

Chapter 1 : Indonesia's Shipping & Shipyard Industry | GBG

Get this from a library! The Indonesian interisland shipping industry: an analysis of competition and regulation. [H W Dick] -- In a nation pledged to Unity in Diversity, few industries could be more important than interisland shipping.

Merchant marine vessels[edit] Traditional wooden Pinisi ship still used in inter-Indonesian islands freight service. Because Indonesia encompasses a sprawling archipelago , maritime shipping provides essential links between different parts of the country. Boats in common use include large container ships , a variety of ferries, passenger ships, sailing ships, and smaller motorised vessels. Traditional wooden vessel pinisi still widely used as the inter-island freight service within Indonesian archipelago. Frequent ferry services cross the straits between nearby islands, especially in the chain of islands stretching from Sumatra through Java to the Lesser Sunda Islands. On the busy crossings between Sumatra, Java, and Bali , multiple car ferries run frequently twenty-four hours per day. There are also international ferry services between across the Straits of Malacca between Sumatra and Malaysia , and between Singapore and nearby Indonesian islands, such as Batam. Pelni Shipping Routes A network of passenger ships makes longer connections to more remote islands, especially in the eastern part of the archipelago. The national shipping line, Pelni , provides passenger service to ports throughout the country on a two to four week schedule. These ships generally provide the least expensive way to cover long distances between islands. Still smaller privately run boats provide service between islands. On some islands, major rivers provide a key transportation link in the absence of good roads. On Kalimantan , longboats running on the rivers are the only way to reach many inland areas. Waterways are highly needed because the rivers on these islands are not wide enough to hold medium-sized ships. In addition to this, roads and railways are not good options since Kalimantan and Papua are not like Java, which is a highly developed island. Each has jurisdiction over various regions of the country, with I in the west and IV in the east. Bus services are available in most areas connected to the road network. Between major cities, especially on Sumatra, Java, and Bali, services are frequent and direct; many services are available with no stops until the final destination. In more remote areas, and between smaller towns, most services are provided with minibuses or minivans angkutan. Buses and vans are also the primary form of transportation within cities. Often, these are operated as share taxis , running semi-fixed routes. Transjakarta bus rapid transit. Many cities and towns have some form of transportation for hire available as well such as taxis. There are usually also bus services of various kinds such as the Kopaja buses and the more sophisticated Transjakarta bus rapid transit system in Jakarta, the longest bus rapid transit BRT system in the world that boasts some Many cities also have motorised autorickshaws bajaj of various kinds. Cycle rickshaws , called becak in Indonesia, are a regular sight on city roads and provide inexpensive transportation. They have been blamed for causing traffic congestion and, consequently, banned from most parts of Jakarta in A Blue Bird taxi in Jakarta. Due to the increasing purchasing power of Indonesians, private cars are becoming more common especially in major cities. However the growth of the number of cars increasingly outpaces the construction of new roads, resulting in frequently crippling traffic jams in large parts in major cities especially in Jakarta, which often also happen on highways. Jakarta also has one of the worst traffic jams in the world. The other one is AH25 in Sumatra. Indonesia has some highways , some of them are National Routes 25, currently only in Java and partially Sumatera , and some of them are freeways. All the freeways are tolled toll road. The first toll road in Indonesia is the Jagorawi Toll Road , opened in ITS Indonesia was formed on 26 April National Routes of Indonesia National routes of Indonesia pass through most of main cities heart and designed to connect between city centers. They act as main intercity route outside the tollways. A national route has to be passable by logistic trucks, while handling the huge traffic at the same time. National routes in Java are numbered, while national routes outside Java has not been numbered. In some cities, even in crowded districts, national routes often form bypasses or ring roads Indonesian: A national route can be revised due to inability to handle traffic, it is usually given to the province.

