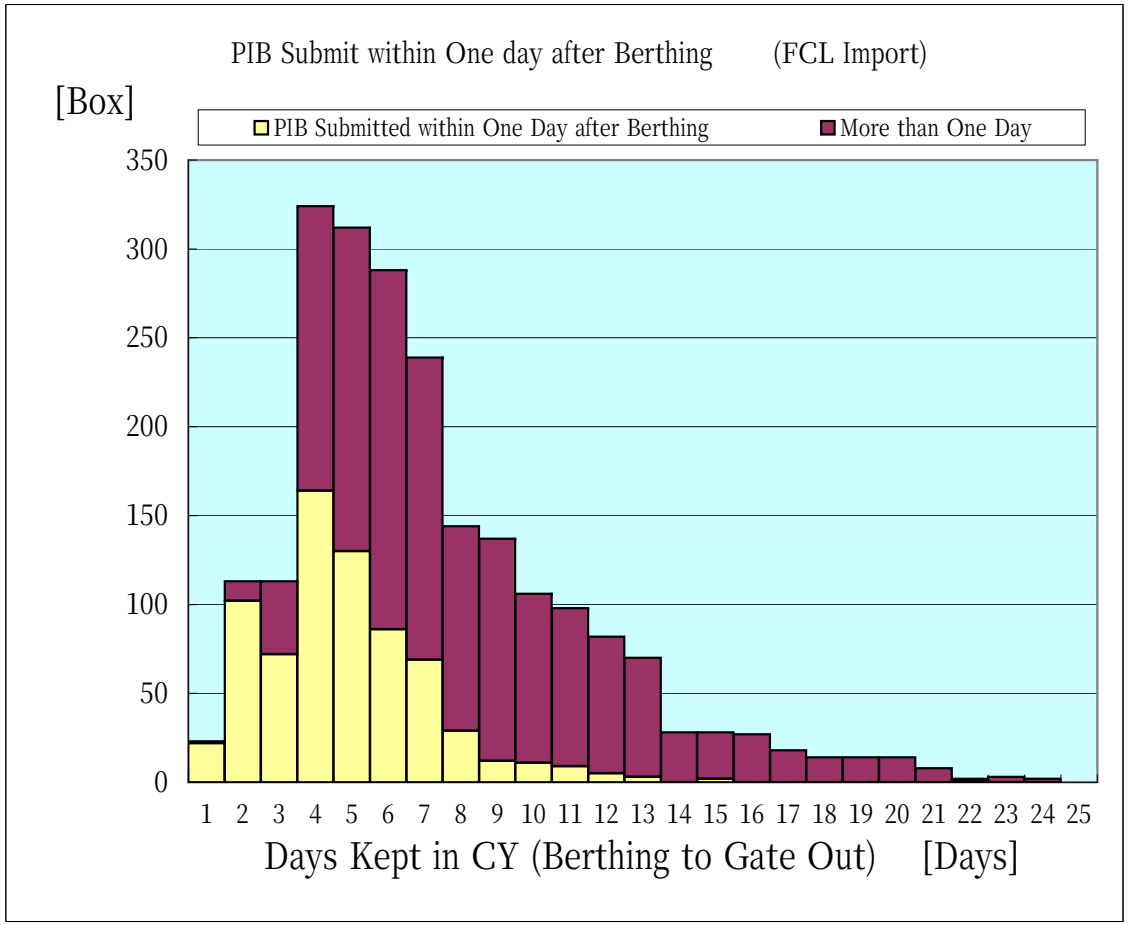
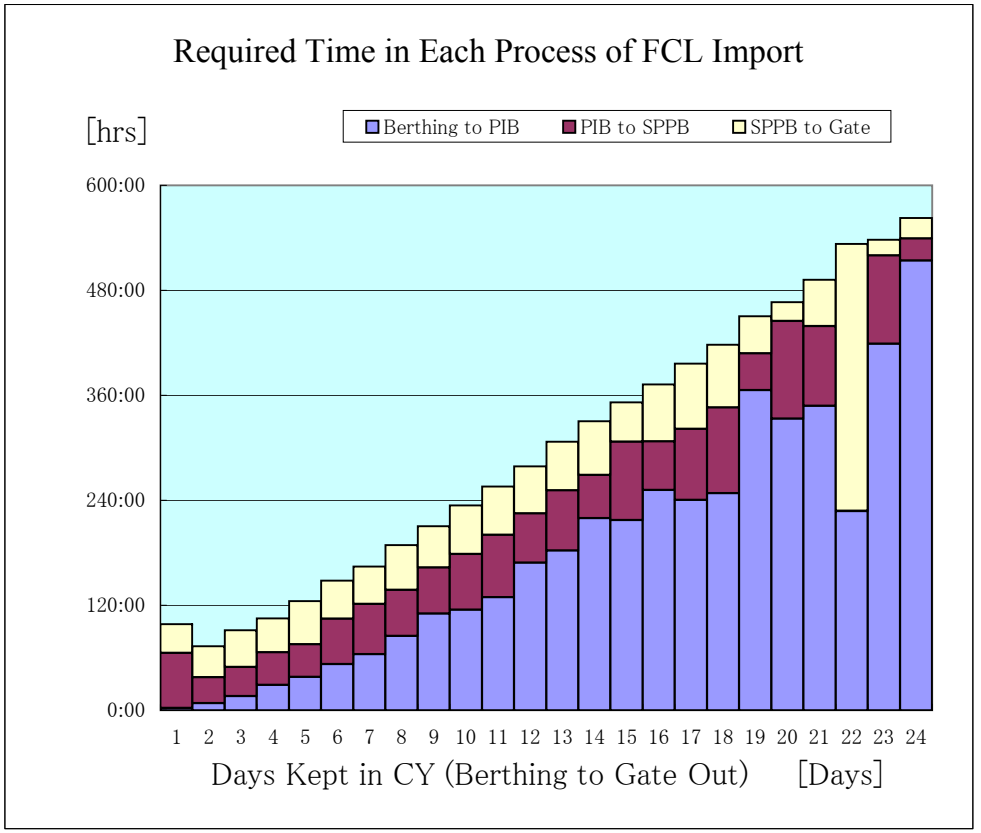


Figure 2.3.15 Required Time in Each Clearance Process of FCL Import

Case: FCL Import
Survey: 15th June to 28th June 2004
Place: JICT 1

		A-B	B-C	C-D	A-D
Days (day)	No. of Box	Berthing to PIB (hrs)	PIB to SPPB (hrs)	SPPB to Gate (hrs)	Berth to Gate (hrs)
in CY		Berthing to PIB	PIB to SPPB	SPPB to Gate	Berth to Gate
1	23	2:26	62:56	32:55	98:17
2	113	8:08	29:30	35:23	73:02
3	113	16:14	32:59	42:04	91:18
4	324	28:46	37:35	38:37	104:59
5	312	38:09	37:07	49:22	124:39
6	288	52:31	51:58	43:30	147:59
7	239	63:58	57:22	42:48	164:10
8	144	84:46	52:44	51:19	188:50
9	137	110:35	52:26	47:15	210:16
10	106	115:03	63:31	55:32	234:06
11	98	129:03	71:17	55:23	255:43
12	82	168:44	56:18	53:48	278:52
13	70	182:25	69:04	55:25	306:55
14	28	219:30	49:25	61:30	330:27
15	28	217:08	89:47	44:57	351:52
16	27	251:33	55:53	64:57	372:25
17	18	240:30	81:04	74:48	396:23
18	14	248:09	97:51	71:49	417:50
19	14	365:50	42:06	42:29	450:25
20	14	333:17	111:25	21:43	466:26
21	8	348:02	90:50	53:20	492:14
22	2	227:40	0:19	305:13	533:12
23	3	419:02	100:57	17:55	537:54
24	2	514:11	25:08	23:11	562:32
	2207				
Total time		175405:13	110370:45	102785:58	388561:56
Average (Hrs)		79:28	50:00	46:34	176:03
Average (days)		3.31	2.08	1.94	7.34

A: Berthing B: PIB Submit C: Issue SPPB D: Gate Out



PIB: Import Declaration
SPPB: Approval of Import

Survey: 15th June to 28th June 2004
Place: JICT 1

Required Time for Customs Clearance Process - FCL Import

Case: After Submission of PIB to Issue SPPB
Survey: 15th June to 28th June 2004
Place: JICT 1

Channel	No Trouble at Analyzing Point (AP)		Document check at Analyzing Point (AP)		Total (PIB)
	Green	Red	Green	Red	
(Symbol)	(G Green)	(R Red)	(AP Green)	(AP Red)	
Sample PIB (No.)	568	498	456	685	2207
(%)	25.7%	22.6%	20.7%	31.0%	100.0%
Average Time (hrs)	0:33	77:28	21:59	100:43	

Figure 2.3.16 Percentage of Different Channel for Import FCL

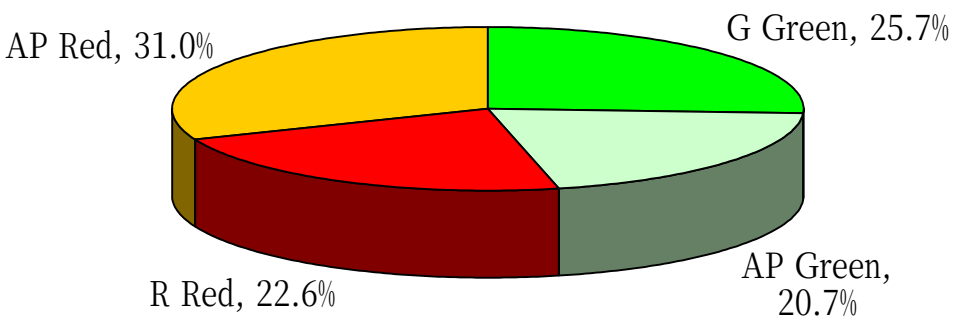
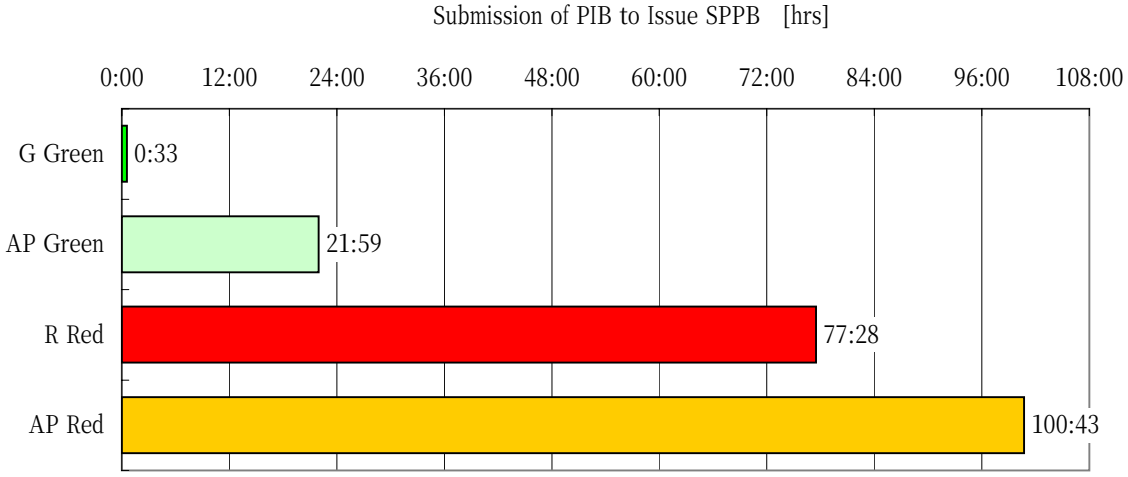


Figure 2.3.17 Average Required Time for Documents Process (Import FCL)



Average Required Time from Discharge at Berth to Gate Out

Cargo : FCL Import
Survey Curried Out: 15th June to 28th June 2004
Place: JICT 1

Description		Clearance Procedure			
		[A]	[B]	[C]	
Category		Discharge at Berth	PIB Submission	Issue SPPB	Total
		to	to	to	Berth to Gate Out
	Unit	PIB Submission	Issue SPPB	Gate Out	
Green Channel	Time (hrs)	83:12	0:33	73:12	156:57
	Time (days)	3.47	0.02	3.05	6.54
Red Channel	Time (hrs)	77:37	77:28	34:42	189:47
	Time (days)	3.23	3.23	1.45	7.91
Analyzing Point (AP) and Green	Time (hrs)	78:50	21:59	56:13	157:02
	Time (days)	3.28	0.92	2.34	6.54
Analyzing Point (AP) and Red	Time (hrs)	78:09	100:43	26:39	205:31
	Time (days)	3.26	4.20	1.11	8.56

Figure 2.3.18 Average Required Days from Discharge at Berth to Gate Out (FCL Import)

