

“One of the largest ports in Indonesia, Tanjung Priok, grows more rapidly than Shanghai Port and Singapore Port.”

» 1. Port Management in Indonesia

According to regulation number 17/2008 in regards of shipping on article 69, ports in Indonesia serve as government and business point. The implementation of Government activities in the ports (port operations) is represented by two institutions, the Port Authorities and Port Operating Unit. Meanwhile the commercial operation is represented by Port Operator Company

Port Authorities is established for commercial ports and Port Operating Unit is the operator of Government representation ports that report to the Minister of Transport.

The Port Operator Company has its role of operating the terminals and other port facilities. According to Government Decree No.61/2009 in regards of Port on article 71, the Port Operator Companies that perform port commercial activities should obtain license from the related authorities according its level (starting from Ministries to Local Authorities).

Currently the port operations in Indonesia is managed by State Owned Enterprises through PT Pelabuhan Indonesia I-IV, private companies, and the Government. Private companies has also taken the role of port operator, and currently there are 10 port operators in Indonesia.

	PT Pelindo I	PT Pelindo II	PT Pelindo III	PT Pelindo IV
Area	Aceh, North Sumatera, Riau	West Sumatera Jambi, Bangka Belitung, South Sumatera, Bengkulu, Lampung, Jakarta, Banten, West Kalimantan, West Java	Central Kalimantan, South Kalimantan, West Nusa Tenggara, East Nusa Tenggara	Sulawesi, Maluku, Papua

	PT Pelindo I	PT Pelindo II	PT Pelindo III	PT Pelindo IV
Ports	<ol style="list-style-type: none"> Belawan Dumai Tanjung Pinang Lhokseumawe Pekanbaru Tanjung Balai Karimun Sibolga Tembilahan Malahayati Tanjung Balai Asahan Kuala Tanjung Sungai Pakning Batam 	<ol style="list-style-type: none"> Tanjung Priok Sunda Kelapa Panjang Palembang Teluk Bayur Pontianak Cirebon Jambi 	<ol style="list-style-type: none"> Tanjung Perak Tanjung Intan Tanjung Wangi Sampit Tanjung Tembaga Bima Tanjung Emas Trisakti Benoa Kotabaru Kumai 	<ol style="list-style-type: none"> Makassar Balikpapan Samarinda Bitung Ambon Sorong Jayapura Talakan Pantoloan Ternate Kendari Parepare
Main Ports	<ol style="list-style-type: none"> Belawan Tanjung Priok Tanjung Perak 	<ol style="list-style-type: none"> Makassar Balikpapan 		

Total Passenger Flow managed by PT Pelabuhan Indonesia I-IV in 2012: 17,709,141 passengers

Total Container Flow Managed by PT Pelabuhan Indonesia I-IV in 2012: 11,076,865 *Twenty Foot Equivalent Units* (TEUs)

Main Projects

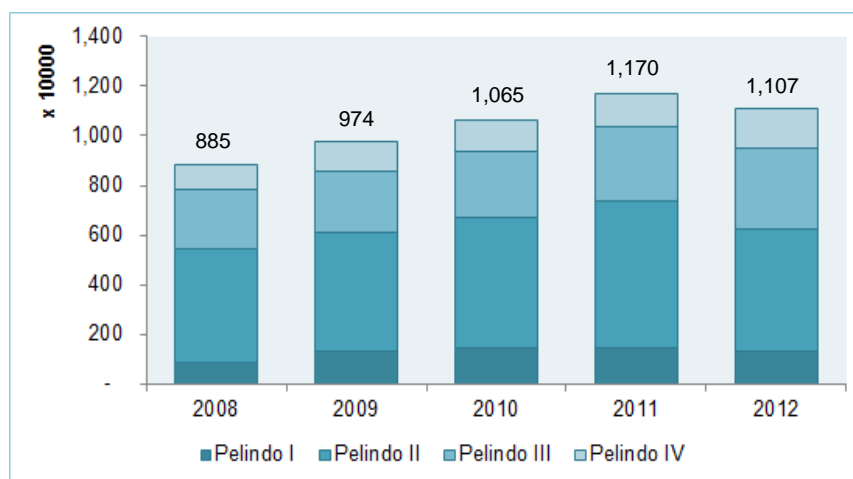
Port development projects in PPP Book 2013:

- Port in Maloy, East Kalimantan,
- Tanjung Priok Port in Jakarta dan
- Port Terminal in Tanjung Sauh, Batam Riau Islands

2. Container and Passenger Flow

a. Container Flow

PT Pelindo I-IV has managed 11,076,865 TEUs containers within 2012, where 44% was managed by PT Pelindo II and 29% managed by PT Pelindo III. The figure is lower than 2011 in which the companies managed 11,704,312 TEUs. This is partly caused by the declining container throughput in several ports, such as Pekanbaru, Belawan, and Tanjung Pinang (Pelindo I)