Chapter 2 : Transport in Indonesia - Wikipedia

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Yet existing infrastructure is inadequate to meet the current volumes of trade being carried out. This has given rise to high logistical costs for both domestic, local and international transport due to congestion at current ports that make turnaround times considerably high. Construction of new facilities are being undertaken by the government as well as increasingly by the private sector in order to prepare for the growth in activity as the ASEAN one market approaches in Indonesia has hundreds of small ports throughout the islands making up a total of 1, Of these, of these are commercial ports while only 11 are container ports. The shortage of large scale ports capable of receiving trans-oceanic vessels and the overcapacity of current ports has given rise to a highly inefficient system. The port is due to exceed its capacity of 5 million TEU limit in Such conditions make the price of inter island transport more expensive than that of international; the price of shipping a standard container from West Sumatra to Jakarta is over three times the cost of Jakarta to Singapore. The high logistical costs are burdensome for competitiveness and are reflected in international rankings on the business environment. While conditions have been improving from five years ago, as illustrated in the World Bank Doing Business Report, it is not improving fast enough compared to regional counterparts. World Bank Doing Business Report The need to radically upgrade facilities is recognised by the government and a new drive is underway as part of the national infrastructure development master plan. New ports are being planned to relieve some of the congestion. In North Jakarta, Kalibaru Container Port is due to begin construction at the end of to ease off some of the pressure from the main Tanjung Priok Port that has been stagnating in terms of capacity. It will accommodate 6. Increased private sector involvement will bring a much needed boost to improve both turnaround times and high costs. This move is necessitated by the upcoming ASEAN single window in and the single market in which will see further intensification of regional trade. The introduction of cabotage through Presidential Instruction No. The measure, which became effective at the beginning of , stipulates that domestic shipping routes can only be undertaken by Indonesian vessels or by international vessels only with a fully Indonesian crew on board. Otherwise, foreign vessels may only enter international ports and must transfer their cargo for domestic shipping. This has since been revised for specialised oil and gas vessels following protests from energy companies, including state owned Pertamina, that local providers did not have adequate facilities for deep water drilling. The lead up to the introduction of the measure has witnessed a revival in the local shipping industry that had previously come to be dominated by foreign operators. The share of both domestic and international freight being carried out by such companies stood at The liberalisation of port management and the much needed opening of new facilities will also see improved productivity and efficiency, to bring the industry up to the level of its regional counterparts. This also brings with it the need for qualified human resources in the areas of port management, vessel and cargo handling to ensure that the sector can remain competitive. Global Business Guide Indonesia -

Chapter 3 : Strengthening the Indonesia's Maritime Sector

This study of Indonesian interisland shipping argues that government policies have been the main cause of inefficiency in the industry. Policies toward infrastructure, licensing and controls, freight rates, and investment are analysed in turn.