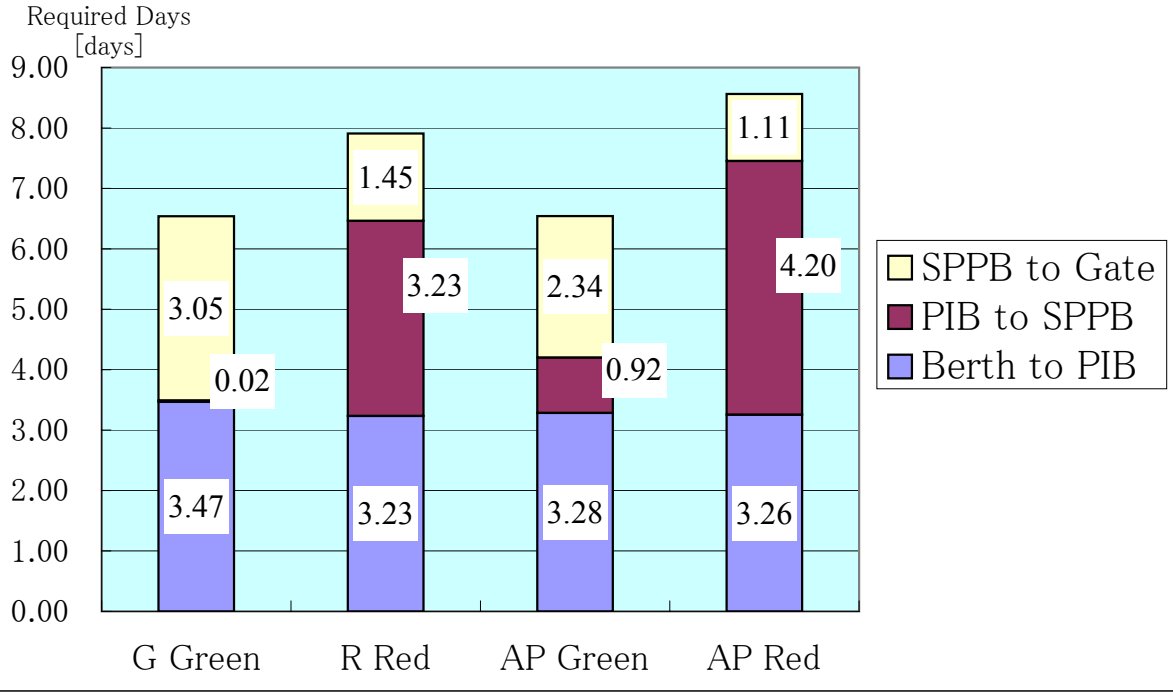
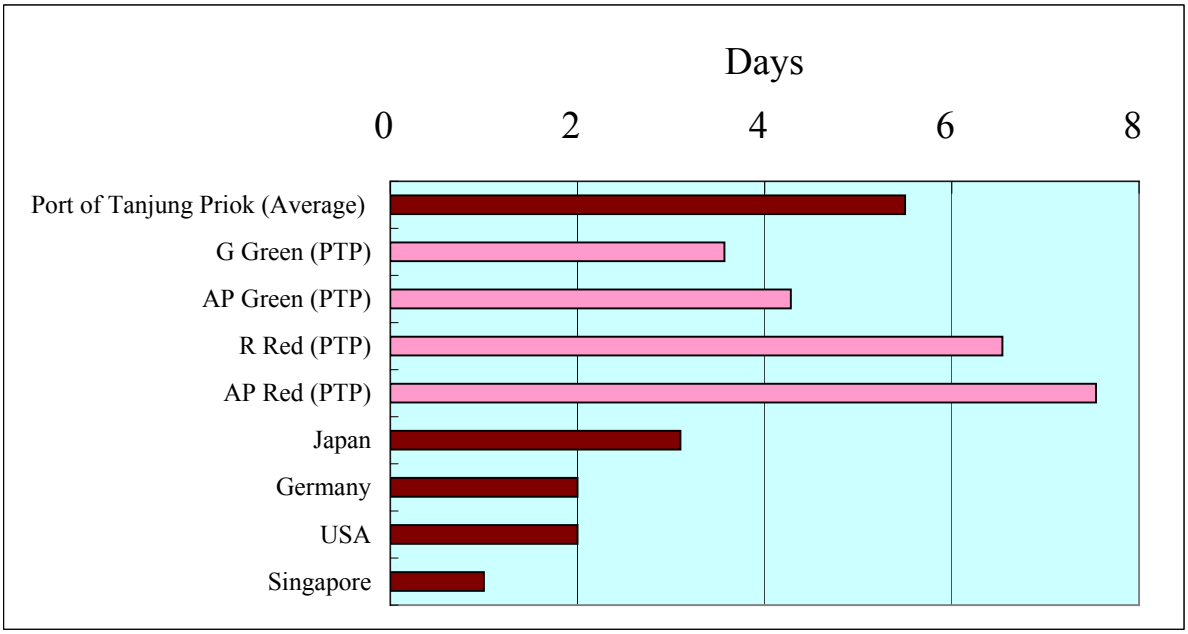


Figure 2.3.19 Comparison for Lead Time of Container Import

Lead Time : After Vessel Arrival at Port to Issuance of Import Approval



Source: Port of Tanjung Priok (PTP) : Spot Survey by the Study Team, 2004
Other Countries : MLIT (Ministry of Land Infrastructure and Transport) of Japan, 2003

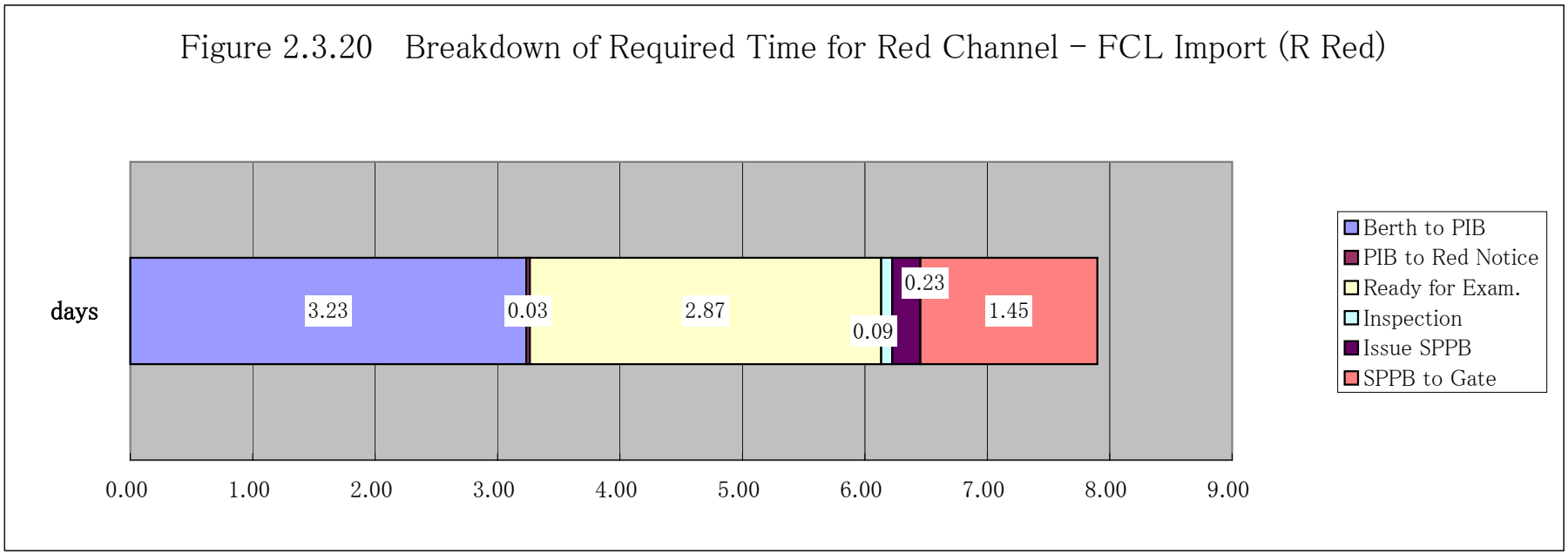
No.	Nation (Port)	Lead Time (days)	Remarks
1	Port of Tanjung Priok (Average)	5.5	Spot Survey by the Team (2004)
	G Green (PTP)	3.6	
	AP Green (PTP)	4.3	
	R Red (PTP)	6.5	
	AP Red (PTP)	7.5	
2	Japan	3.1	Data Source: MLIT of Japan (2003)
3	Germany	2.0	
4	USA	2.0	
5	Singapore	1.0	

MLIT: Ministry of Land Infrastructure and Transport of Japan

Breakdown of Required Time for Import Process (FCL) through Red Channel

Cargo : FCL Import
Survey Curried Out: 15th June to 28th June 2004
Place: JICT 1

Description	Red Channel						
Procedure	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Discharge at Berth	Submission of PIB	Notice of Red	Start Inspection	Completion of Inspect	Issue SPPB	Total time
	to	to	to	to	to	to	
	Submission of PIB	Notice of Red	Preparation of Inspect.	Completion of Inspect	Issue SPPB	Gate Out	
Time Required (hrs)	77:37	0:49	68:48	2:16	5:32	34:42	189:44
Time Required (days)	3.23	0.03	2.87	0.09	0.23	1.45	7.91



Breakdown of Required Time for Document Clearance Process (Case for Analyzing Point)

Case: FCL Import
Place: JICT 1
Survey: June 15th to June 28th 2004

Category	No. of Sample	Document Clearance Procedure (hrs)					
		[a]	[b]	[c]	[d]	[e]	[f]
	From:	PIB Submit	Docum't Request	Green/Red Notice	Exam. Ready	Red Clear	Total
	To:	Docum't Request	Docum't Accept	Prepare for Exam.	Red Clear	Issue SPPB	
1. Green Channel							
G Green	568						0:33
PV Green	116	1:06	14:11	0:00			15:17
TN Green	272	0:56	3:57	17:52			22:46
PV/TN Green	68	14:08	3:03	13:06			30:17
2. Red Channel							
R Red	498	0:49		68:48	2:16	5:32	77:28
PV Red	170	0:17	8:25	59:08	7:56	13:56	89:44
TN Red	366	0:55	2:49	84:34	8:10	13:39	110:09
PV/TN Red	149	8:18	2:48	67:12	3:19	8:23	90:02
Total	2207						

Figure 2.3.21 Breakdown of Required Time for Document Clearance Process - PIB to Analyzing Point Exam. (Green - FCL Import)

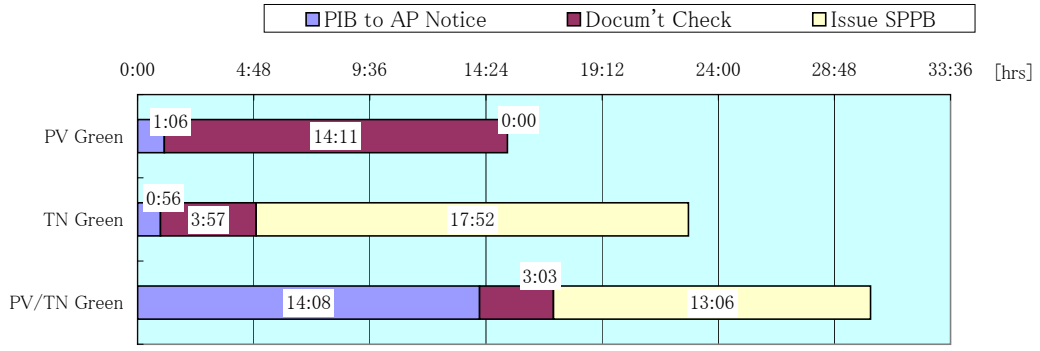
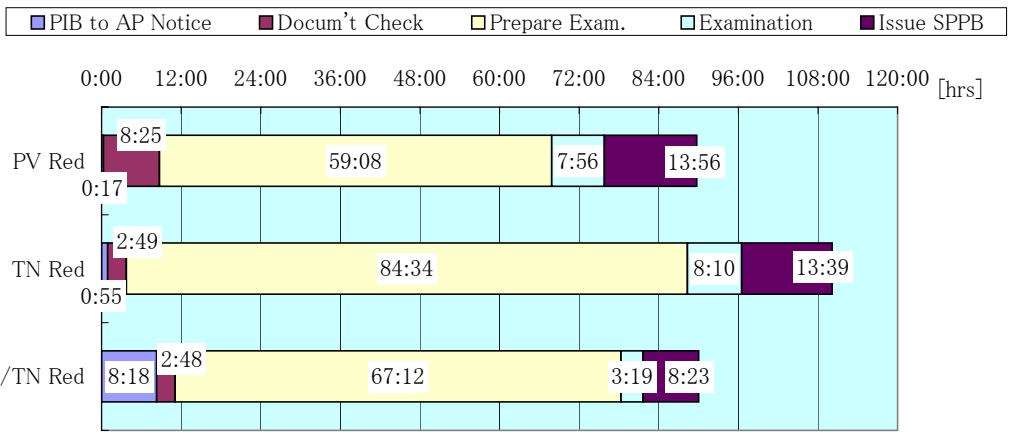


Figure 2.3.22 Breakdown of Required Time for Document Clearance Process - PIB to Analyzing Point Exam. and Red Inspection (Red - FCL Import)



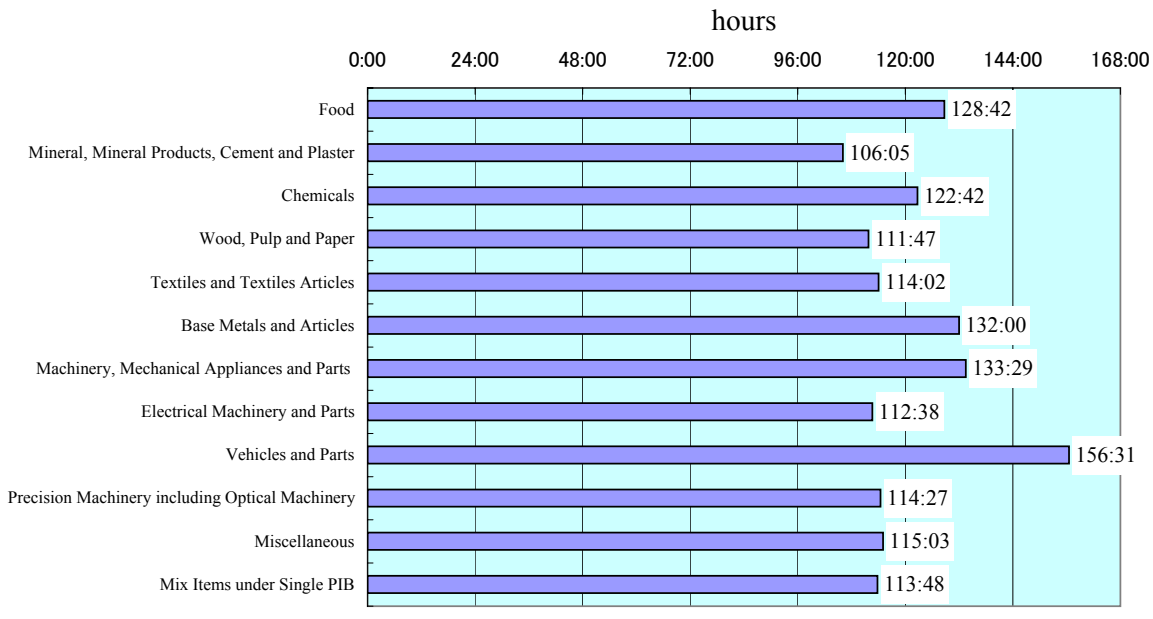
Average Time of Customs Clearance Process for FCL Import in Different Cargo Item

Data: After PIB Submit to Issue SPPB (Red Channel Case)

Survey: 15th June to 28th June 2004
Place: JICT 1

No.	Import Cargo Items	Red Channel		Analyzing Point		Average		Ratio
		No.of PIB	Average Time	No.of PIB	Average Time	No.of PIB	Average Time	
			(hrs)		(hrs)		(hrs)	
1	Food	2	132:52	26	128:23	28	128:42	121
2	Mineral, Mineral Products, Cement and Plaster	26	105:10	3	113:57	29	106:05	100
3	Chemicals	16	109:13	23	132:05	39	122:42	116
4	Wood, Pulp and Paper	3	89:00	3	134:34	6	111:47	105
5	Textiles and Textiles Articles	2	106:09	5	117:11	7	114:02	107
6	Base Metals and Articles	5	97:13	6	160:59	11	132:00	124
7	Machinery, Mechanical Appliances and Parts	10	157:16	17	119:29	27	133:29	126
8	Electrical Machinery and Parts	8	119:32	10	107:07	18	112:38	106
9	Vehicles and Parts	1	291:11	7	137:17	8	156:31	148
10	Precision Machinery including Optical Machinery	2	95:35	2	133:20	4	114:27	108
11	Miscellaneous	1	50:54	9	122:10	10	115:03	108
12	Mix Items under Single PIB	17	107:35	37	116:39	54	113:48	107
	Average	93	114:01	148	124:27	241	120:26	