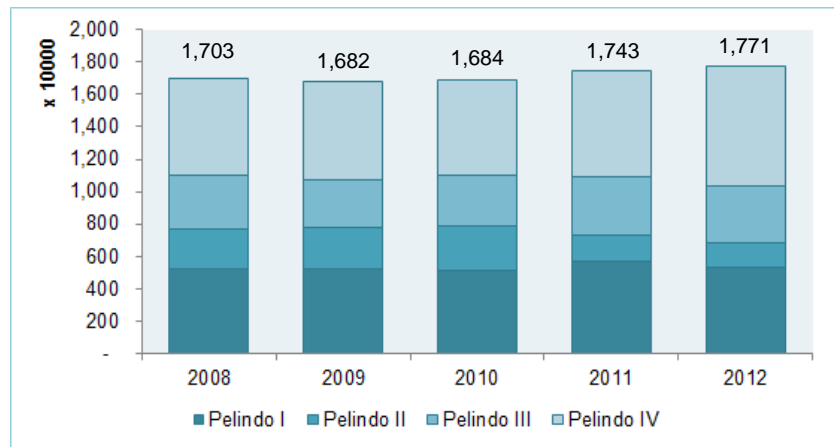


Source: Ministry of Transportation, 2012

b. Passenger Flow

Below is the passenger flow growth of the ports managed by PT Pelindo I to IV from 2008 to 2012:

Total passenger flow in 2012 briefly increased by 1.6% from 2011. PT Pelindo IV managed 41% of 17.7 million total passengers and has its largest shares among its sister companies whilst Pelindo II managed the least number of passengers.



Source: Ministry of Transportation, 2012

PT Pelindo II's focus on movement of goods established their ports as the biggest container operator among their sister companies, whilst PT Pelindo IV has always been focusing on passenger flow.