While the slowdown in investment and consumption also affected maritime cargo, the sector is bound to bounce back once the overall economy brightens up again, buoyed by strong freight demand in the ASEAN region. Construction of new port facilities will eventually alleviate congestion at major terminals, which has been one of the greatest constraints on growth in the industry. Indonesia has more than commercial ports, but many of them cater to fairly small vessels on domestic runs, and only few have container facilities. The shortage of large ports capable of receiving trans-oceanic vessels has given rise to an inefficient system. It is still unable to accommodate very large container ships, though its long-term expansion is set to enable it to handle vessels with a capacity of up to 18, TEU twenty-foot equivalent units. Increasing demand, particularly for domestic shipping, has sparked a vast increase in the Indonesian commercial fleet: The rising number of vessels tripled total volume capacity from a gross tonnage GT of 5. National shipping lines benefit from the cabotage principle enshrined in Law No. Activities foreign firms can provide, as long as no Indonesian company is available, are oil and gas surveying, offshore construction and support for offshore operations, as well as dredging and salvage and underwater work. Ideally, shipyard capacity would grow hand in hand with the shipping business, but that has not been the case in Indonesia. Some shipyards in the country have a combined annual new-building capacity of around , dead weight tonnes DWT and maintenance capacity of 10 million DWT. While those figures represent significant increases over the past years, they fail to accommodate the needs of the growing national fleet, not least because many local yards are incapable of putting out large ships. The Batam-Bintan-Karimun Free Trade Zone FTZ is developing into a shipbuilding centre, capitalizing on its proximity to the financial hub of Singapore, where most of the investment comes from. While the success of the project has been the topic of debate, the FTZ does grant industries operating within its borders significant benefits in terms of taxation and duties. The Shipping Law The Shipping Law simplifies rules on business licensing and port management with the aim of boosting competition and inviting more private investment. To this end, the law also does away with the monopoly in port services enjoyed by state-owned port operator Pelindo or more precisely, Pelindo I, II, III and IV, each of which operate in different regions. Yet competitiveness of the industry is still left wanting, with importing and exporting companies lamenting congestion and poor services at Indonesian ports. The government is committed to boosting maritime transportation through public-private investment into port facilities, especially in under-developed eastern regions. Chief developer Pelindo IV is considering cooperating with private or other state-controlled companies on the project, which is somewhat behind schedule. Construction work is expected to commence in Other projects for new or expanded ports are underway around the country, notably in Jakarta, where impeded port access and congestion often delay charging or discharging of cargo and in some cases mean ships leave Tanjung Priok port before they are fully loaded in order to keep to their published schedules. Challenges Insurers tend to charge premiums on Indonesian shipping operations to offset a number of specific risk factors, including piracy and labour disputes. A report by the International Maritime Bureau IMB ranks Indonesia as one of the worst affected countries for piracy, in stark contrast to the global trend of piracy easing off. The industrial centre of Batam, which also harbours a lot of foreign-owned shipbuilding operations, has experienced tenacious strikes and some violent protests in recent years, despite wages there already exceeding typical national levels. There have been indications that some of the protests since were politically instigated, giving rise to hope that industrial relations may improve after the general elections. The easiest way for foreign players to engage in the sector is through collaboration with local companies, be it in shipping, shipbuilding, port development or port management. Experienced global companies can offer funding and knowhow to help local firms upscale and modernize their operations in preparation for intensifying competition in the ASEAN region. Global Business Guide Indonesia -

Chapter 4 : Industrial Sector of Indonesia - Indonesian Industry - Manufacturing | Indonesia Investments

Although KPM continued to be dominant in inter-island shipping, in the course of the s, its dominant position was gradually being diminished.