Figure 2.3.23 Average Time for Customs Clearance Process of FCL Import in Different Cargo Item (Red Channel Case)



Required Days for Import Process at CFS - Import LCL

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

Days in CFS	No. (PIB)	Ratio	Accum Ratio
1	30	0.09	0.09
2	56	0.16	0.25
3	53	0.15	0.40
4	25	0.07	0.47
5	27	0.08	0.55
6	28	0.08	0.63
7	34	0.10	0.72
8	26	0.07	0.80
9	19	0.05	0.85
10	6	0.02	0.87
11	7	0.02	0.89
12	6	0.02	0.91
13	9	0.03	0.93
14	3	0.01	0.94
15	10	0.03	0.97
16	1	0.00	0.97
17	0	0.00	0.97
18	0	0.00	0.97
19	0	0.00	0.97
20>	10	0.03	1.00
Total	350	1.00	

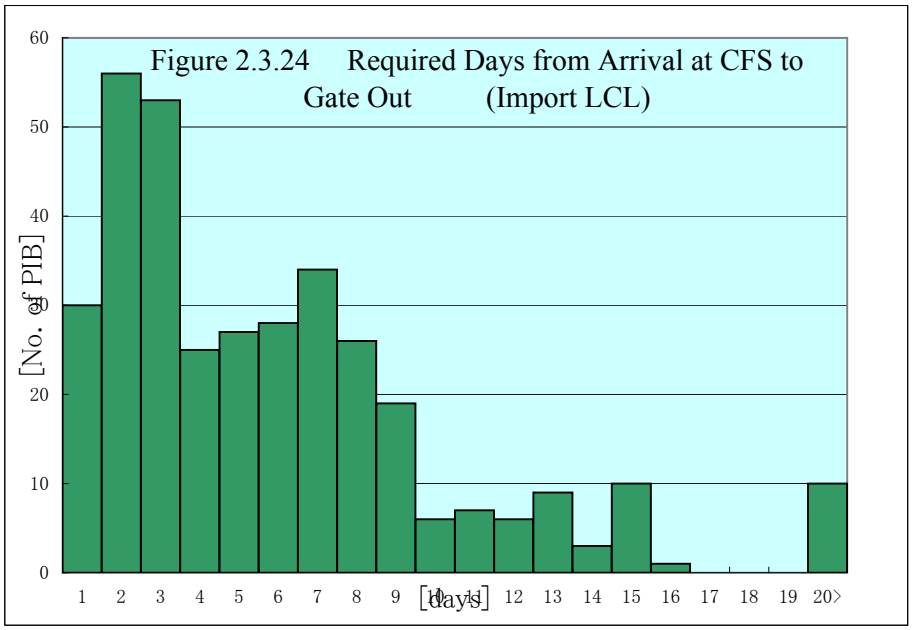


Table 2.3.6 Average Time Required in Each Process of LCL Cargo at CFS

Unit : Hour: Minutes

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

Table 2.3.7 General Cargo Ships Arrived from Abroad

Survey: 14th June to 1st July 2004
Place: Tanjung Priok Port
No. of Ships: 22 ships

Color : Sample Ship

No.	Name of Vessel	Ship Arrival									Anchor Time	Approach to Berth
		PPKB No.	from		(A) Arrival time		(B) Tug Service Start time		(C) Berthing time			
			Port	Country	Day	Time	Day	Time	Day	Time	B - A (Hrs)	C - B (Hrs)
1	Hiya Builder	109136	Male	Maldives	6/14/04	10:00	6/15/04	14:30	6/15/04	15:30	0:00	1:00
2	Orchid Sea	109094	Singapore		6/16/04	6:00	6/16/04	6:00	6/16/04	7:00	3:00	1:00
3	Liang Shan	109045	Xingang	PRC	6/16/04	12:00	6/16/04	13:00	6/16/04	14:00	2:00	1:00
4	Thor Sky	109158	Surabaya		6/16/04	14:00	6/16/04	14:00	6/16/04	15:00	0:00	1:00
5	Gold Menam, MV	109381	Kobe	Japan	6/18/04	18:00	6/18/04	18:00	6/18/04	19:00	0:00	2:00
6	ASIAN ROBIN	109453	YOKOHAMA	JAPAN	6/19/04	3:00	6/19/04	6:00	6/19/04	7:00	1:30	1:00
7	Dewi Laksmi	109715	Port Kelang	Malaysia	6/20/04	7:00	6/20/04	7:00	6/20/04	8:00	0:30	1:00
8	Ceren Urkmez	109758	Kuching	Sarawak	6/20/04	13:00	6/20/04	13:00	6/20/04	15:00	46:30	1:00
9	Luna Azul, MV	109683	Singapore		6/21/04	3:00	6/21/04	5:00	6/21/04	6:00	0:00	1:00
10	Shan Furyu	109550	Singapore		6/21/04	22:00	6/21/04	22:00	6/21/04	23:00	0:00	1:00
11	GIGA TRANS	110098	PORT KELANG	MALAYSIA	6/23/04	4:30	6/23/04	6:00	6/23/04	7:00	0:00	1:30
12	SINAR KUDUE	110107	SEMARANG	JATENG	6/23/04	17:00	6/23/04	17:30	6/23/04	18:30	0:00	1:00
13	Nozomi	110142	Guangzhou/ Canton	PRC	6/23/04	17:30	6/25/04	16:00	6/25/04	17:00	0:00	1:00
14	WAKATO	110264	SINGAPORE		6/24/04	7:00	6/24/04	7:00	6/24/04	8:00	1:00	1:00
15	Jiang Xi Guan	110250	Lianyungang	PRC	6/24/04	18:30	6/24/04	18:30	6/24/04	19:30	0:00	1:00
16	Thor Orchid	110253	Samarinda		6/25/04	2:00	6/25/04	2:00	6/25/04	3:00	1:00	1:00
17	KOCHI ACE	110726	TOYKO	JAPAN	6/27/04	18:00	6/27/04	18:00	6/27/04	19:30	0:00	1:00
18	Cape Moreton	110631	Port Moresby	PNG	6/28/04	14:00	6/28/04	14:00	6/28/04	15:00	28:30	1:00
19	CENTURY OAK	110839	MALACCA	MALAYSIA	6/29/04	7:00	6/29/04	7:00	6/29/04	8:00	0:00	1:00
20	Cape York	110972	Singapore		6/30/04	6:00	6/30/04	7:00	6/30/04	8:00	0:00	1:00
21	Houston	110958	Darwin	Australia	6/30/04	15:00	6/30/04	15:00	6/30/04	16:00	0:00	1:00
22	Shan Furyu	111090	Singapore		7/1/04	6:00	7/1/04	6:00	7/1/04	7:00	0:00	1:00

Observations

1. Anchorage: Normal waiting time was less than 3 hours, however 2ships, No.8 and No. 18, were anchored 46 hrs and 28 hrs respectively.
2. Entrance Channel: Approach times of 1 to 2 hrs from the anchorage to berths were taken by all ships.

Import of General Cargo

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

Table 2.3.8 Cargo Flow - after Berthing to Gate Out

Unit : Hours

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

Table 2.3.9 Document Flow - PIB Submit to Issue SPPB

(1) AP Green Case

Sample; 34 Cases Unit : Hours

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

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

(2) AP Red Channel Case

Sample; 02 cases Unit : Hours

No.	(1)	(2)	(3)	(4)	(5)	(6)
Steps / Item	Berthing	PIB Submit	AP Request	AP Clear	Channel Check	Total
	to	to	to	to	to	(2) to (5)
	PIB Submit	AP Request	AP Clear	Channel Check	Issue SPPB	(PIB to SPPB)
Excavator (5 units)	- 68:39	2:00	0:56	68:12	119:23	190:32
Excavator (1 unit)	- 66:42	0:03	0:03	70:10	434:58	505:15
Remarks	PIBs were submitted before Berthing				Red Channel	

Table 2.3.10 Requires Days for Export Process - FCL

Survey: 23rd June to 29th June 2004
Place: Tanjung Priok Port
Terminal: JICT 1

		Unit	Days Required after Submission of PEB to JICT Gate In											
Case	Description	Day	1	2	3	4	5	6	7	8	9	10	Total	%
Case A	Correction of Document is requested	PEB	30	17	11	8	2	0	0	0	0	0	68	12.5%
Case B	Document is satisfied without Correction	PEB	327	67	36	19	12	11	4	0	0	0	476	87.5%
	Total	PEB	357	84	47	27	14	11	4	0	0	0	544	
	(%)		65.6	15.4	8.6	5.0	2.6	2.0	0.7	0.0	0.0	0.0	100.0	
	Cumulative (%)		65.6	81.1	89.7	94.7	97.2	99.3	100.0	100.0	100.0	100.0		

Note: All containers were loaded within 24 hours after Gate In.
PEB: Export Declaration Form

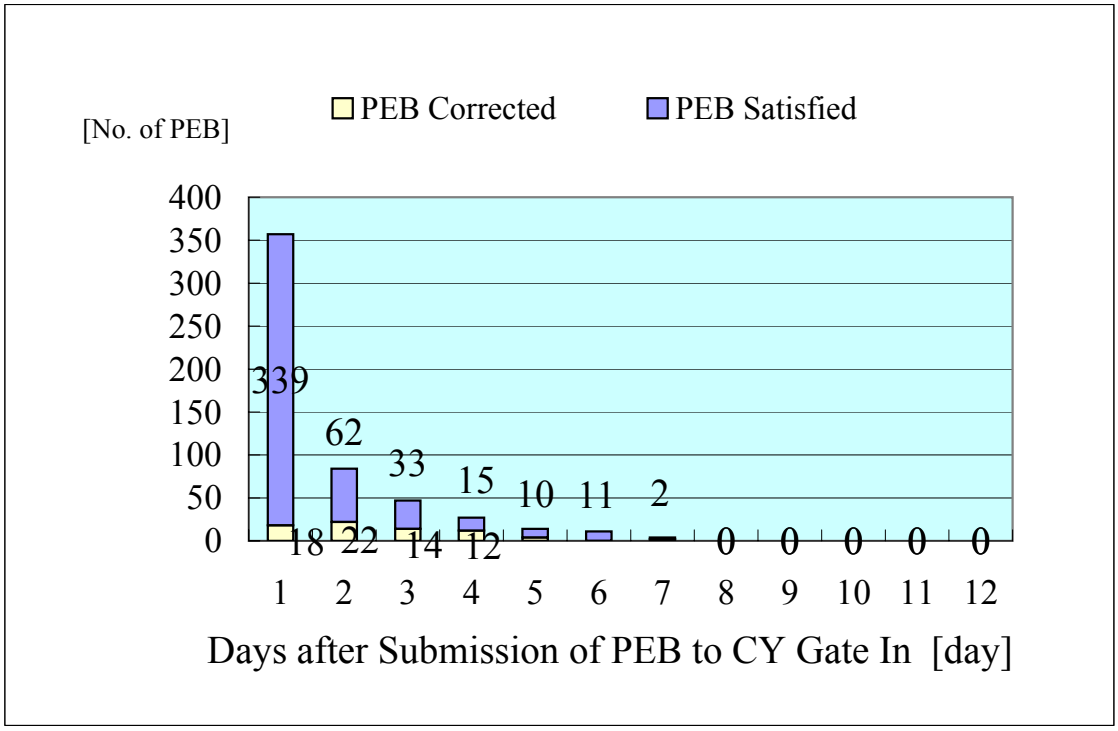


Table 2.3.11 Details of Required Time for Customs Clearance Process

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

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

Table 2.3.12 Sample 1 (Air Cargo - Import) - Landing to Gate Out

Unit: PIB

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

Table 2.3.13 Sample 2 (Air Cargo - Import) -Document Clearance Procedure

Unit: PIB

Air Line	GA	JL	SQ	TG	Total
Fright No.	411, 415, 417, 488, 831, 880, 881, 889 975, others	725, 713	152, 154, 156, 158, 160, 162, 166, 168, others	413, 433, 665, others	
G Green	152	84	253	99	588
PA green	157	48	280	103	588
Green Sub total	309	132	533	202	1176
R Red	9	5	24	14	52
PA Red	47	11	57	25	140
Red Sub total	56	16	81	39	192
Total	365	148	614	241	1368

Notes:

1) Data cover the period of 15th June to 28th June 2004.

2) PIB data were supplied by Customs Office of Airport.

Table 2.3.14 Sample 3 (Air Cargo - Export)

Unit: PEB

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

Table 2.3.15 Average Required Days for Import Process of Air Cargo

Cargo : Import Air Cargo
Survey Curried Out: 22nd June to 30th June 2004
Place: Soekarno Hatta Airport
Flight No.: GA880, JAL725, JAL713, SQ158, SQ162, TG413

Days Required (Days)	Green Line (PIB)	Red Line (PIB)	Total (PIB)	Ratio	Cumulat.
1	0	0	0	0.00	0.00
2	132	1	133	0.34	0.34
3	157	5	162	0.41	0.74
4	23	7	30	0.08	0.82
5	22	9	31	0.08	0.90
6	7	8	15	0.04	0.93
7	1	9	10	0.03	0.96
8	1	7	8	0.02	0.98
9	0	5	5	0.01	0.99
10	0	0	0	0.00	0.99
11	0	0	0	0.00	0.99
12	0	0	0	0.00	0.99
13	0	0	0	0.00	0.99
14>	0	3	3	0.01	1.00
Total	343	54	397	1.00	-
(%)	0.86	0.14	1.00	-	-

Figure 2.3.26 Average Required Days for Import Process - Air Cargo

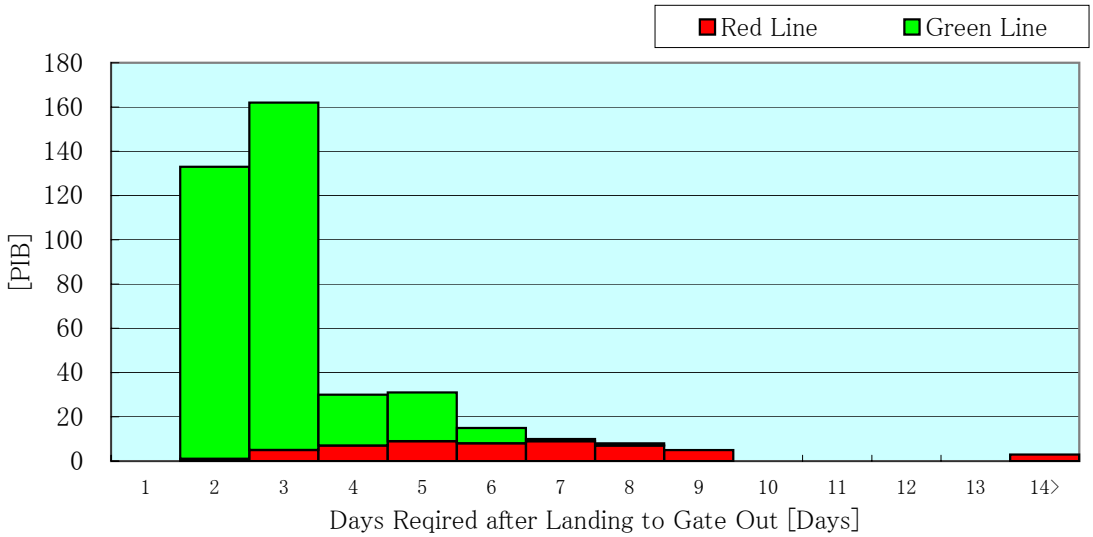


Table 2.3.16 Average Required Time in Each Process of Air Cargo Import

Cargo : Import Air Cargo
Survey : 22nd June to 30th June 2004
Place: Soekarno Hatta Airport