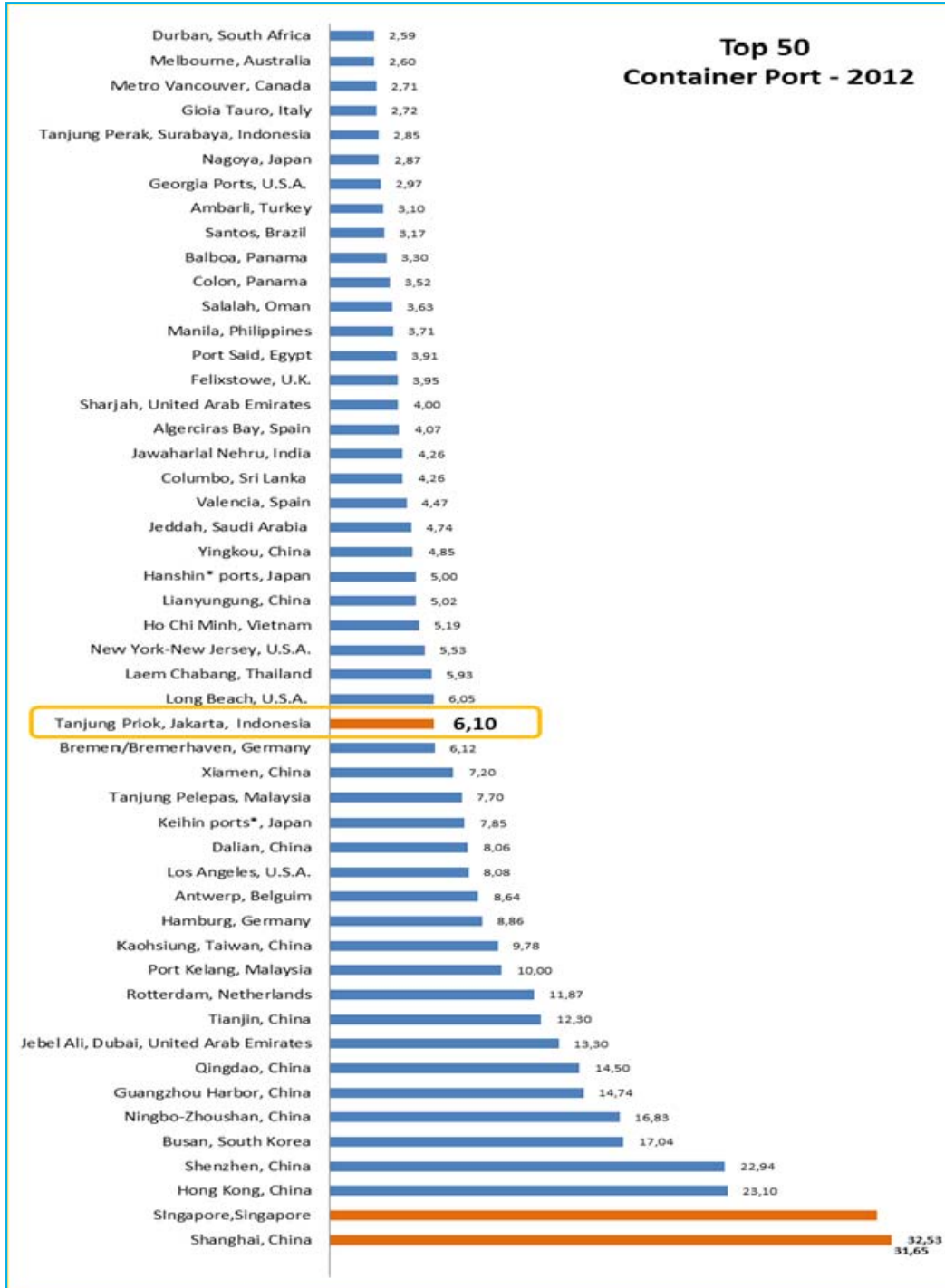


3. Comparison between Indonesian Ports and other Foreign Ports

a. Top 50 World Container Port

Shanghai Port and Singapore Port swept away the Top 50 World Container Port on Container Traffic chart in 2012 with total volume of 32.53 million TEUs and 31.65 million TEUs, respectively. Meanwhile Indonesia's Tanjung Priok Port sits in number 22 with 6.10 million TEUs.

Tanjung Priok Port, Jakarta Indonesia ranks twenty-second with 6.1 million TEUs.



Source: *The Journal of Commerce*, August 20, 2012 and August 19, 2013 and Ports

Container traffic in Tanjung Priok Port grew 8.5% in 2012 to 6.1 million TEUs. The growth has exceeded the full capacity of the port by 153%. However, the growth rate is higher than the Singapore Port and Shanghai Port.

However, the growth of container traffic at Tanjung Priok Port is higher than Shanghai Port and Singapore Port.

b. Shanghai Port

Within 2011-2012, Shanghai Port sit at the top of World's busiest port list with 31.7 million TEUs and 32.52 million TEUs, respectively. The size of the port has been expanded to 3.95 km² equal to 470 soccer fields. With the expansion in 2005, the capacity of the port increase significantly from 14 million TEUs in 2004 to 32.52 million TEUs in 2012. The 2013 annual report stated that

c. Singapore Port

In 2011, Singapore port sits at number 2 of World's Busiest Port list with 29.94 million TEUs. Despite its traffic increase of 5.7% to 31.65 million TEUs in 2012, the port has not been able to take over the top spot of World's Busiest Port from Shanghai Port. There are two main port operators in Singapore, first is PSA, the container terminal operator of Brani, Keppel, Pasir Panjang, Sembawang, and Tanjong Pagar, the second is Jurong Port, conventional container terminal gate in Singapore.



d. Infrastructure ratings of Indonesian Ports in World Economic Forum—The Global Competitiveness Report 2011-2014

Indonesia has maintained its position in top 50 of Global Competitiveness Index in number 38 of the list within 2013-2014 going up from number 50 in 2012-2013. The overall infrastructure sector has also increased its rating from number 78 in 2012-2013 to 61 in 2013-2014. The Indonesia's port infrastructure rating is in line with the increasing trend from number 103 to 89 on the list. However, the increasing trend is still far below Singapore, Malaysia, and Thailand. Singapore's port infrastructure has always been consistently sit within the top 2 position.

No	Period	Indonesia	Singapore	Malaysia	Thailand
1	2011 - 2012	103 / 142	1 / 142	15 / 142	47 / 142
2	2012 - 2013	104 / 144	2 / 144	21 / 142	56 / 142
3	2013 - 2014	89 / 148	2 / 148	24 / 148	56 / 148