Indonesia consist of a group of islands with a coastline with long until 95, km. With existing geographical circumstances, Indonesia has a great potential for marine industry. Indonesia has sector of the economy that is not reliant on the mainland, but also in maritime field and make maritime based economy continues to grow in Indonesia and enhance the development of other industries. The business industry which is closely related to sea transport are the port business, multi-modal transport, an insurance company, shipbuilding industry and more. The industry have relation each other and grow together. One of industry that is evolving with the development of the maritime industry is sea transportation. Sea transportation be a main force for the development of the maritime industry. Because of that, Indonesia should develop shipbuilding industry. Shipbuilding industry has good prospects along with the increasing demand for mass transportation and logistics amid rapid economic growth in Indonesia. Where the ship as a means of transport linking economic activities between islands in Indonesia. Ship a provider of transportation and working facilities of mining, fisheries, tourism, as well as the main tool providers defense system. So the need for the ship will continue to increase. Shipbuilding industry has good prospects to support the Indonesian maritime power. Shipyard as a place of manufacture of ship production in Indonesia is still evolving to meet the needs of the market. Currently, Indonesia has more than companies of shipyard. Based on World Shipbuilding Statistics in ranked Indonesia as one of the boat builders from 22 countries ranks the world. The high demand from local and global markets makes the performance of the national shipping industry showed an increase. Build a shipbuilding industry became one of the main things the main addition to supporting maritime activity is also associated with the development of the nation. With the development of the shipbuilding industry will certainly absorb experts and workers from Indonesia. The development of shipbuilding industry will also foster the development of marine industry such as industrial components and machinery and contractors. Increasing the demand of ship make the shipyard as a good prospect for economy based. It should also be in support of related parties such as the regulation of the government. The government must be able to concern in the development of shipbuilding industry. Many regulation that the goverment provide the shipyard industry. One of the is the policy of cabotage. The policy of cabotage will provide an opportunity for industry to increase production Increased vessel needs must encourage the production vessel from the shipyard as a shipbuilding. Shipyard should be able to meet the request related vessels use marine transport activity will continue to grow in the future. One is south korea. South Korea already has the ability and good performance in the development of the shipping industry. This is related to the needs of the country as a maritime nation. Development of the shipping industry is equipped with good technology and advanced facilities. The progress of the shipping industry south korea country would require the cooperation of various parties, one of them is government policy and existing regulations. There are several factors that led to the shipbuilding industry Indonesia is a potential industry. One factor is related to the domestic needs of the ship is military defense of the country. As a maritime State Indonesia would have to have a good sea defenses. One of them is by boat , defense frigate, destroyer, to battleships. The need for warships and submarines continues to increase due. Indonesia needs to maintain the sovereignty of the sea defenses Indonesia. In terms of human resource capabilities, Indonesian shipbuilding industry has been able to produce warships used for military activities. Indonesia in cooperation with south korea for build marine defense development project. Today indonesia make good cooperation with south korea considering the south korea is one of the countries that has successfully built its maritime industry. South Korea is one of the countries that produce warships in the world. Even warships in Indonesia. South Korea was able to meet the needs of the Country with. Indonesia also builds submarines in south korea. Indonesia and south korea also cooperate to realize the construction of submarines. Indonesia also has good human resources in the shipping industry. So the potential for development in south korea can be applied in Indonesia. With good regulation and support of related parties of

course, we can realize the shipping industry to improve the national defense activities. Learning from Korea, Korea has good integration and improving the quality and good technology development. To transfer the quality of human resources in the production process. Existing cooperation will certainly improve the quality of Indonesian human resources. One day Indonesia can produce their own defense ships in the future. The Education shipbuilding experts is increasing in schools and universities Indonesia. Qualification shipping was up to the level of doctorate. Not the least organized exchange of experts to developed countries to transfer knowledge and technology. The education growing media such as websites and software design of the ship. This course will also improve the human resource requirements under on the shipping. Then, The demand for ship also will continue to rise driven mining sector development and trade. Moreover, in , Asean Economic Community will be held where the commencement of the implementation of free trade between countries in Southeast Asia. Ships as a means of freight transport is more efficient than other means of transport. Sea transport is a method that is effective and efficient transportation for commodities in large 90 per cent of international trade done using existing transportation. The growth of economic activity would foster an increase in the shipping company as the owner of the ship. The demand in the offshore sector offshore. Pertamina booked six ships of the national shipbuilding industry. In fact, until , Pertamina plans to add 35 units tanker and supporting ship. National shipyards have prepared a variety of facilities required. This process will work closely with the South Korean company. Shipping companies would require the ship used to global demand. Economics activities linked to another. With such geographical conditions. Indonesia plays a role Neither such further information as well as passenger transport. Barge that are used to import and export activities. So that the vessel remains one of the modes of transportation. Then shipping company will surely add to the existing fleet related supporting economic activities such as crew boat from the port to offshore rigs. It is also more maintenance process. Shipyard besides the production as well as a repair and maintenance that this will further strengthen the important of shipyard. Indonesia has great potential but There are some challenges in the development of Indonesian shipping industry, however Use of the technology is still not maximized in Indonesia. Existing technology has not evolved even though Indonesia has a good human resource. In this condition, In a building of 10, DWT tanker takes 18 months. In addition to technology whose mother, another challenge is the dependence of foreign components. It certainly can be overcome if there is a system and regulation of the relevant parties, including companies and governments Indonesia. This is a challenge for the national shipping industry. We are optimistic that Indonesian government continues to carry out the development of the maritime industry Indonesia. In the new government is one of the main government program of development of ships. Marine highway program certainly by making the ship as the one used public transportation to activities. Then in Indonesia formed the ministry which oversees maritime task. This course will address the challenges that exist. So that the development of the maritime industry to become more focused. The next challenge is the need of ship components. Component ship is still difficult because there are still imported. This of course requires support from the government regarding the import taxes are still expensive. Some national Automotive component industry expressed its readiness to manufacture ship components in the country. This is very encouraging because it would further facilitate the national shipbuilding industry get the necessary components at once can save foreign exchange component of the reduced imports. We believe that Indonesia has a very large potential for maritime the industry. Needs of ships in this country is increasing. Shipbuilding industry also serves as the infrastructure of the existence of the harbor. Ports also well built and support with existing economic activities. The shipping industry is still potential to receive credit disbursement by banks as long as these risks can be reduced and national shipping infrastructure can be improved quality and procurement kuantitasnya.

