OVERVIEW

PORTS UNITY INDONESIA

R.J. LINO – President Director

EIBD Conference 2010
95% of All Our Domestic and International Trade Carried by Sea Transportation

Ship Size Become Bigger

1st Generation (Pre 1960 - 1979)
3rd Generation (1985)
6th Generation (2006 - )

1.700 TEU
2.365 TEU
3.220 TEU
4.848 TEU
8.600 TEU
15.000 TEU
### EVOLUSI KAPAL PETIKEMAS

#### Container capacity evolution in TEU – Dec’07

- **1980**: 60% kapal kontainer berukuran ≤ 3.000 TEU's (below Panamax)
- **1996**: 60% kapal kontainer berukuran ≤ 3.000 TEU's (below Panamax)
- **2007**: Kapal ukuran ≤ 3.000 TEU's, PANAMA X dan POST PANAMAX jumlahnya hampir sama
- **2012**: Kapal dengan ukuran POST PANAMAX atau yang lebih besar, prosentasenya akan semakin dominan

#### Post Panamax Orderbook

**Orderbook of Post Panamax (5,000+) Full Container Ship - Dec. 2007**

<table>
<thead>
<tr>
<th>Range Size</th>
<th>Number of Vessels</th>
<th>Capacity</th>
<th>Average Vessel Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,000 - 13,300</td>
<td>37</td>
<td>486,672</td>
<td>13,153</td>
</tr>
<tr>
<td>12,000 - 12,999</td>
<td>43</td>
<td>542,840</td>
<td>12,624</td>
</tr>
<tr>
<td>11,000 - 11,999</td>
<td>10</td>
<td>113,800</td>
<td>11,380</td>
</tr>
<tr>
<td>10,000 - 10,999</td>
<td>28</td>
<td>280,536</td>
<td>10,019</td>
</tr>
<tr>
<td>9,000 - 9,999</td>
<td>34</td>
<td>327,470</td>
<td>9,631</td>
</tr>
<tr>
<td>8,000 - 8,999</td>
<td>124</td>
<td>1,044,242</td>
<td>8,421</td>
</tr>
<tr>
<td>7,000 - 7,999</td>
<td>12</td>
<td>89,568</td>
<td>7,467</td>
</tr>
<tr>
<td>6,000 - 6,999</td>
<td>94</td>
<td>612,132</td>
<td>6,512</td>
</tr>
<tr>
<td>5,000 - 5,999</td>
<td>52</td>
<td>278,932</td>
<td>5,364</td>
</tr>
<tr>
<td><strong>Total order (5,000+)</strong></td>
<td><strong>434</strong></td>
<td><strong>3,776,222</strong></td>
<td><strong>8,701</strong></td>
</tr>
</tbody>
</table>

Source: Clarkson’s - on-line Service, Dec. 2007
But improved transport infrastructure can improve industries’ access to processing centres and markets:

- **Economic activity is concentrated in urban areas (especially Java and greater Java)**
- **Transport infrastructure not sufficient to make industries move to lagging region**
- **But improved transport infrastructure can improve industries’ access to processing centres and markets:**
  - Lowers costs of commodities and consumer goods
  - Improves international competitiveness

Indonesia is no exception
Connectivity is a Presidential priority: Challenge of inter-regional disparity

- President SBY outlined in his 2009 Independence Day speech the importance of national unity, focusing on:
  - Regional development
  - Inclusive growth
  - International competitiveness

- These priorities are further reflected in RPJMN 2010-2014

Indonesia is struggling to compete with ASEAN+6 countries on logistics

![bar chart showing logistics performance index (LPI) scores for various countries, with Singapore leading and Indonesia, for example, lagging behind]
International connectivity

- High domestic transport costs and poor logistics hamper Indonesia’s export competitiveness and raise import costs
- The private sector is especially critical of border management, including customs procedures
- Restrictions on number of gateway ports/airports also raise the costs of external trade
- Explore options for direct trade from border areas

International connectivity: Tanjung Priok is reaching full capacity

- Handles 70% of Indonesia’s general cargo/container exports and imports
- Major commodities (coal, LNG etc) go directly from ports on Kalimantan and Sumatra
- Financial crisis and improvements in container efficiency have eased congestion
- However, there are still serious issues in the physical lay-out which make it difficult for larger container ships to enter the port
- Tanjung Priok will reach its maximum capacity within a few years
- Therefore, plans to locate and develop a new deep water port need to proceed quickly
Inter-island connectivity

- Key issue in archipelagic country such as Indonesia
- High cost and unreliable inter-island shipping services are a major constraint on getting food and basic consumer goods to remote (usually poorer) islands and bringing commodities to processing facilities and markets (usually on Java and overseas)

- It costs US$ 600 to ship a container from Padang to Jakarta, while the same container can be sent from Jakarta to Singapore (a longer distance) for only US$185
- It is cheaper to ship mandarins to Jakarta from China than from Pontianak
- Cement in Papua is 20 times more expensive than in Jakarta because of shipping costs
Breaking the Problem down: PORT SECTOR

- TURN AROUND TIME
- DWELLING TIME CONTAINER IMPORT
- ACCESS ROAD CONGESTION
- TRANSHIPMENT CONTAINER IMPLEMENTATION NSW
- PORT FACILITIES
- PORT NETWORK