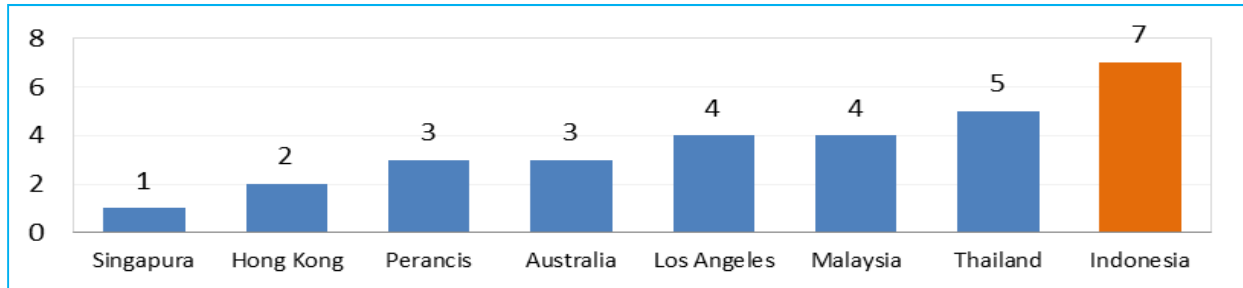
Note: Rank / Total Ranked Country

Source: WEF – *Global Competitiveness Report 2011-2014*

e. Dwelling Time

Dwelling time is the processing time between the unloading until the goods are being cleared out of the port area. Dwelling time shows the Dwelling time indicates the easiness of the goods movement out of the port area.

Dwelling Time Comparison (days)



Source: CLSA Indo Infrastructure Special Report (21 February 2014)

Indonesia has longer dwelling time compared with other ASEAN nations such as Singapore, Malaysia, and Thailand. It takes seven days in Indonesia compare to 1 day of dwelling time in Singapore. It affects the competitiveness of Indonesian port due to high logistics costs. Moreover, Tanjung Priok Port is serving two third of Indonesia's international trade.

4. Indonesia's Main Ports

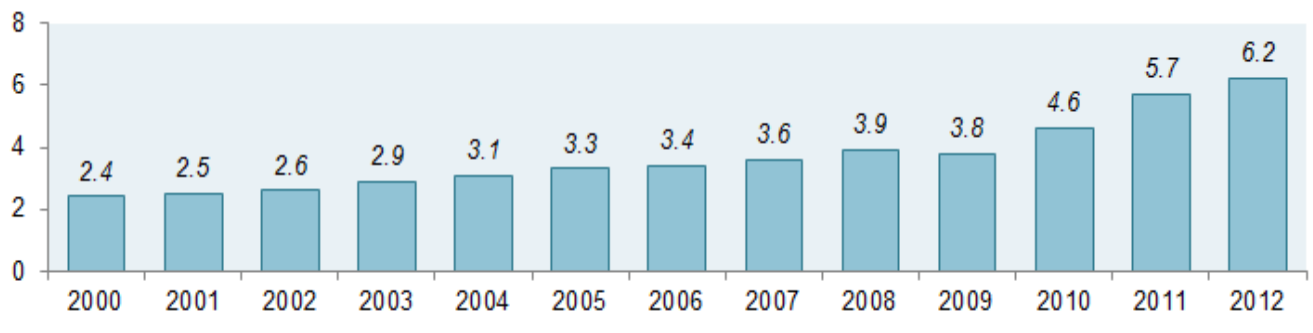
	Makassar Port	Tanjung Priok Port	Tanjung Perak Port	Belawan Port	Balikpapan Port
INBOUND FLOW					
Length	25 mile	16.85 km	25 mile	13 km	12 mile
Width	150 m	n/a	100 m	100 m	150 m
Depth	26 m	14 mLWS	9.7 - 12 mLWS	8-10 mLWS	13-27 m
WIDTH & DEPTH					
Land area	1,520 ha	424 ha	16,340,300 m ²	4,428,500m ²	262 ha
Minimum depth	9.70 mLWS	7 mLWS	9.6 mLWS	6 mLWS	13 mLWS
Maximum depth	16 mLWS	7 mLWS	10.5 mLWS	10 mLWS	30 mLWS

a. Tanjung Priok of Jakarta

Being the largest and busiest port in Indonesia, Tanjung Priok's capacity is increasing gradually, from 5.62 million TEUs in 2011 to 6.1% million TEUs (8.5% growth). The growth rate is higher than Shanghai Port and Singapore Port. The port needs to enhance its operations and capacity in order to compete with those ports.

During the past 10 years, the container throughput in Tanjung Priok port has increased three times from 2.4 million TEUs to 6.2 million TEUs. Despite the higher throughput, however, the port's capacity has not been increased.

Growth of Container Throughput in Tanjung Priok Port 2000 – 2012



Source: CLSA Indo Infrastructure Special Report (21 February 2014)