Green Line Total Sample No. : 343 PIB

	A-B	B-C	C-D	A-D
Required (days)	Arrival to PIB (hr)	PIB to SPPB (hr)	SPPB to Gate (hr)	Arrival to Gate (hr)
1	0	0	0	0
2	31:55	8:17	2:47	43:00
3	41:18	4:03	18:36	63:58
4	45:40	1:38	37:42	85:01
5	35:02	4:58	70:46	110:47
6	39:59	4:31	92:50	137:21
7	40:18	0:02	122:30	162:51
8	46:24	0:05	139:11	185:42
9	0	0	0	0
10	0	0	0	0
11	0	0	0	0
12	0	0	0	0
13	0	0	0	0
14>	0	0	0	0

Red Line Total Sample No. : 54 PIB

	A-B	B-C	C-D	A-D
Required (days)	Arrival to PIB (hr)	PIB to SPPB (hr)	SPPB to Gate (hr)	Arrival to Gate (hr)
1	0	0	0	0
2	-10:58	52:12	0:32	41:46
3	30:42	34:44	0:48	66:14
4	36:12	41:58	9:50	88:02
5	45:49	59:41	5:50	111:20
6	29:37	94:04	13:20	137:02
7	31:17	122:38	9:21	163:17
8	14:56	150:38	20:12	185:47
9	36:03	167:18	7:01	210:23
10	0	0	0	0
11	0	0	0	0
12	0	0	0	0
13	0	0	0	0
14>	17:01	337:07	7:39	361:49

A: Arrival of Aircraft announced by Airport
B: Submission of PIB
C: Issue SPPB
D: Gate Out of Truck from Warehouse Area

Figure 2.3.27 Average Required Time in Each Process of Air Cargo (Case: Green Line)

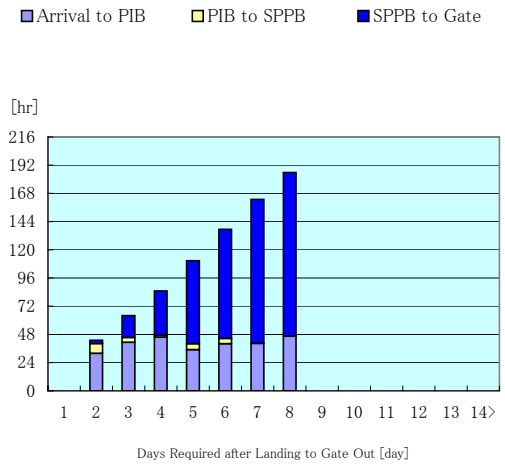
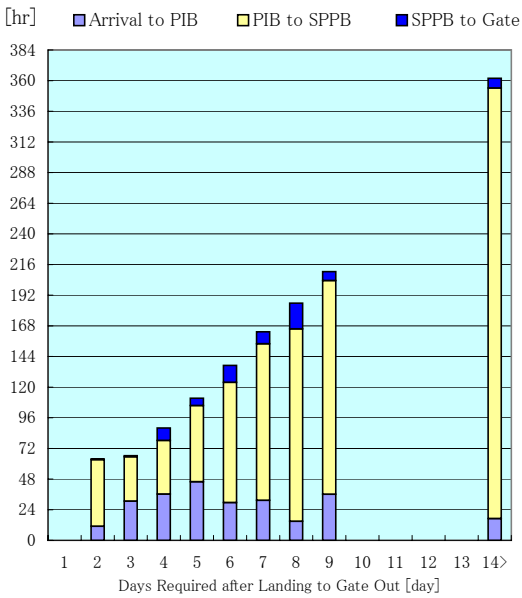


Figure 2.3.28 Average Required Time in Each Process of Air Cargo (Case: Red Line)



Required Time for Customs Clearance Process - Import Air Cargo

Case: After Submission of PIB to Issue SPPB
Survey: 22nd June to 3rd July 2004
Place: Soekarno Hatta Airport
Sample: 1368 PIB
Flight No.: All GA, JAL, SQ and TG Landed during survey Period

Channel	No Trouble at Analyzing Point (AP)		Document Check at Analyzing Point (AP)		Total
	Green	Red	Green	Red	
(Symbol)	(G Green)	(R red)	(AP Green)	(AP Red)	
Sample No. (PIB)	588	52	588	140	1368
(%)	43.0	3.8	43.0	10.2	100.0
Average Time (hrs)	7:22	94:45	14:27	126:10	

Note:
G Green - Required documents were accepted at the Analyzing Point (AP) and subsequently classified as Green Line Category.
R Red - Required documents were accepted at the AP and then it was fallen into Red Line Category.
AP Green - Required documents were not satisfied at the AP and rectifications were pointed out. After rectified, it was judged as Green.
AP Red - Required documents were instructed to be rectified at the AP. After correction, it was classified as Red.

Figure 2.3.29 Percentage of Different Channel (Import Air Cargo)

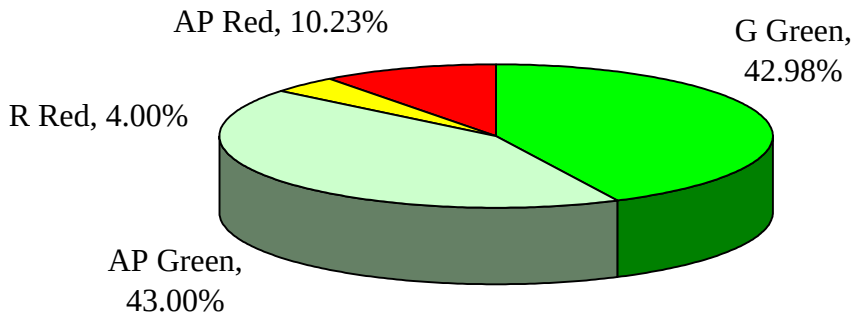
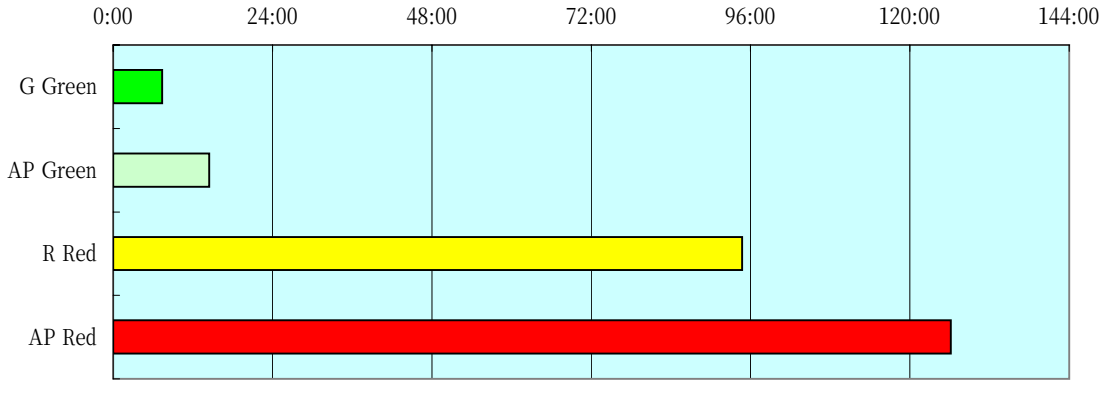


Figure 2.3.30 Average Required Time for Documents Procedure (PIB to SPPB)



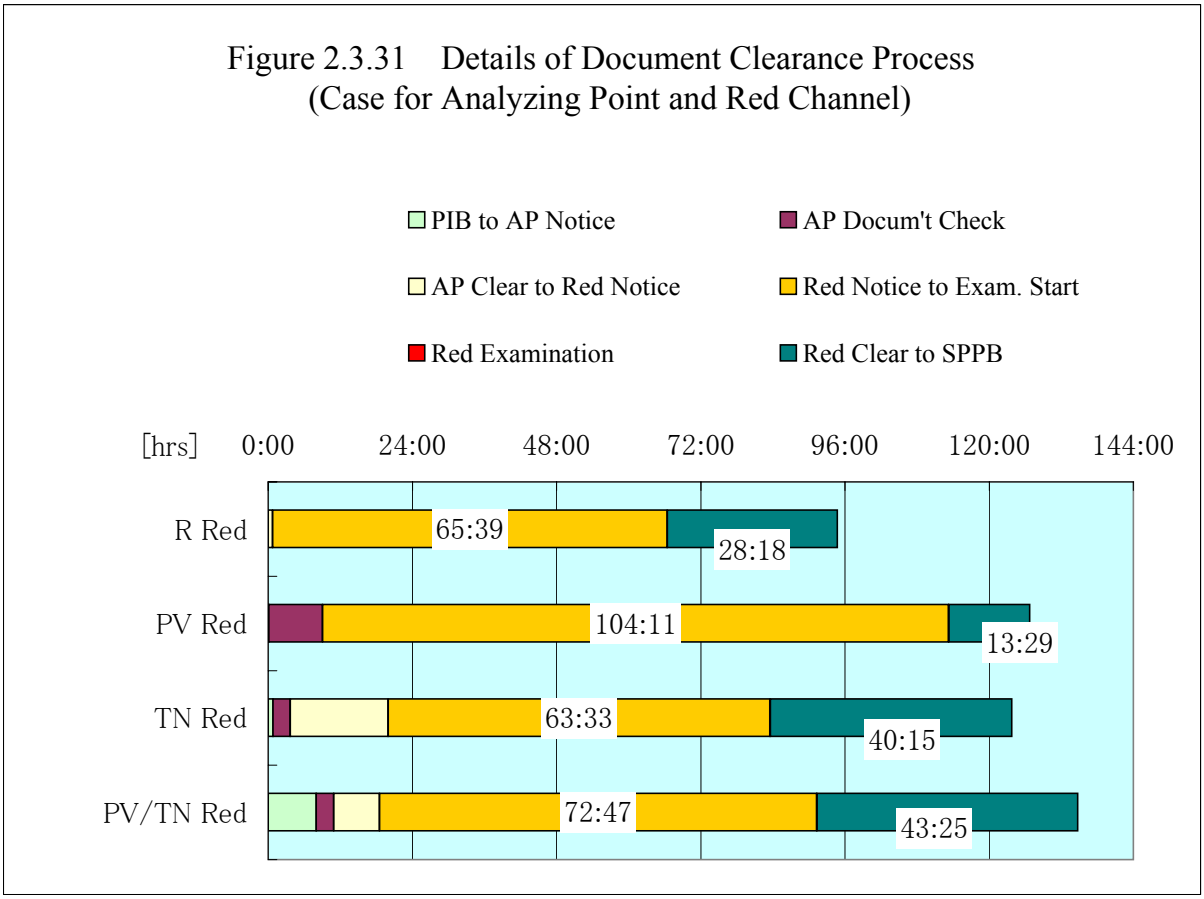
Details of Required Time for Document Clearance Process (Case for Analyzing Point)

Cargo : After Submission of PIB to Issue SPPB
Survey : 22nd June to 3rd July 2004
Place: Soekarno Hatta Airport Unit : Hours

Category	No. of Sample	Document Clearance Procedure						
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		PIB Submit	AP Docum't Request	Docum't Accept	Red Notice	Exam. Start	Red Clear	Total
		to	to	to	to	to	to	
		AP Docum't Request	Docum't Accept	Red Notice	Prepare Exam.	Red Clear	Issue SPPB	
R Red	52	0:00	0:00	0:45	65:39	0:03	28:18	94:45
PV Red	13	0:06	8:58	0:00	104:11	0:03	13:29	126:47
TN Red	101	0:48	2:54	16:16	63:33	0:03	40:15	123:49
PV/TN Red	26	7:58	2:56	7:37	72:47	0:03	43:25	134:46
Total	192							
Average		2:04	3:28	8:11	67:59	0:03	35:13	117:00

[Note] PV: Payment Verification
TN: Document Check (License, Qualification, Others)

Figure 2.3.31 Details of Document Clearance Process
(Case for Analyzing Point and Red Channel)



Required Time for Export Process - Air Cargo

Survey: 30th June to 3rd July 2004
Place: Soekarno Hatta Airport
Carrier: GA880, JL714, JL726, TG414, SQ163
Sample: 103 AWB
Case: Export Process from cargo received at Air Cargo Warehouse to Aircraft