Chapter 5 : Indonesia Ports and Shipping Industry | GBG

H. W. Dick: The Indonesian interisland shipping industry: an analysis of competition and regulation.

The fishmeal that is produced by a fish oil plant on the west coast of Bali is mostly used by a large feed mill in Surabaya. Similarly, corn that is readily available in Lampung is transported by ship to Jakarta and other feed mills around the city. Inter island shipping of animal feed is common. The price of imported soybean meal, fishmeal and corn tends to be set by the international market and includes transport and handling costs. Ports located in Java have an advantage over those located on other islands because of better facilities. About 70 per cent of the feed manufacturers are located in Java. Problems of inter island transportation arise mainly because of the inconsistency and low frequency of shipping, ship capacity, and the limited number of ships specially designed to transport animal feed. The use of feed containers to carry animal feed on ships is a possible solution but it increases total transport cost. The role of private sector investment in improving the efficiency of the industry is important. In mid , a special large port for handling feed grains was under construction in Bojonegoro, Serang, 70 km to the south east of Jakarta. This facility is being constructed with the support of the US government. It is here where the shipping of feed grains will be concentrated in the future, since facilities for the automatic loading and unloading of feed grains and silos will be available. When finished, it will be the only modern port for feed grains in Java. There are a series of government regulation that relate to inter island shipping, especially with regard to the safety of transported animals, disease control and penalties that are imposed by the government. Freight rates and the activities of companies participating in inter island shipping on the other hand are not controlled by government. So far the involvement of the private sector in improving the transport infrastructure has been very limited. In addition, the location of feed mill also considers the availability of local ingredients such as corn and rice bran since these might be the main ingredients for animal feed. About 50 per cent of feed ingredients comes from corn and about 10 to 15 per cent from rice bran. Most animal feedstuff transported between the major islands is in 50 kg bags. Normally trucks and ferries are used to transport feedstuff from Java to Sumatera, Bali, and Madura islands because of the relatively close distance between those islands and the availability of large ferries to carry trucks. However, transport of animal feed to Kalimantan, Sulawesi and Irian Jaya is by small carriers that belong to local companies. These small carrier usually carry timber from Kalimantan or Sulawesi to Java, and on the return trip they carry feedstuff for the poultry industry. In Java, 90 per cent of the feed ingredients are transported by truck, 10 per cent goes by ship, and none by train. Deliveries of fishmeal to the factory gate are normally by trucks owned or controlled by the agents. Ingredients, such as rice bran and other milling products produced by factories located near the feed mill, are collected by the feed mill using its transport equipment. Feed companies generally rent trucks to carry feed ingredients to the feed mill, as only about 5 per cent of feed companies have their own trucks. Large farms use their own trucks to transport feed bought directly from the feed millers. No foreign companies are interested in developing local transport for animal feed in Java. Special trucks have not been designed for the delivery of animal feed in Indonesia and most of the trucks used in the animal feed industry are also used to carry other commodities. Often these are not particularly involved with the animal feed industry. The size of trucks varies in capacity. Small trucks, with a capacity of 5 tonne locally called Colt Diesel , bigger ones with 15 tonne capacity, or double trucks with a capacity of 30 tonne are used to transport animal feed. The operating cost of these trucks varies with the distance, and the cost is usually calculated based on weight load. On average, the cost of transporting feed by truck between Jakarta and Sukabumi about 60 km is Rp. There is no special regulation to prevent trucks from operating in different provinces and they operate across the provincial administrative boundaries. All trucks are required to follow the general public transport safety regulations, and have to be inspected regularly every six months by the government road traffic authority for safety against engine and other equipment failure. Old trucks are usually kept for short distance operation because of the risk of engine problems. Before the trucks can be operated, the owner must obtain a certificate of clearance from the office of the local road traffic authority DLLAJR. The overall fee varies from location to location and depends on the size of the truck. For example, in Java where