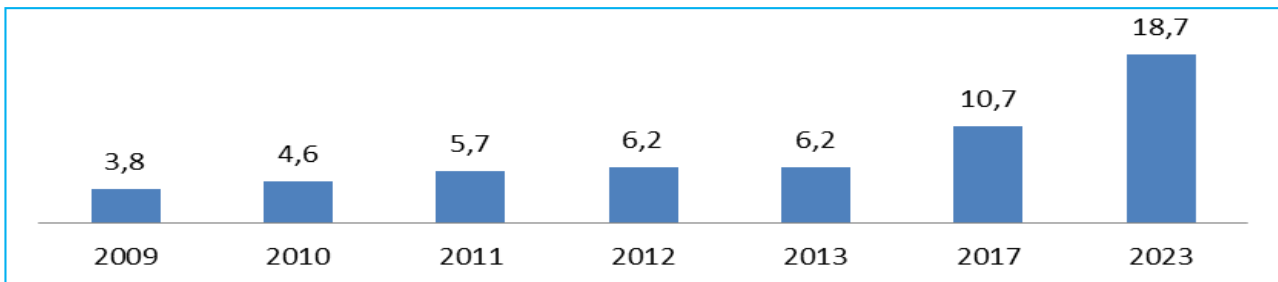
World Bank data accounted dwelling time in Tanjung Priok has been decreasing from 4.8 days in 2010 to 6.4 days in 2012. It limits the logistics efficiency despite increasing throughput over the years.

There are consequences of dwelling time constraint such as (i) uncertainty over export-import business due to the delays, affecting Indonesia's competitiveness, (ii) excessive pile of goods hampered the traffic flow, only to add the overcapacity issue of the Port.



New Priok (Kalibaru) Port started its construction phase in 2013, with targeted capacity increase of 4.5 million TEUs or 72% (phase 1 construction) and to further increase to 8 million TEUs in 2023. With the addition of the new port, total annual capacity of Tanjung Priok will be increased to 12.5 million TEUs in 2023. As comparison, total port capacity in Singapore for 2012 is 31.65 million TEUs. The concession agreement is 70 years with optional extension for 25 years.

Port Capacity Enhancement (million TEUs)



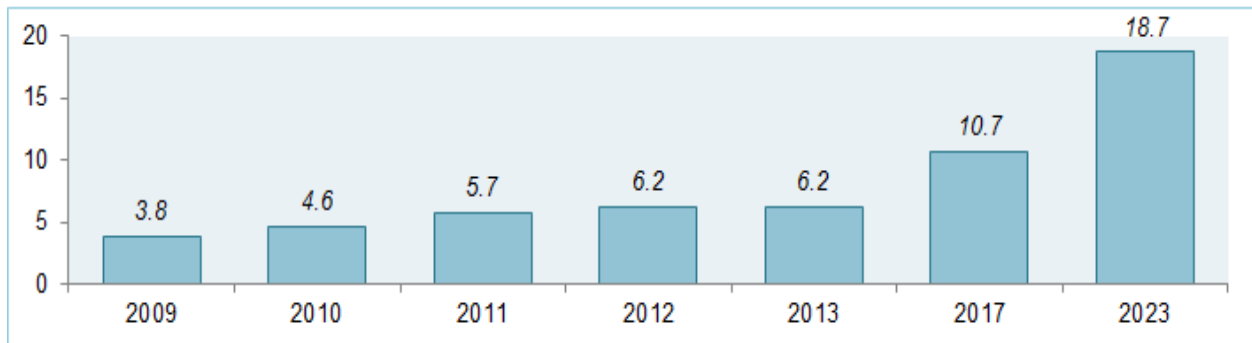
Source: CLSA Indo Infrastructure Special Report (21 February 2014)

Besides capacity increase to accommodate container flow, Tanjung Priok Port should be able to increase their performance by shortening dwelling time. Therefore, the Port will be more competitive with other ports in ASEAN.

b. Tanjung Perak

During the past five years, container throughput in Port of Tanjung Perak grown 1.5 times from 1.5 Million TEUs to 2.9 Million TEUs, close to the total capacity of 3.02 Million TEUs.

Container Flow (million TEUs)



Source: <http://www.perakport.co.id>

The development of Port of Teluk Lamong will provide more capacity to existing Port of Tanjung Perak for its terminals (Conventional Terminal, Berlian Terminal, and Tanjung Emas Terminal).

The Turn-round time (TRT) of Port of Tanjung Perak in 2012 for non container foreign vessel reached 71.25 hours. As for local vessel, it reached 68.06 hours, far above the target in 2012 of 60 hours.

c. Main Port: Belawan

Port of Belawan provides main facilities such as liquid bulk terminal, dry bulk terminal, cargo load/unload, container, passenger terminal, navigation services, space and warehousing services within the port area.

Within three years, the container flow in Port of Belawan (Belawan International Container Terminal—BICT) has increased to 835,000 TEUs in 2012 from 352,000 TEUs in 2008.