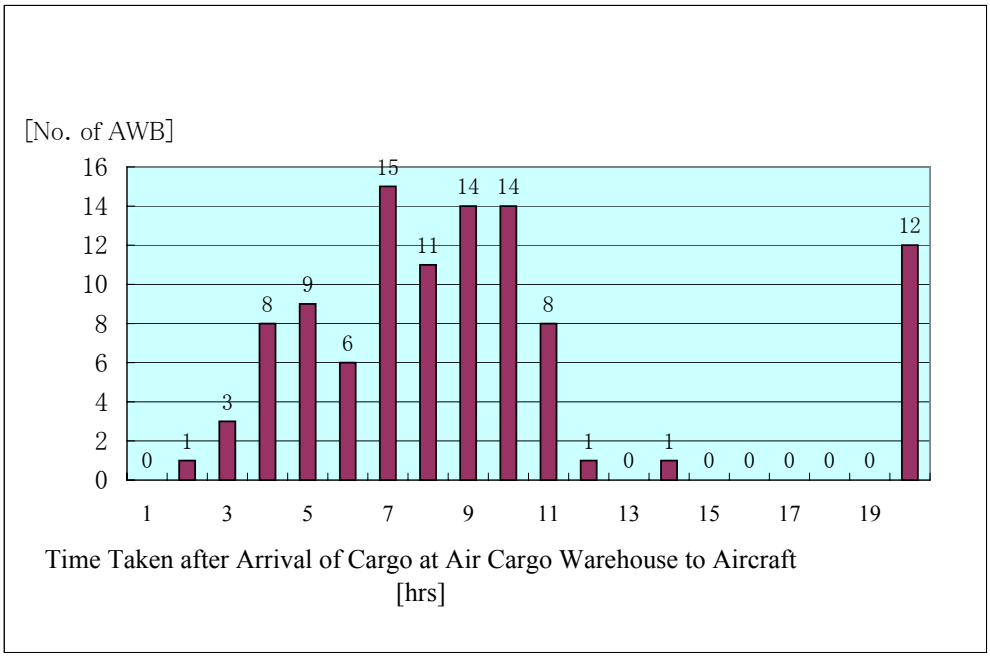
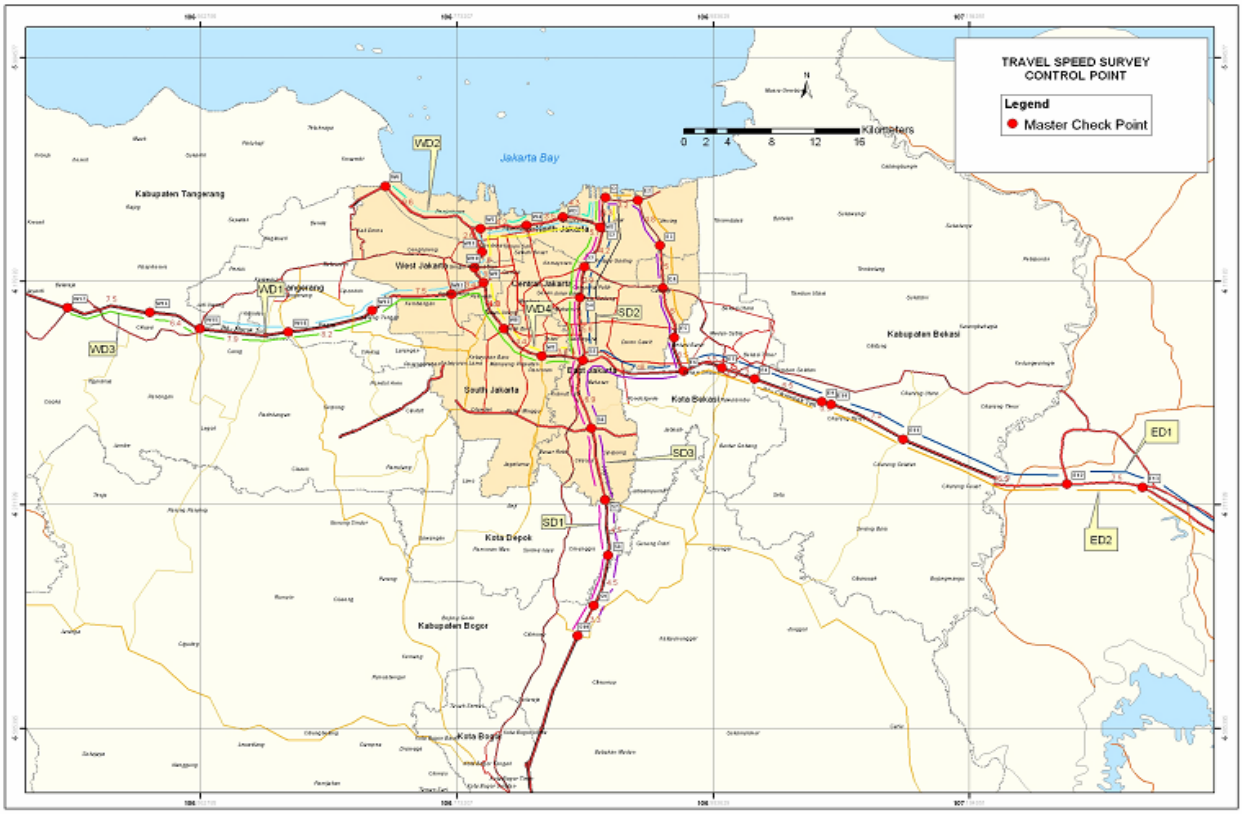


Table 2.3.17 Details of Operation hours in each Procedure

Unit: Hrs

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

Table 2.3.18 Traffic Survey: East, South, West Direction and North of Jakarta



Number of Run and Direction

Unit: No. of Run

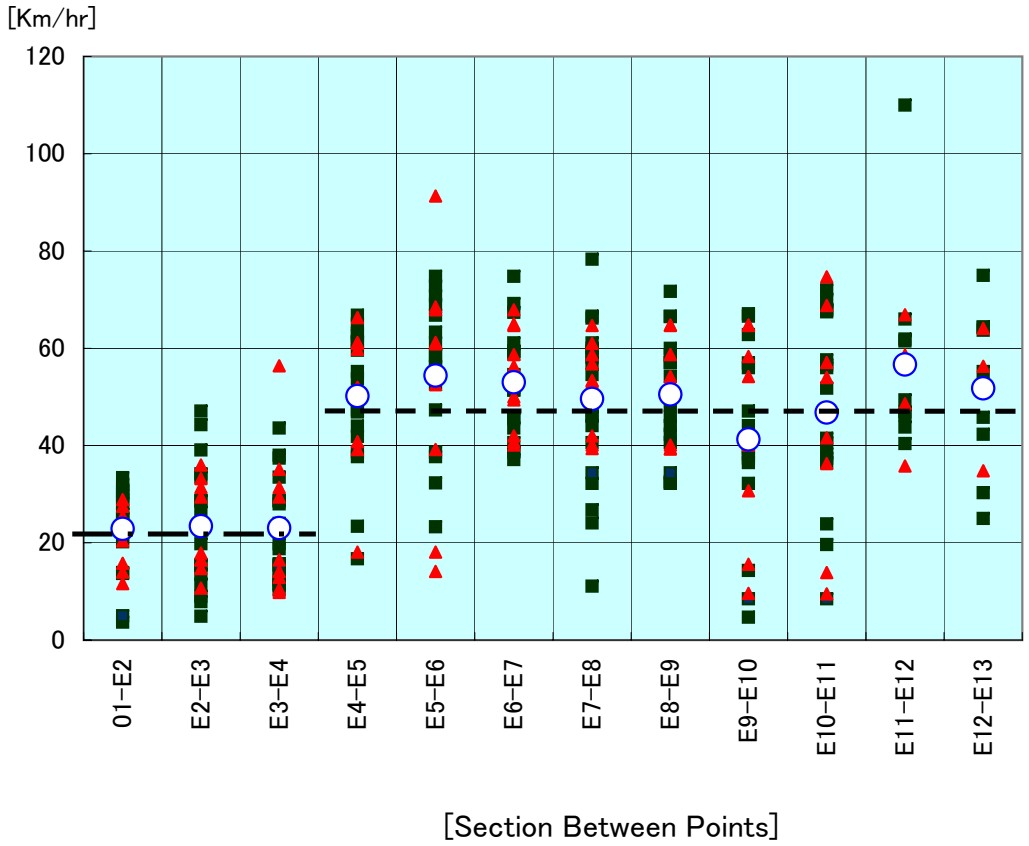
1. Sea Freight from Port

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

2. Air Freight from Airport

42 Run (from 24th June 2004 to 28th June 2004)

Figure 2.3.33 Travel Speed of Container Trailers Between Points - East Direction From Tanjung Priok Port (JICT1)



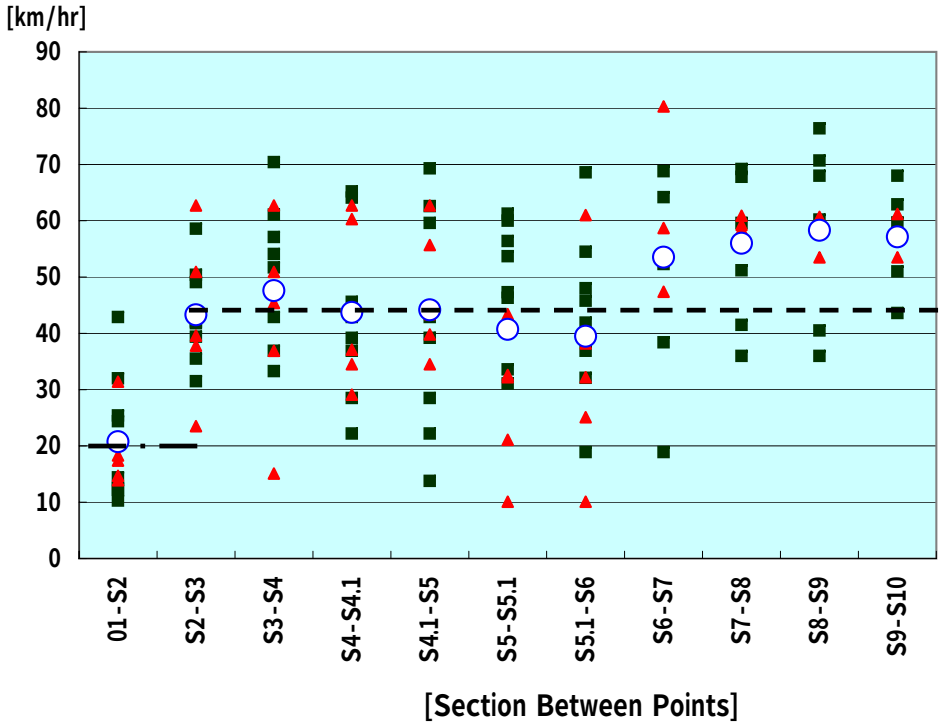
Survey Period : 15th June to 21st June 2004
No. of Samples: 29 Samples

[Legend]

- Average Speed of the Each Section
- Average Speed at Toll Road (46.9 km/hr)
- Average Speed at Artery Road (23.1 km/hr)
- Travel Speed (Morning)
- Travel Speed (Afternoon)

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

Figure 2.3.34 Travel Speed of Container Trailers Between Points - South Direction From Tanjung Priok Port (JICT1)



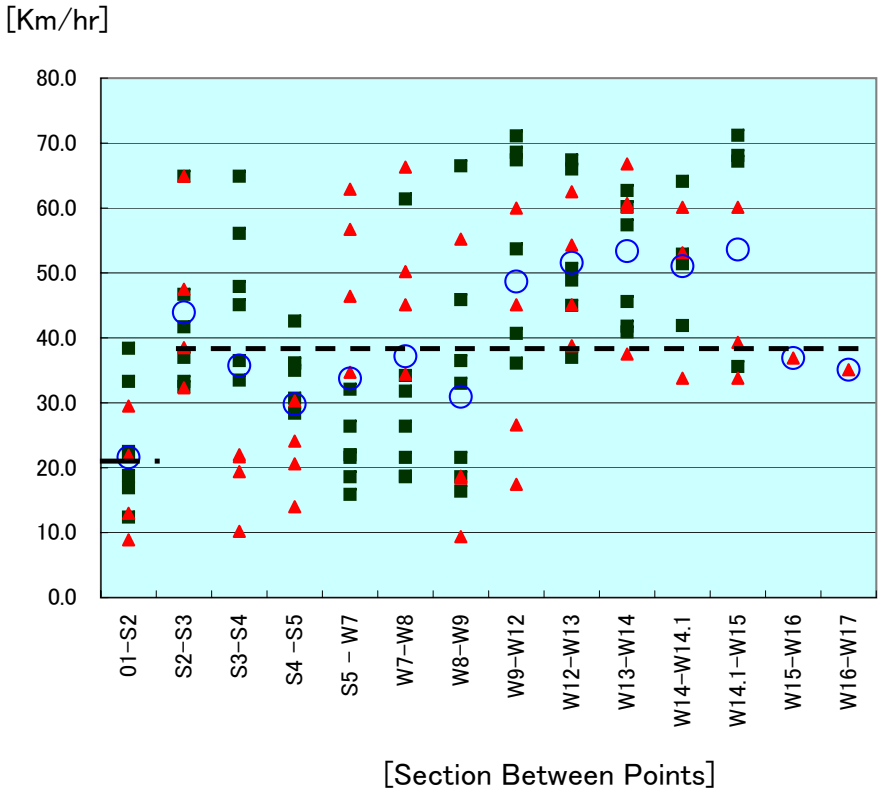
Survey Period : 15th June to 21st June 2004
No. of Samples: 14 Samples

[Legend]

- Average Speed of the Each Section
- Average Speed at Toll Road (45.2 km/hr)
- Average Speed at Artery Road (20.8 km/hr)
- Travel Speed (Morning)
- Travel Speed (Afternoon)

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

Figure 2.3.35 Travel Speed of Container Trailers Between Points - West Direction From Tanjung Priok Port through Cawang



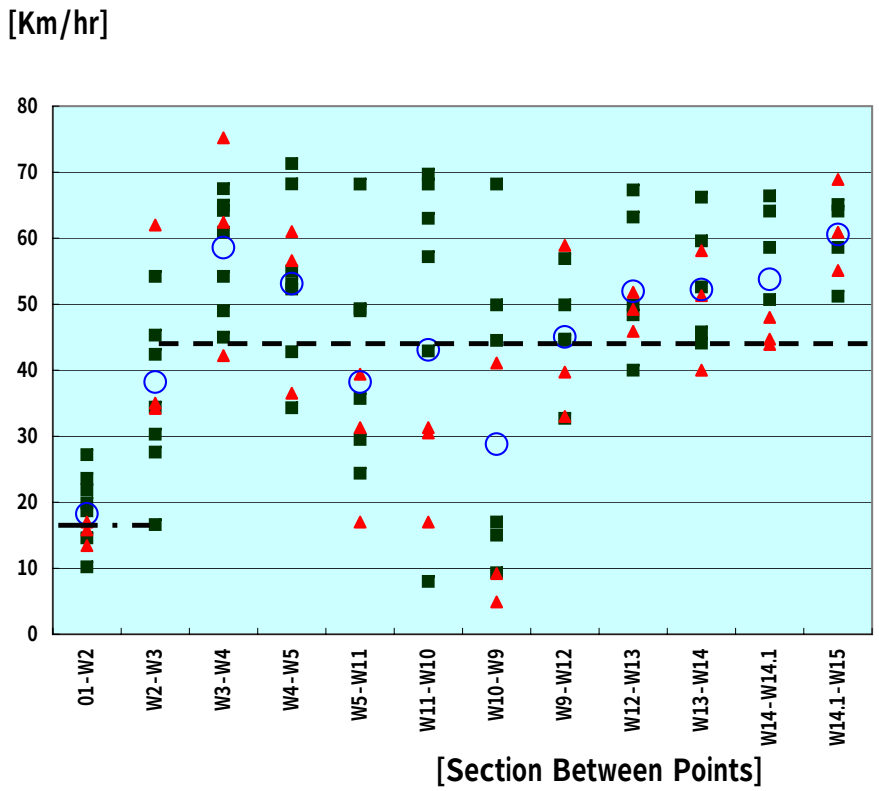
Survey Period : 15th June to 21st June 2004
No. of Samples: 11 Samples

[Legend]

- ○ ○ Average Speed of the Each Section
- Average Speed at Toll Road (39.8 km/hr)
- Average Speed at Artery Road (21.6 km/hr)
- ■ Travel Speed (Morning)
- ▲ Travel Speed (Afternoon)