around 60 per cent of the population live, a higher priority is placed on road development than is the case for the other islands. The priority attached to road improvement also takes into account the industrial and investment growth of the regions. There is no special carrier for livestock for island to island transportation, although the number of live animals transported has been relatively high in recent years. The absence of a particular carrier is due to the variability from one year to the next in the number of animals that are transported, in the timing of the movement of animals, and the destination of the transported animals. Data for indicated that around , cattle were transported from one island to another using local carriers. Around , cattle were moved from one province to another in Java by truck or by train, or through the use of ferries to provinces located on other islands. These other islands include Sumatera, Bali and Madura. Transport of live animals to the local market is the responsibility of small farmers. Over a short distance less than 10 km , the farmer usually walks the animals. For longer distances over 10 km , they are normally carried by a truck that belongs to a trader or is hired from another company. Small farmers seldom bring their animals directly to the abattoir. They generally sell their live animals to the traders or butchers and the animals are then taken to the slaughterhouse. The average time spent by animals on trucks varies from two to 24 hours and this depends upon the distance to be traveled. Prior to their slaughter, the animals must be given a rest for at least 12 hours. There is no incentive paid to the truck drivers who deliver animals to the slaughterhouse with little or no bruising or no reduction in weight. The death of a transported animal is very rare. To reduce losses from bruising, the number of animals in each shipment is kept low, and the layout of the truck is usually designed in such a way to minimise losses. The handling involves careful arrangement of the animals, especially during loading and unloading; a well designed gangway; and the placement of the animals on the truck to minimized the movement of the animals. Thus, for them, some bruising at times can not be avoided. The government controls the transportation of animals at the borders of the provinces or districts. Government control procedures are concerned with the number of animals being transported; the origin of the animals; enforcement of existing regulations, such as a prohibition on the slaughtering of productive female animals; and the requirement that the animal have a suitable health certificate. When livestock are moved across borders, their owner has to pay a governmental fee that varies between locations. For example, at the West Java boundary the charge is Rp. A study conducted by Soedjana, et al. They have to stay in the quarantine station for about seven days. Second, the animals are then transported from the quarantine area to Kupang Port also using a small truck. They are transported using a small carrier equipped with semi-permanent stalls made of bamboo. This facilitates the feeding and watering of the animals during transport. The design of the stalls also takes into account the comfort of animals and is influenced by their size and the carrying capacity of the truck. In East Java, they are kept for at least four hours in the city of Tandes. Finally, the animals are put on a train to Jakarta for the km trip which takes about six hours. On trips such as this, the animals are fed on grasses and straw and given water. The train stops at Cikarang 30 km east of Jakarta , and they are then brought to Tambun for sale in a Bekasi livestock market. There are some buyers in the market who regularly purchase livestock from Nusa Tenggara Timur. The animals are then taken to a slaughterhouse. The total cost of transporting livestock is made up of the following: The study of Soedjana et al. The cost of transporting animals from various locations by different types of trucks is presented in Table 5. Average cost of transporting animals from various locations using different truck types Distance.

Chapter 6 : List of shipping companies in the Philippines - Wikipedia

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