Port of Belawan along with other ports in Sumatera will be revitalized into international hub alternative ports within the western corridor of Indonesia.

d. Main Port: Makassar

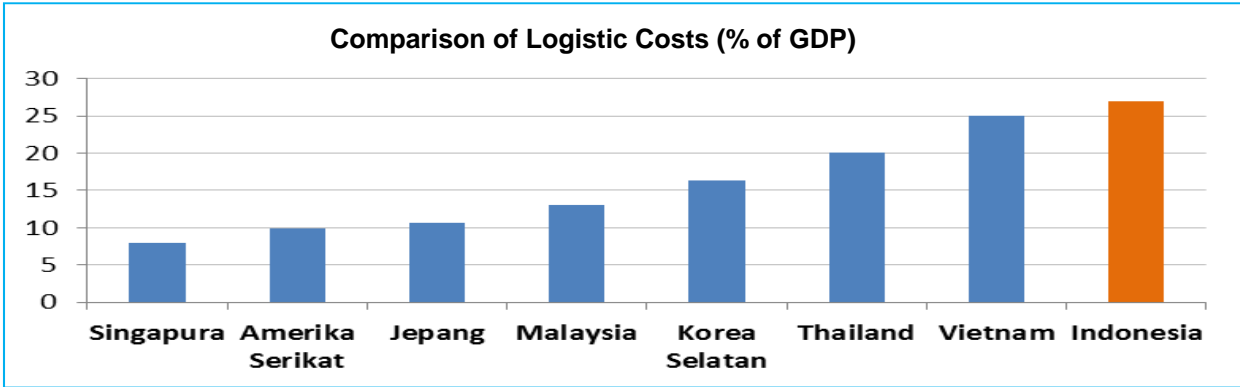
According to PT Pelindo IV report in 2011, container flow in Makassar has increased 105.43% from 1,280,433 TEUs in 2010 to 1,349,961 TEUs in 2011.

5. Port Development in Indonesia

Infrastructure development in Indonesia is expected to improve Indonesia's current competitiveness in economy, distribution, and others that are mainly caused by insufficient infrastructure quality. Infrastructure development is also expected to accelerate national economy, as well as lowering logistics costs in Indonesia

a. Logistics Cost in Indonesia

With 27% of total GDP worth of logistics cost, Indonesia has the highest logistics cost among ASEAN nations. Singapore is the lowest one with 8%, Thailand with 20%, and Vietnam with 25%.



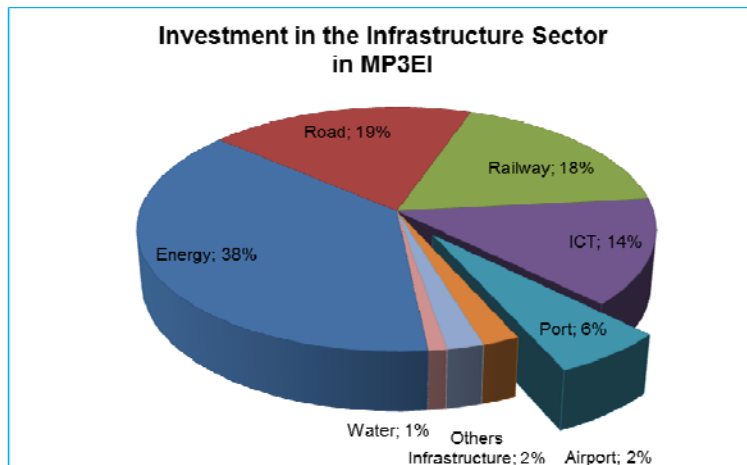
Source: State of Logistics Indonesia 2013

One of the key factors of high logistics cost in Indonesia is the insufficient infrastructure facilities including sea ports.

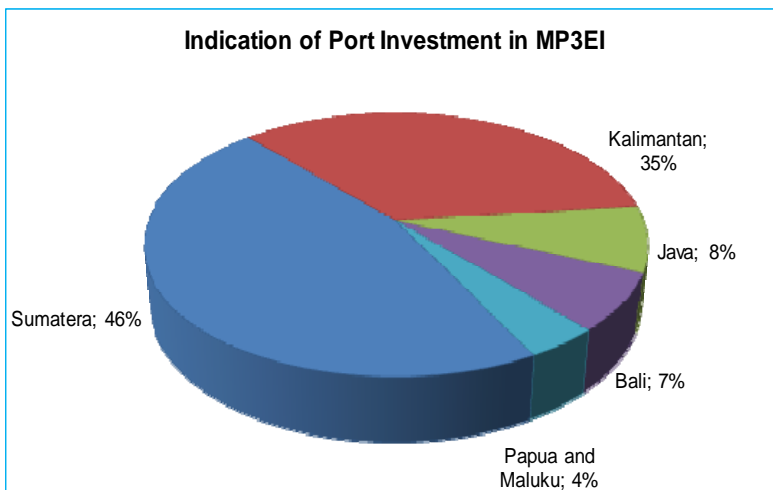
b. MP3EI

i. Infrastructure Investment

Investment plan in infrastructure for all six economic corridors in Indonesia, as stated within the MP3EI, covers multiple sectors, such as Sea Port, Toll Road, Railway, Energy, Airport, Water Supply, Urban Area Development, IT, Bridges, Waste Management, and Multimode Transport System. Projected investment amount within the main economic activities is IDR4,000 trillion. Based on that amount, 44% or IDR1,774 trillion from the total amount is to be allocated in infrastructure. Six percent or IDR117 trillion of it will be allocated to Sea Port Development.