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

Figure 2.3.36 Travel Speed of Container Trailers Between Points - West Direction From Tanjung Priok Port through Ancole



Survey Period : 15th June to 21st June 2004
No. of Samples: 10 Samples

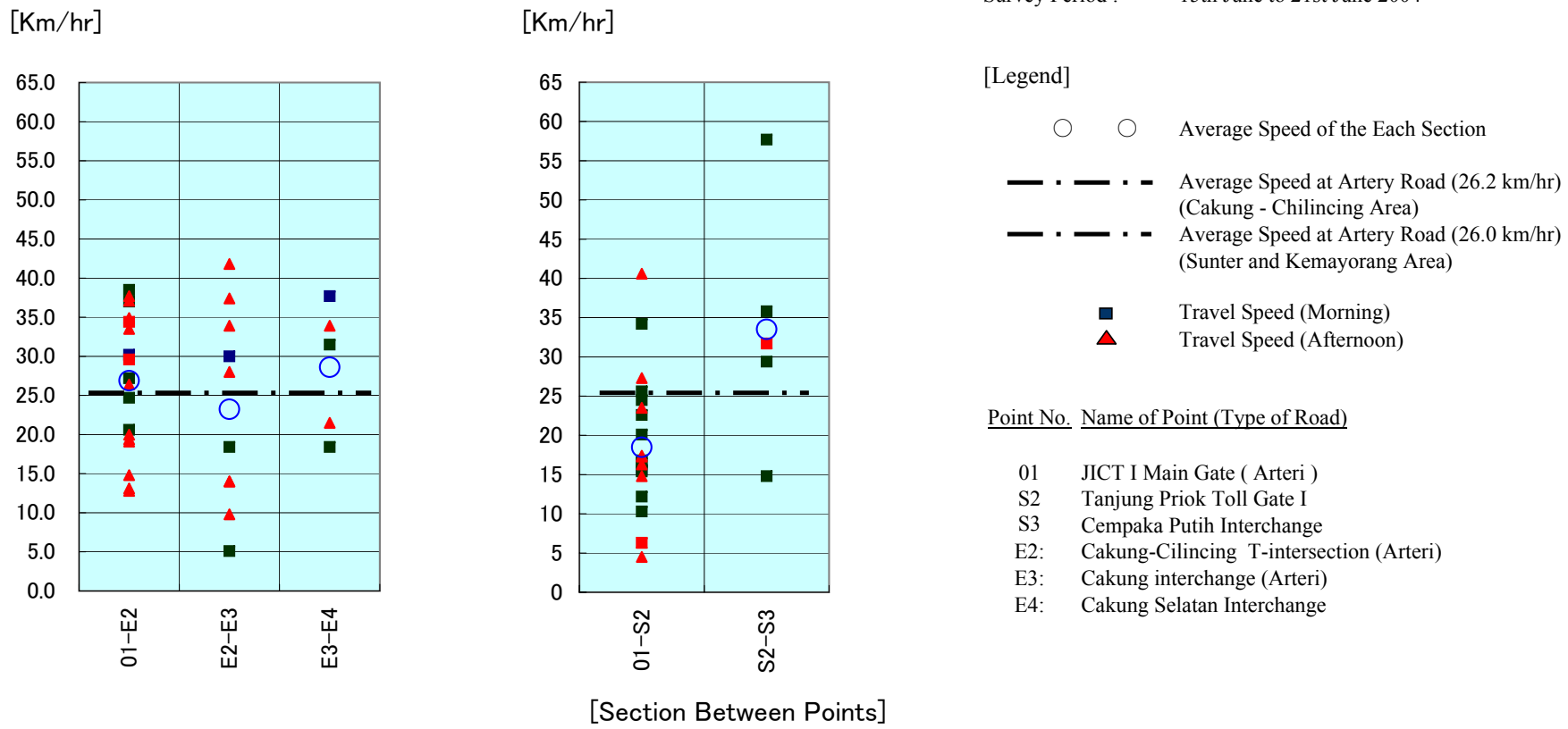
[Legend]

- Average Speed of the Each Section
- Average Speed at Toll Road (45.2 km/hr)
- Average Speed at Artery Road (18.3 km/hr)
- Travel Speed (Morning)
- Travel Speed (Afternoon)

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

Survey on Measurement of Required Time for Cargo Import Process

Figure 2.3.37 Travel Speed of Container Trailers Between Points - North Area around Tanjung Priok Port (JICT1)



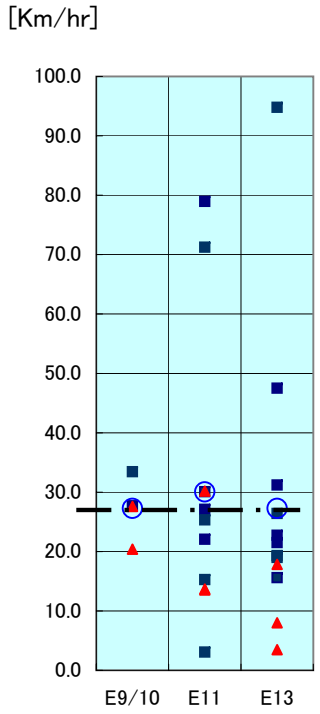
Cakung - Cilincing Area
(Aretry Road) No. of Samples: 19

Sunter and Kemayorang Area
(Aretry Road) No. of Samples: 22

Survey on Measurement of Required Time for Cargo Import Process

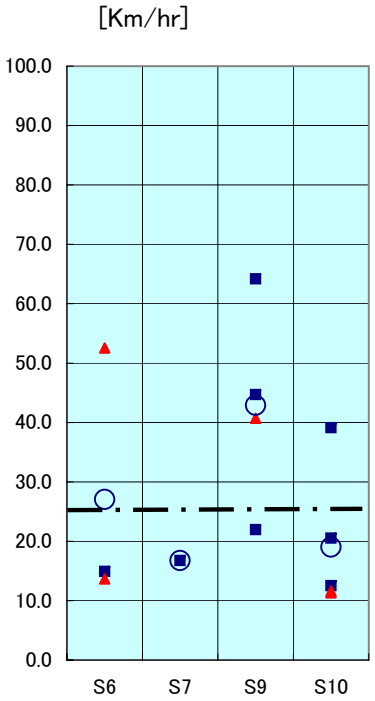
Figure 2.3.38 Travel Speed of Container Trailers at Approach Road to Destination after Toll Gate Out

Survey Period : 15th June to 21st June 2004



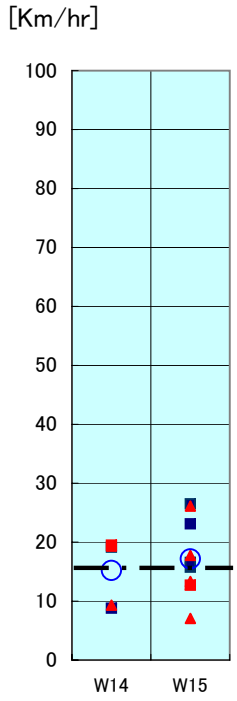
No. of Samples : 27
Average Speed : 28.2 km/hr

East Direction from Jakarta



No. of Samples : 13
Average Speed : 26.4 km/hr

South Direction from Jakarta



No. of Samples : 15
Average Speed : 16.2 km

West Direction from Jakarta

[Legend]

- Average Speed of the
- Average Speed at Approach Road to Destination after Toll Gate Out
- Travel Speed (Morning)
- Travel Speed (Afternoon)

Point No.	Name of Point (Type of Road)
E9:	Jl. Raya Setu Intersection (Toll) *Not Interchange*
E10:	Cibitung Interchange (Toll)
E11:	Cikarang Interchange (Toll)
E13:	Kerawang Timur Interchange (Toll)
S6	Taman Mini Interchange (Toll)
S7	Cibubur Toll Gate
S9	Gunung Putri Interchange (Toll)
S10	Citeureup Toll Interchange (Toll)
W14	Tangerang Interchange (Toll)
W15	Bitung Interchange (Toll)

Table 2.3.19 Travel Speed (Soekarno-Hatta Airport)

Survey: 24th June to 28th June 2004

Method: Chase sample cargo truck from Airport to Destination and vice versa

Sample: 42 Travel

No	Day/Date	Destination	Run No.	Destination Truck		Time of depart and arrival		Travel	Travel	Avrage
	2004 June	Survey		From	To	To depart	To arrive	Time	Distance	Speed
								(Hour)	(Km)	(Km/hr)
1	24	East Direction	E1F	Soekarno-Hatta Airport	Cikarang	11:17	13:12	1:54	66.5	34.8
		(Toll Road)	E1R	Cikarang	Soekarno-Hatta Airport	13:34	14:48	1:13	66.4	54.4
			E2F	Soekarno-Hatta Airport	Cibitung	16:15	17:29	1:13	62.3	51.0
			E2R	Cibitung	Soekarno-Hatta Airport	17:33	19:04	1:30	61.7	41.0
			E3F	Soekarno-Hatta Airport	Gerbang Jl. Nusantara 1 Tj Priok	13:40	14:25	0:45	33.1	43.7
			E3R	Gerbang Jl. Nusantara 1 Tj Priok	Soekarno-Hatta Airport	14:30	15:13	0:43	32.8	45.7
2	25	East Direction	E4F	Soekarno-Hatta Airport	Cibitung MM 2100	9:35	11:08	1:29	58.6	39.2
		(Toll Road)	E4R	Cibitung MM 2100	Soekarno-Hatta Airport	11:13	12:48	1:34	61.9	39.5
			E5F	Soekarno-Hatta Airport	Bekasi	14:16	15:37	1:19	62.4	46.9
			E5R	Bekasi	Soekarno-Hatta Airport	15:40	17:14	1:34	63.4	40.3
3	26	East Direction	E6F	Soekarno-Hatta Airport	Pulo Gadung	10:23	11:14	0:51	38.5	45.1
		(Toll Road)	E6R	Pulo Gadung	Soekarno-Hatta Airport	11:20	12:19	0:58	37.8	38.6
4	28	East Direction	E7F	Soekarno-Hatta Airport	Cibitung	10:44	12:23	1:48	64.1	35.4
		(Toll Road)	E7R	Cibitung	Soekarno-Hatta Airport	12:37	14:15	1:38	63.2	38.7
			E8F	Soekarno-Hatta Airport	Pulo Gadung	15:39	16:50	1:10	40.2	34.2
			E8R	Pulo Gadung	Soekarno-Hatta Airport	16:52	17:56	1:03	39.9	37.5
1	24	South Direction	S1F	Soekarno-Hatta Airport	Cibinong / Bogor	15:55	17:38	1:43	77.6	44.9
		(Toll Road)	S1R	Cibinong / Bogor	Soekarno-Hatta Airport	18:13	19:19	1:06	76.2	69.0
2	25	South Direction	S2F	Soekarno-Hatta Airport	Gunung Putri Bogor	11:23	12:41	1:18	67.6	51.6
		(Toll Road)	S2R	Gunung Putri Bogor	Soekarno-Hatta Airport	12:50	14:10	1:20	67.3	50.1
			S3F	Soekarno-Hatta Airport	PT.AHM (Honda Motor) Jl Laks. Yos Sudarso	15:03	15:51	0:48	36.6	45.2
			S3R	PT.AHM (Honda Motor) Jl Laks. Sudarso	Soekarno-Hatta Airport	15:55	16:35	0:40	35.6	53.4
3	26	South Direction	S4F	Soekarno-Hatta Airport	Pel Udara Halim	9:50	10:38	0:48	41.7	51.8
		(Toll Road)	S4R	Pel Udara Halim	Soekarno-Hatta Airport	10:40	11:23	0:43	40.5	56.1
4	28	South Direction	S5F	Soekarno-Hatta Airport	Wisma Aldiron Pancoran	10:25	11:00	0:35	35.4	60.7
		(Toll Road)	S5R	Wisma Aldiron Pancoran	Soekarno-Hatta Airport	11:01	11:33	0:32	35.6	65.0
			S6F	Soekarno-Hatta Airport	Cibinong	14:26	15:53	1:27	79.1	54.0
			S6R	Cibinong	Soekarno-Hatta Airport	16:01	17:20	1:19	79.6	60.1
1	24	West Direction	W1F	Soekarno-Hatta Airport	Kawasan Industri Daan Mogot	11:00	11:36	0:36	12.5	20.5
		(Artery)	W1R	Kawasan Industri Daan Mogot	Soekarno-Hatta Airport	11:36	13:04	1:27	14.2	9.7
			W2F	Soekarno-Hatta Airport	PT Subur Pratama Mandiri (Jl Pembangunan I Batu Ceper)	16:51	17:34	0:42	13.3	18.6
			W2R	PT Subur Pratama Mandiri (Jl Pembangunan I Batu Ceper)	Soekarno-Hatta Airport	17:34	18:11	0:37	12.7	20.5
2	25	West Direction	W3F	Soekarno-Hatta Airport	Lebak - Tangerang	10:15	11:43	1:28	43.9	29.8
		(Artery)	W3R	Lebak - Tangerang	Soekarno-Hatta Airport	11:43	13:01	1:17	45.1	34.7
			W4F	Soekarno-Hatta Airport	Jl Imam Bonjol (PT. Sulindafin)	15:05	15:56	0:50	24.4	28.8
			W4R	Jl Imam Bonjol (PT. Sulindafin)	Soekarno-Hatta Airport	15:56	16:58	1:02	27.9	26.9
3	26	West Direction	W5F	Soekarno-Hatta Airport	PT. Hi-Lex Indonesia (Tangerang)	10:25	11:15	0:50	14.7	17.6
		(Artery)	W5R	PT. Hi-Lex Indonesia (Tangerang)	Soekarno-Hatta Airport	11:15	12:35	1:20	14.2	10.6
4	28	West Direction	W6F	Soekarno-Hatta Airport	PT.Kuralon Indah S (Tangerang) Jl. Industri Raya VIII Blok N	11:20	12:08	0:47	19.5	24.4
		(Artery)	W6R	PT.Kuralon Indah S (Tangerang) Jl. Industri Raya VIII Blok N	Soekarno-Hatta Airport	12:08	13:29	1:20	19.5	14.5
			W7F	Soekarno-Hatta Airport	PT. Harindo Tama Mandiri Jl. Kapuk Kamal Muara 88	15:36	16:02	0:25	9.3	21.7
			W7R	PT. Harindo Tama Mandiri Jl. Kapuk Kamal Muara 88	Soekarno-Hatta Airport	16:02	16:26	0:24	8.8	21.5

2.4 Results of Questionnaire survey on the Customs Operations

(1) Introduction

Questionnaire survey was conducted in order to collect users' opinions and responses to the recent effort of the customs for improvement of import/export transactions. Based on the questionnaire sheet, interview was made to forwarding companies and manufacturing companies. The total number of companies interviewed reached to 84, which consist of 68 forwarding companies and 16 manufacturing companies. Sample questionnaire sheet is in the data-book.