- LOW PRODUCTIVITY
- ACCESS CHANNEL
- INAPORT NET
- ICT PELINDO

- 24/7
- TKBM
- PBM
- HANDLING EQUIPMENT
- HANDLING METHOD & OPERATION

GEOGRAPHICAL distance between major cities in Indonesia and Singapore

ECONOMIC distance within Indonesia based on SEA transport costs

ECONOMIC distance within Indonesia based on AIR ticket costs
Breaking the Problem down:

PORT OF TANJUNG PRIOK

KAPASITAS TERPASANG UNTUK MENGHANDLE CONTAINER SAAT INI: 4,5 JUTA TEU

TAHUN 2010, DIPERKIRAKAN TOTAL CONTAINER TRAFFIC AKAN MENCAPAI ± 5 JUTA TEU, SEHINGGA KEBUTUHAN AKAN FASILITAS SUDAH SANGAT MENDESAK

PRODUKTIVITAS BONGKAR MUAT RENDAH:
- DOMESTIC CONTAINER
- CPO
- GENERAL CARGO

TIDAK TERSEDIA NYA TERMINAL BARANG CURAH KERING

TERKONTRASISINYA CONTAINER DEPO DI CAKUNG DAN KBN AREA

OVERVIEW CONCLUSION

OUR PORTS ARE NOT SERVING THE NEEDS OF OUR PEOPLE AND OUR ECONOMY

WE MUST NOT EXPECT USER TO PAY MORE FOR PORT SERVICE THAN THEY DO IN NEIGHBOURING COUNTRIES

EVERYONE IN THE SECTOR NEEDS TO ACCEPT THAT WE ARE ALL PART OF THE PROBLEM AND WE ALL NEED TO CHANGE
DEMAND FORECAST

2010
400 million tones

2030
1.200 million tones

2030

- A DOUBLING OF COAL LOAD TO 500 MTPA
- CONTAINER HANDLING VOLUME INCREASE TO 42 M TEUS
- PETROLEUM PRODUCT INCREASE TO 107 MTPA
- CRUDE PALM OIL INCREASE FROM 20 MTPA TO 150 MTPA
THE VISION
How to balance regional development and inclusive growth?

Successful economies...

Maximize growth through unity not uniformity (inclusive development)

- Connecting the Growth Poles

Expand growth by connecting regions through inter-modal and efficient supply chain systems

- Connecting lagging regions to the growth poles

Make high growth inclusive

- Connecting remote areas with basic services and infrastructure to enjoy benefits of growth

Economic integration is the best way to get both the immediate benefits of the concentration of production and the long-term benefits of a convergence in living standards.

Inter-island connectivity needs to be regionally differentiated

- Fishbone approach (appropriate for high density population areas)
- Ink-spot approach (appropriate for sparsely populated areas)

Mostly fishbone on Java and Sumatra, ink-spots in Eastern Indonesia.
**WHAT PORT USER NEEDS**

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The Vision

Indonesia International Gateway

Breaking The Problem down: 3 Types of Connectivity

1. Intra-island
2. Inter-island
3. International

LOCAL Connectivity  NATIONAL Connectivity  GLOBAL Connectivity
WHAT PORTS USER NEEDS

Terminal that can handle the right size of ships;
- Ultra large container ship, Aframax Tankers
- Cape size bulk carriers, our provision of facilities for all these are inadequate

Ports that do not make ships wait for berths

Productivity levels across all our ports that match international best practice

System and Services that provide shipping with confidence their cargo will enter and leave the port without delay and when it is stored it is safe and secure
IMPROVE PRODUCTIVITY AND REDUCE COST

PROVIDE MORE PORTS AND TERMINALS

DEVELOPING OUR HUMAN RESOURCES

MODAL SHIFT AIMS TO REDUCE ENVIRONMENTAL BURDEN BY FURTHER USING OF COASTAL SHIPPING AND RAILWAY

CRITICAL INVESTMENT REQUIRED
PORTS UNITY INDONESIA

CRITICAL INVESTMENT

PORT DEVELOPMENT

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2030 ADDITIONAL PORT CAPACITY REQUIREMENT

- 9 KM OF CONTAINER QUAY IN WEST JAVA WITH OVER 120 QCC (QUAY CONTAINER CRANE) AND OVER 900 HA OF STORAGE AREA
- 4 KM OF CONTAINER QUAY IN EAST JAVA WITH OVER 55 QCC AND 400 HA OF STORAGE AREA
- 80 MTPA OR MORE PETROLEUM PRODUCTS BERTH WITH OVER 700 HA OF STORAGE TERMINAL ON JAVA

JICT EXPANSION PLAN

- 2030 ADDITIONAL PORT CAPACITY
- 9 KM CONTAINER QUAY IN WEST JAVA WITH OVER 120 QCC
- 4 KM CONTAINER QUAY IN EAST JAVA WITH OVER 55 QCC AND 400 HA STORAGE AREA
- 80 MTPA PETROLEUM PRODUCTS BERTH WITH OVER 700 HA STORAGE TERMINAL
CONTAINER TERMINAL CONTINGENCY PLANS
CABANG PELABUHAN TANJUNG PRIOK

PENGEMBANGAN PELABUHAN TANJUNG PRIOK
2010 - 2017
TERIMA KASIH

PELABUHAN INDONESIA II

Productivity For Excellence...