Source: MP3EI (2013)

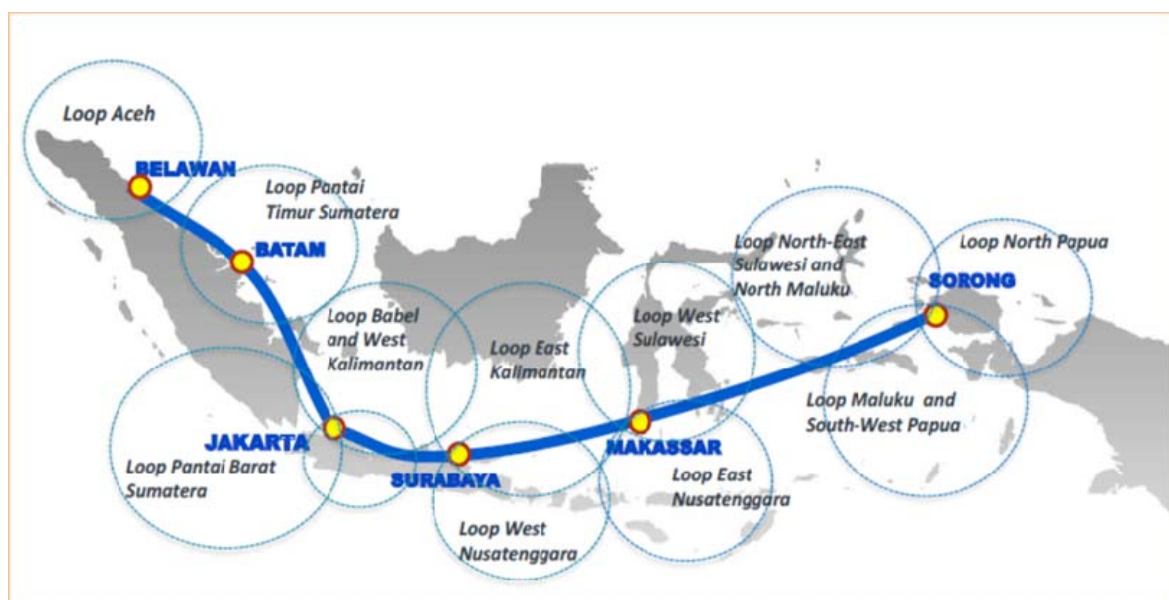


ii. Investment in Sea Port

The Government of Indonesia is fully committed to the development of port infrastructure within the MP3EI. The chart shown here indicates the investment value for multiple corridors in Sumatera, Java, Bali, Kalimantan, Papua-Maluku Islands and Sulawesi.

iii. National Pendulum

As connectivity improvement projects, this project shall link the Western Part and the Eastern Part of Indonesia, as well as reducing the logistics costs. The National Pendulum shall link strategic ports across the country, connecting Port of Belawan, Port of Tanjung Priok, Port of Surabaya, Port of Makassar and Port of Sorong.



Source: Annual Report of Inaport (2012)

There are two phases of National Pendulum project, the first one is to improve the infrastructure and standard facilities of those ports. The ports will be able to handle big vessels, so that the capacity of the container flow will be more effective and efficient.

The second phase is to operate container terminals in those ports. Sorong Seaport is expected to operate as domestic-hub for Eastern Indonesia.

c. PPP Book

PPP Book		
	2012	2013
Estimated Projects Cost	USD51,205.97 million	USD47,337.98 million
Seaport Projects Cost	USD2,839.12 million	USD3,721.39 million
Seaport Projects List	<ol style="list-style-type: none"> 1. Tanjung Priok Seaport Expansion Project, Cilamaya Karawang West Java, 2. Pelabuhan Seaport Expansion Project, South Kalimantan 3. Maloy Seaport Expansion Project, East Kalimantan 	<ol style="list-style-type: none"> 1. Maloy Seaport Expansion Project, East Kalimantan 2. Tanjung Priok Seaport Expansion Project, Jakarta 3. Tanjung Sauh Seaport Terminal Expansion, Batam, Riau Archipelago