All tables and figures exhibited in this chapter are based on the data taken from the original survey by the study team conducted in July and August, 2004.

(2) Overall evaluation of the recent effort of the Customs

The first question was to confirm the knowledge about the recent effort of the Customs. More than three quarters of people knows the Customs Reform Program. They often relate the reform program with the EDI introduction, and majority of people appreciate the EDI and the new import/export procedures.

Table 2.4.1 Recognition of the Customs Reform Program

Those who know the Customs Reform Program	61	77%
Those who do not know the Customs Reform Program	18	23%
Total respondent	79	100%

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

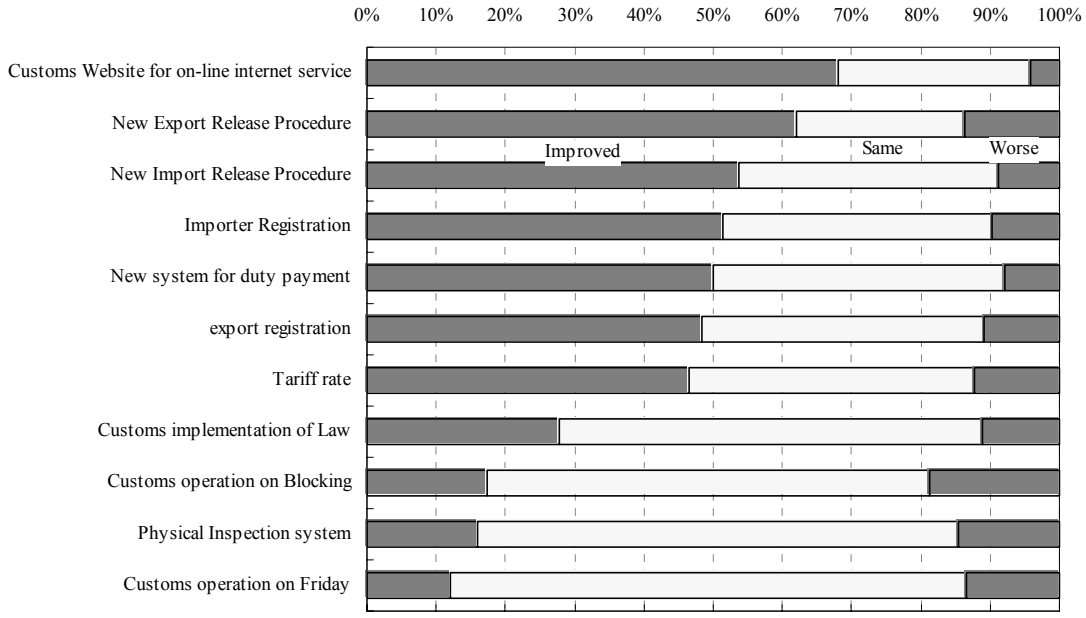
On the other hand, among the items recognized as not improved, operations concerning "blocking" is regarded worst. Because of the introduction of a new EDI system, automatic blocking, without giving sufficient time of communication or correction over minor mistakes, is regarded unfair and gives significant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

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

In addition to these, looking at responses which indicate things which got worse, "New Export release procedure" is rated highly by nearly 15% of people. The new export procedure is unpopular because EDI made an additional step to obtain declaration number where export was fairly easy

before by manual processing.

Figure2.4.1 Evaluation of Recent Effort of the Customs



(3) Evaluation of the Customs EDI

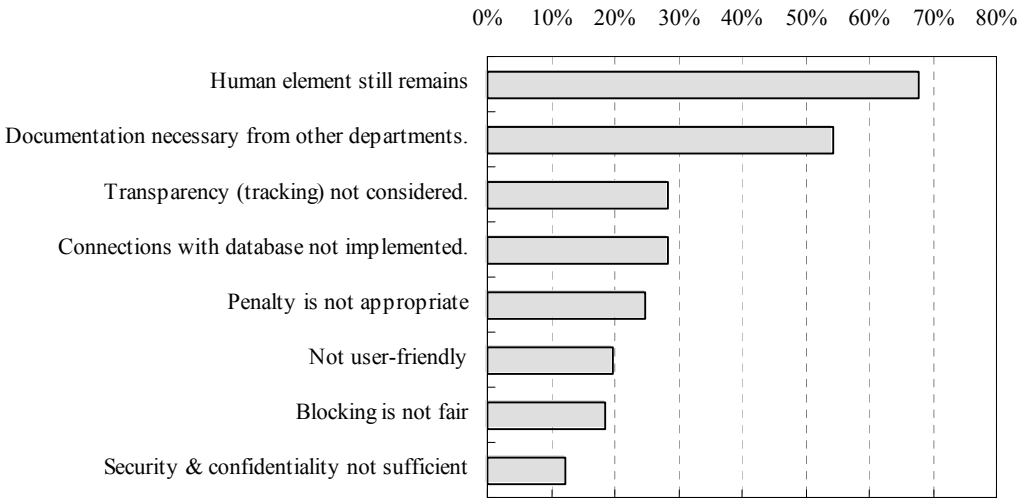
The appreciation of the Customs EDI is clear in the table which summarizes the overall evaluation of EDI employed in the customs procedure. 34 out of 84 respondents, which reached 40%, answered that EDI made customs procedure better or become very good. But at the same time just half of the respondents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

Table 2.4.2 Evaluation of EDI

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

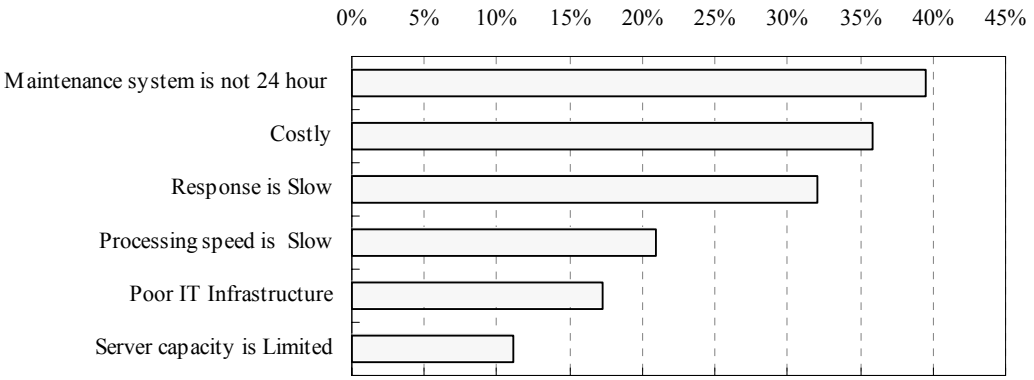
As for the concept of EDI, majority of people commented that “Human element still remains a great deal” and “Documentation is necessary from other department”. Nearly one third of respondents concerned about “Lack of transparency” “Lack of database connections” and “improper penalty” respectively.

Figure 2.4.2 Evaluation of the Concept of EDI



As to the technical aspect of the EDI, maintenance and cost are the major problem areas. Following to these, are problems concerning the speed of response and processing. These are problems related to the capacity of server and IT infrastructure.

Figure2.4.3 Claims on the technical aspect of EDI



(4) Recent Problems

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

Following to these, communication problems arise such as “Lack of information relaying from HQ to Service office” and “Organizational problem between customs and related agencies”. These are organizational problems including communication among agencies and between central and local offices. (Items 3 & 4 in the table) Documentation and EDI related troubles are also experienced and ranked highly serious too. (Items 5 & 6 in the table)

Table2.4.3 Trouble area in recent years

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

In the questionnaire, it was experimented to discover the underlying reason of problems. Because a trouble happens as a result of a mixture of several reasons, this question required some retrospective considerations to the interviewees. As a result of contemplation, respondents pointed out key important issues as are shown in the following table by highly ranked order.

The most serious reason that causes troubles is identified as "Inconsistent interpretation of regulations by officials". This topic seems to be the most annoying aspect in the process of customs clearance, which corresponds to the previous table of problem area indicating the problems in interpretation and implementation of regulations.

The second issue is the "High rate of irregular cost" which refers to the corruption of officials. This item is listed high even after the implementation of EDI, and as continuing headache for the most forwarders.

Following reasons are "Lack of human resources" and "Lack of IT related technology", both of which represent the weakness of the country in the aspect of software. Education is important from the level of life-style which relates to the workmanship and integrity of officers. IT technology is an emerging area that every country in Asia is trying to catch up with the developed countries, but because of the requirement of large investment and quick advancement of technology, it is not easy for the government organizations to even keep up with the increasing demand of level of technology. Lastly but not the least, insufficient infrastructure is a continuing serious problem in Indonesia including port and airport facilities.

Table2.4.4 Underlying Reason of Problems

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

(5) Do you agree to Customs' contention?

In the process of import/export, there are many steps before and after the procedure of the customs,

and every one of them are important to be processed smoothly. Any bottleneck will result in the delay of final delivery of goods to the consignee. There are possibilities that cargo handling to draw out of the port yard delays, or documents contain mistakes, or preparations are not ready to open the containers at the time of physical examinations. Even in these cases, people may still put blames on the customs for the delay of operations.

Questions are prepared to ask forwarders and consignees to what degree they agree to the contentions of the customs. Following questions are asked.

A. Some Customs officers say that forwarders/consignees are slow to pull out the cargo after SPPB? Please give your idea how much the forwarders/consignees are to be blamed.

B. Some Customs officers say that consignees' documentations contain mistakes because of lack of training of the staff of forwarders. To what degree do you agree?

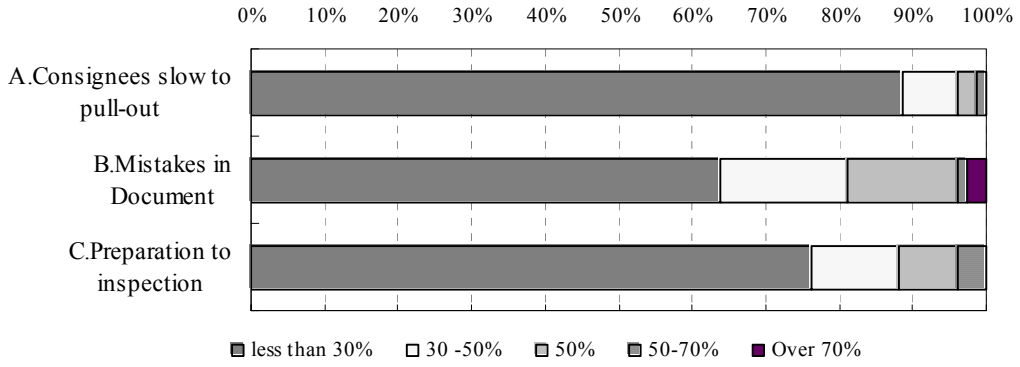
C. Some Customs officers say that forwarders/consignees preparation is poor for Physical Inspection. Please give your idea how much the forwarders/consignees are to be blamed.

Answers to these questions are exhibited in the table and the figure below. Generally forwarders are waiting for their cargo to be able to pull out and deliver to the consignees as soon as possible. So the answers to the question A become high ratio of "No" indicating that "less than 30%", some respondents strongly refused the possibility of blames on their side.

But there are certain recognitions about the responsibility of forwarders especially in the mistakes in the documents (question B). Some forwarders responded that they are also responsible for the delay because of their mistakes in the documentations. This is indicated in the following table that the total answers of more than or equal of 50% to be blamed amounts to nearly 20%. (bold letters in the table)

Table2.4.5 Degree of agreement by users to contentions of the Customs

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



The third one concerning the poor preparation for the inspection may in some cases responsible by the forwarders for arrangement of fork-lift and keys to open containers. But again the system of

inspection on the side of the customs is not user friendly such that appointed officers are often not available soon. Forwarders often have to look for officers to set up appointments for the inspections which take an extra day.

(6) Communication with Other Departments

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

Table2.4.6 Department identified as difficult to communicate

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

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

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

Table2.4.7 Expected improvements by smooth communication with above departments

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

Answer to the question that "When the communication effectively work, how much do you hope to reduce the time and cost?" majority of people answered more than 10% of time and cost savings. The expected benefit by the improvements in communication is very large, and people really hope that the government with its organizational effort should improve the transparency and communications.

Table2.4.8 Expected time and cost savings

	Less than 5%	Approx 5%	5-10%	More than 10%
Time saving	7%	5%	17%	61%
Cost saving	5%	6%	10%	63%

(7) Improvement of Infrastructures

As to the infrastructure of Port and Airport, recent improvements are identified in the survey. As you

see in the table below majority of users recognize the improvement of "Banking and payment system" probably as a result of EDI. Some people recognized improvements in the Yard condition and warehouses, but the ratio is limited to less than 30 %.

Table2.4.9 Recent improvements of infrastructures recognized by the users

Item of improvements	Response	Ratio
Banking and payment system have improved (with EDI system)	52	62%
Yard condition inside the port area has been improved	25	30%
Warehouses are improved.	21	25%
Security has been improved.	17	20%
Parking area has been improved.	13	15%
Road has improved outside the port area	13	15%
Lighting system has improved.	11	13%
Bonded area and its system have been improved.	10	12%
Sign system and area guidance are improved	6	7%
Others	5	6%

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

Table2.4.10 Request for the improvement of facilities and trade system

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

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

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

2.5 Characteristics of Trade Environment in Thailand and Malaysia

2.5.1 General Overview

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

(1) Participants

Participants of the survey are 5 members from the study team.

- Ikuhiko Yamashita, Team Leader
- Atsushi Sato, Deputy Team leaser, Port Cargo Traffic Management
- Toshiaki Nagaya, Trade facilitation Policy
- Keiji Kojima, Airport Cargo Traffic Management
- Haruo Yanagawa, Forwarding Cargo Management

(2) Interview Topic (varies according to interviewee)

Interview topics varied according to the institutions to visit. General topics which are common to most of the interviewees are listed here.

1) Trade and customs related topics
   -Recent practice of trade and customs clearance
   -Characteristics of risk management in the customs procedures
   -Problems in the current daily practice

2) EDI related topics
   -Progress of EDI and its applications
   -EDI connections between port/airport and the customs
   -IT connections among departments and between the government and private sector

3) Stakeholder relations
   -Communication among departments especially on industrial and agricultural policy and trade matters
   -Existence of regular meeting or workshop among the customs, the Port Authority and Port users so that the mutual communication on procedures will be implemented.

4) Regulation and Policy related topics
   -Implementation and enforcement of laws and regulations
   - Future plan or policy for the improvement of the physical distribution infrastructure in terms of trade facilitation

(3) Schedule

The date of visit was scheduled in advance to the season of change of position in most Japanese companies at the end of June. After the change, new staff may not know nor have experience in each country.

But the result of schedule fell in the same week of WCO ASEAN meeting in Hanoi from June 1. As a result the interview to Customs in Thailand was not possible in this survey.