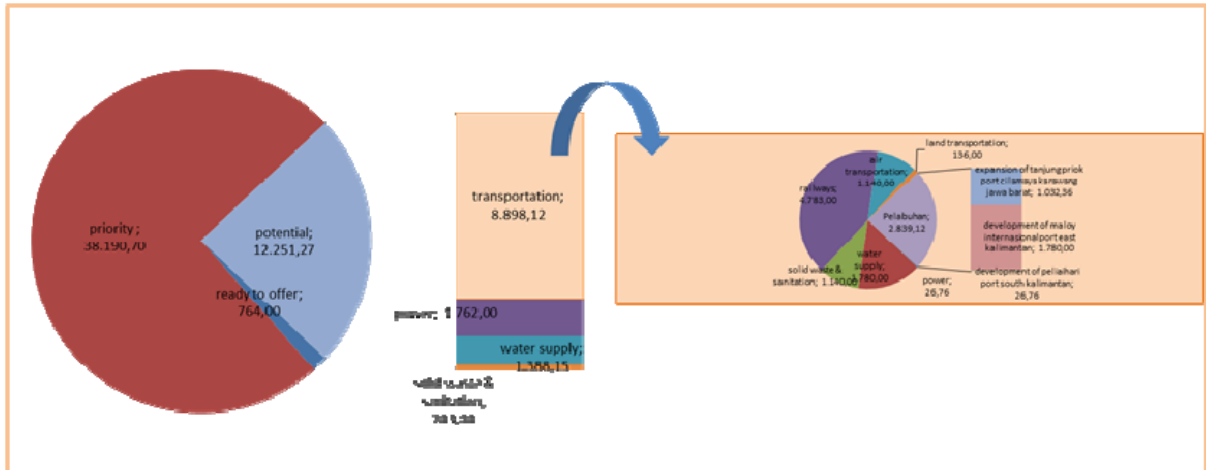
Source: PPP Book 2012 & 2013

5. Port Development in Indonesia

a. In 2012

According to PPP Book 2012, total estimated cost from proposed projects is USD51,205.97 million, allocated into *ready to offer projects* with total cost of USD764 million, *priority projects* USD38,190.70 million and *potential projects* USD12,251.27 million. Infrastructure sector covers in this PPP Book includes *transportation, power-plant, water, solid waste, and sanitation*.

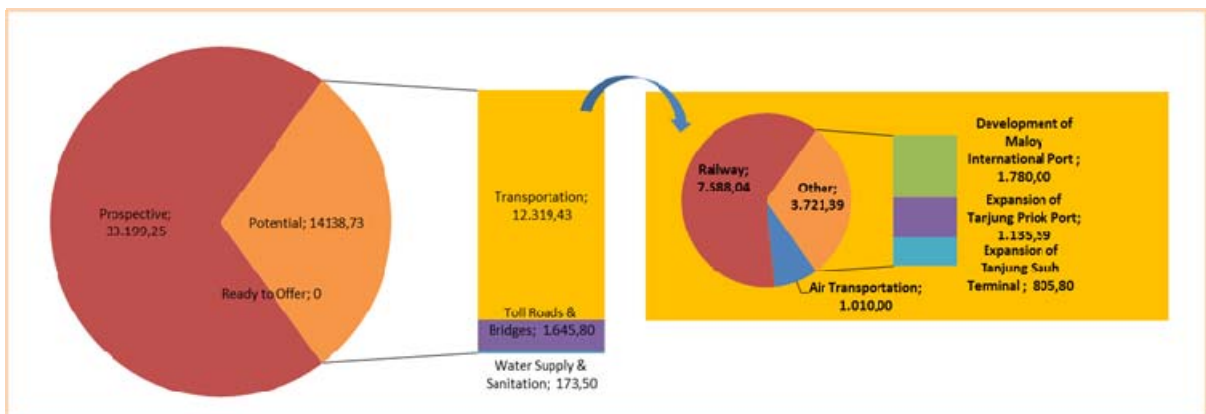
Transportation sector covering *railways, sea transportation, and land transportation*. Sea Transportation includes expansion projects of Tanjung Priok Seaport in Cilamaya Karawang West Java, Pelabuhan Seaport in South Kalimantan, and International Maloy Seaport in East Kalimantan. Investment value of those seaport projects is around 5.54% of *total estimated project cost* or IDR2.8 trillion.



Source: PPP Book 2012

b. In 2013

From the total USD47,337.98 million of *estimated project cost* in PPP Book 2013, Seaport Projects portion in transportation sector that falls under *Potential Project* is 7.8% or USD3,721.39 million. Those potential projects includes Expansion Projects of Maloy Seaport in East Kalimantan, Tanjung Priok Seaport in Jakarta and Tanjung Sauh Seaport Terminal, Batam Riau Archipelago.



Source: PPP Book 2013



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