Table2.5.1 Schedule of Survey to Thailand and Malaysia

Date	Day	Schedule in Thailand			
May. 30	Sun	Jakarta to Thailand; by TG434 (12:45 →16:15)			
May. 31	Mon	9.00 **JICA** Thai Mr. Shibuya 14.00 **Bangkok Port office** PAT(HQ) Mr. Surajit		10.00: **JAL Thai**: Mr. Kuroda 14.00: **TAGS**（**Thai Airport Ground Service** Mr. Arunotai	
June .01	Tue	10.00 **SumiSo Thai** at Ayutthaya Industrial Park Mr. Fujii Mr.Sato 13.00 **TDK**、 14.00 **Sanden**, 15.00 **Maruhisa** 17.00 **JICA** Courtesy Reporting	10.00 **Laem Chabang Port,** Mr. Tienchai 11.00 **IEAT**: Industrial Estte Authority Thailand Mr. Narapite 14.00 **TIPS**: Mr. Mori 15.30 **ESCO**: Mr. Senju 17.00 **Fujitsu**: Mr. Daigo	10.30: **Yusen Air & Sea Service** ,Mr Mizutani 14.30:**Nippon Express Thailand,** Mr. Ishikawa	
June .02	Wed	Fly to Malaysia（TG415, 9.00-12.10）			
		Schedule in Malaysia			
June. 03	Thu	8.30 **JICA Malaysia** Mr. Ara 9.00 **JETRO,** Mr. Tanaka Mr. Okabe Mr. Yamada 10.30 **JACTIM** Mr. Oda 14.00 **Royal Customs Malaysia**	8.40 **Port Klang** MOT. Marine Department Mr. Jamaludin 9.00 **PK. Port Authority** At Port Klang 16.00 **(FMFF)** Federation of Malaysian Freight Forwarders	9.00 **SumiSo Malaysia** Mr. Morishita Mr. Asamoto: **- KLIA** **- Port Klang** **- Head office**	11.00 **NEC** Mr. Hoo 14.00 **YAS** Mr Suga 15.00 **MH** Mr. Yunos 16.30 **JAL KLIA** Mr Murakami
June.0 4	Fri	9.30 **Airfreight Forwarders Association in Malaysia (AFAM)** Mr. Francis Walter Culas 13.00 Team Meeting for Info Sharing 16.30 **JICA** Courtesy Reporting 17.30 KLIA Cargo Terminal One member leave to Japan (JL: 724: 22.35-6.35 June05)			
June. 05	Sat	Back to Jakarta by KL-JKT (MH721,13.35-14.35)			

2.5.2 Summary Information from an Interview Visit to these Countries

(1) Various Aspects of Trade Environment in Thailand and Malaysia

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.5.3 Comparative Understanding of Trade Related Environment

Three countries Indonesia, Malaysia and Thailand is compared in three aspects; namely customs procedure, port facilities and airport facilities.

Table 2.5.2 Comparison of Customs Related Procedures

	Indonesia	Malaysia	Thailand
Operation hours	7.30 – 17.00 for import, 24 hours for export	7.00 – 17.00 for import, 24 hours for export 6.00 – 22.00 at land border	7.00 – 17.00 for import, 24 hours for export 7.00 – 23.00 at land border
Channeling facilitations	Red, Green and Priority channel is formulated. Customs appreciate priority status.	Red and Green zone system similar to that of Indonesia is implemented.	Good importers are identified and are given facilitation for quick processing. Red and Green system names are implemented but the service level is not much different
Characteristics of Customs utilizing EDI	EDI started in 1997, and became on-line in 2003 for Import and in 2004 for export. The system is developed with its original concept of the customs reform in coordination with port and airport. There have been various effort to prepare several databases including importer profile and commodity profile so that the balance between facilitation and control is realized.	Started in 1992, developed along with systems of Port & Airport. Customs developed Customs Information System (CIS),but only 50% of processing is done by paperless. Currently working with other agencies to establish compatible forms for trade related applications.	EDI is mandatory in principle but the print-out hard copy is necessary to document declaration. Port EDI is expecting the connection with the Customs but it is not realized yet. For export cargo, EDI clearance expedited the processing time.
EDI connections	To become member of PT.EDI or PT. Palapa for connection to the Customs EDI system. Customs and Port is not connected by EDI.	Trade community is connected to the customs IT by EDI dedicated system using Dagang Net. Processing center is located in major ports and airport consisting of Port Klang, Johol port, KLIA, and Head Quarter.	Connection is made by Trade Siam. The IT infrastructure is not strong enough and disconnection or server stops often.
EDI development and application	System is developed in-house for the purpose of customs procedure.	System is developed by Port and Airport which are extended to serve for the purpose of customs procedure.	Sending the declaration by EDI is possible to the customs. But, EDI in the Laen Chabang is not implemented yet.
Web-site	Recently well prepared and upgraded. Users recognized as major source of information. But Basic IT infrastructure is still feeble and the speed of connection is not as quick as other developed countries.	In-house engineer work for the updating and upgrading the system. The system is designed in response to the requirement of the port and airport. The work is in progress and interested in knowing the development of the Indonesian customs.	Web site is still in the stage of development and not fully utilized for the trade facilitation purpose.
Payment using Electric Fund Transfer (EFT)	Electronic Payment is possible but need to submit payment slip. Payment cut-off time is early because bank should report the payment by three different modes respectively; 1) EDI for Customs, 2)MP3 for DG.Tax, 3)SISPEN for DG Budget.	Payment by E-commerce (Dagang Net) is Possible. 95% of port users have already practiced. In the case of air port, 10% of cargo is paid its duty through using EFT. One Stop Service Center is implemented in KLIA.	Payment by Electric Fund Transfer is not implemented.
Communication with customers and stakeholders	Regular meeting is conducted and customers request more communication at times of new or change of regulations.	Regular meeting is conducted and customers seem to be satisfied. Regulations are announced suddenly without prior notice.	Regular meeting is conducted but not in detail. Post clearance audit is frequent.
Irregular payment to cargo clearance	Always demanded by various sections and sum up to be a large amount in total.	No irregular payment is required by officers. Moral of officers are generally good.	Demanded in most cases, but the amount is predictable and not extraordinary. Officers work hard in reply to payment.

Table2.5.3 Comparison of Port Facilities

	Indonesia	Malaysia (2003)		Thailand (2002)	
	Tanjung Priok Port (year 2002)	Port Klang North port	Port Klang West port	Laem Chabang Port	Bangkok port
Containers Traffic (TEU)	2,684,000	2,540,465	2,300,770	2,656,949	1,110,561
Import	1,244,000	1,301,674	1,166,262	1,317,910	516,690
Export	1,439,000	1,283,791	1,134,508	1,339,039	593,871
Domestic	261,000				
Cargo Volume (ton)	37,818,000	5,100,000	6,460,000	1,351,738	1,903,760
Import	19,864,000			93,148	1,789,507
Export	17,954,000			1,258,590	114,253
Liquid Bulk (ton)	8,462,246	2,296,241	3,302,916		
Passengers	1,433,011	228,544		221,792	
Ship call (units)	17,068 89,284,000 GRT	8,084	7,826	5,672	2,519
Berth Length: Container	2,087 m	2,711 m	2,000 m	2,100 m	East Quay: 1,320 m
General Cargo	7,737 m	1,358 m	600 m	1,600m	West Quay: 1,545 m
Private,	773 m				
Passenger Terminal	250 m	43 m	660 m	400 m	115 m
Open yard (sq.m)	for general cargo: 381,702 for container: 230,297	77,236	95,942		
Container yard (sq.m)	1,411,479	91.6 ha	90 ha	629,200	148,200
Ware house (sq.m)	45 units :185,228	47,000	18,198	3,240	
Bonded warehouses					9,554
Dangerous Cargo warehouse					967
CFS (sq.m)	7 units: 17,737 sq.m in general cargo berths	43,692	132,000	16,160	
Transit Sheds (sq.m)		11,803	9,360		231,975
Depth: Container berth	-8.5 m to -12 m and -14 m	-11m to -15m	-11 m to -15 m	-14 m	-8.2 m
General Cargo berth	-4 m to -12 m	-9 m to -12 m	-11 m to - 15 m	-14 m	-8.2 m
Private Berth	-8.5 m to -12 m				
Bulk Cargo Berth	- 8.5 m to -12 m	- 10 m to - 11.5 m	- 11 m to -15 m	-14 m	- 8.2 m
Passenger Berth	-8.0 m	- 2.2 m	- 11.5 m	- 14 m	- 8.2 m
Depth of channel	-10 m to -14 m	- 15 m with 2 m at HWL	-15 m from Malaka strait	-14 m	-8.5 m to -10.72 m
Inland Container Depot	Operated by private companies inside and around the port in the area of total 28 ha. Only storage of containers, no customs service provided.	PKA plans to develop the Pulau Indah Free Zone behind the Westport to make a regional ASEAN distribution center as well as a trade and logistic center. The project is comprised of 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		At Lard Krabang area;227,000 sqn Customs service is provided. Shipping company operate ICD.Railway area;1134sq.m There is Special Export Zone situated behind Transit Shed No.6 for store FCL&LCL containers to stay up to 30 days.	

Containers Quay Cranes	24 units	24 units	20 units	15 units for 5 terminals	14 units by 2 terminals
Container Productivity	20-23 TEU / hr	33 TEU /hr		31 TEU / hr	
Conv. Berth	2 units			No	
Fork lift	71 + 6 units		2 units		
Private operators Container Terminal	3 private operators	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 private terminal operators 6 private operators The port's Stevedores and private forwarders handle import & export containers By Bangkok port as port operator for importing and exporting cargo.	
Private operators Conventional cargo	14 private operators				
Terminal Handling Charges	us$ 150 / 20 feet container us$ 230 /40 feet container	us$ 90/20 feet container us$ 135 /40 feet container		us$ 104/20 feet container us$ 156/40 feet container	
EDI system	IPC 2 introduced EDI system and used partially. The container terminal operators did not introduce the EDI connecting toI PC 2 and customs offices.	PKA had already introduced the EDI system called "Port Klang Community Services"(PKCS) for exclusive Port Klang services for trade facilitation with paperless customs procedures. The customs office had established their own EDI system called "Customs Information System" cover the nationwide and connecting to PKCS.		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. PAT at Laem Chabamg has not yet introduced EDI system for customs procedures and process.	
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 handles dangerous cargo in the port area.	PKA had already provided the following facilities as the primary port to comply the ISPS code under the responsibility of the maritime department of GOM. i) X ray machine, ii) GPS, iii) CCTV , v) The security plan of each port is prepared by respective terminal operator according to ISPS code.		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.	
Export Processing Zone	There is no Inland container Depots to carry out customs procedures around theport area. There are number of bonded factories in the surrounding area of the factories in the surrounding area of the port where the customs procedures and export declaration documents can be processed.	Ministry 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 customs 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.		PAT opened the small and medium enterprises (SME) export promotion center to help SMEs exporters in exporting their products. The Laem Chabang Industrial 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 customs clearance service is provided. 135 of established factories operate in the Estate.	
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.	The westport located in the Pulau Indah 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.		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. Development of Laem Chabang 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.	

Table 2.5.4 Compariison of Airport Facilities

	Indonesia	Malaysia	Thailand
Airport Name	Soekarno-Hatta International Airport	Kuala Lumpur International Airport	Bangkok International Airport
Opening	1985	1998	1914
Land Area	1,800 ha	3,000 ha (First Phase)	621h & 1,500h
Runway	3,660m x 1, 3,600m x 1	4,000m x 2	3,700m x 1 3,500m x 1
Operating Parent Body	PT Angkasa Pura Ⅱ	Kuala Lumpur International Airport Berhad (KLIAB)	Airport Authority of Thailand
Passenger Capacity	18,000,000 passengers /Year	25,000,000 passengers /Year	Not specified
Passenger Record	14,830,000 (2002)	16,400,000 (2002)	13,120,000 (2002)
Future Plan	Not known	Future plan: 10,000 ha (total) Runway: 4,000m x 4 by 2020 Handling capacity: 60,000,000 passengers/year	New airport is under construction
Cargo Area	67,290m^2	430,000m^2	167,000m^2
Warehouse Operator	PT. Garuda (Export) PT. JAS	MH Askargo (Malaysian Airlines) KLAS (KL Airport Service)	TG = Thai Airways International TAGS=Thai Airport Ground Service
Bonded Area	46,825m^2	92,900m^2 (MAS-kargo)	107,064m^2
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)	MAS-kargo Terminal KLAS Terminal	Terminal 1 (TAGS Import Warehouse) Terminal 2 (TG Custom's Airlines) Terminal 3 (TG) Terminal 4 (TAGS Export Warehouse)
Building Structure	1-story structure	MAS-kargo 2-story structure including warehouse	2-story structure with vaulted ceiling in
Building Size	Bldg No.510 168m (W) x 84m (D) Bldg No.520 168m (W) x 108m (D) Bldg. No.530 151.2m (W) x 84m (D)	MAS-kargo 312m (W) x 132m (D)	Terminal 1: 264m (W) x 109m (D) Terminal 2: 288m (W) x 111m (D) Terminal 3: 252m (W) x 112.5m (D) Terminal 4: 180m (W) x 100m (D)
Bonded Area	46,825m^2	92,900m^2	107,064m^2
Handling Capacity	Not specified	675,000t/Year, 1,000,000t/Year (Full Capacity) 3,000,000t/Year (Expandable with new Terminal)	300,000t
Air Cargo Movements	175,626 ton (2003)	586,000 ton (2003)	890,000 ton (2003)
Average	3.8t/m^2	6.3t/m^2	8.3t/m^2
Comments	Present warehouse facility of Cargo Terminal in Soekarno-Hatta International Airport is narrow and the style of the warehouse structure is old to handle air cargos efficiently, smoothly and safely. The warehouse work environment is poor because inside the warehouse is dark, narrow and crowded. Most of the physical cargo handling work has been relied on the manpower of cargo clients instead of forklift when loading to the trucks. Many labors are obliged to spend a lot of idle time in and around the warehouse truck dock and customs office.	The warehouse is designed for effective use of spaces with advanced handling facilities and kept very neat and clean. The concept of "user-friendly" has been realized, especially in the field of trade related systems and procedures. The whole area is designated as "Free Commercial Zone" and within the area, export and import cargos can be moved freely without any customs procedures. MAS-kargo Provides "Priority Business Centre" where experienced staff helps prepare documents for customs declaration(available 24-hour). The customs provide a center to present cargo documents and payment of duties and other charges. This "One Stop Centre" is open 24-hour of the day.	The ceiling of the warehouses is very high, ventilation of the warehouse is very good and the air in the warehouse was felt very clean. The warehouse facilities have been well-designed and user-friendly, because of the flat floor space. High-rise storage rack for import cargos, work stations for building up export cargos and ramp-side roller bed facilities for export ULD cargos, these can be used widely and effectively.