LOGISTICS SYSTEM REFORM PROGRAM INDONESIA


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OUTLINE

1. BACKGROUND

2. MASTERPLAN FOR ACCELERATION AND EXPANSION OF INDONESIA ECONOMIC DEVELOPMENT (MP3EI)

3. INDONESIA NATIONAL LOGISTICS SYSTEM REFORM PROGRAM

4. CHALLENGES OF IMPLEMENTATION
**BACKGROUND .... (1)**

**INDONESIA**

**DEMOGRAPHY 2013**

<table>
<thead>
<tr>
<th>Age Structure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-14 years</td>
<td>26.6%</td>
</tr>
<tr>
<td>15-24 years</td>
<td>17.1%</td>
</tr>
<tr>
<td>25-54 years</td>
<td>42.2%</td>
</tr>
<tr>
<td>55-64 years</td>
<td>7.6%</td>
</tr>
<tr>
<td>65 years and over</td>
<td>6.4%</td>
</tr>
</tbody>
</table>

**GEOGRAPHY 2013**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Island</td>
<td>17,000</td>
</tr>
<tr>
<td>Total Area</td>
<td>1,904,569 sq km</td>
</tr>
<tr>
<td>Land</td>
<td>1,811,569 sq km</td>
</tr>
<tr>
<td>Water</td>
<td>93,000 sq km</td>
</tr>
<tr>
<td>Coastal line</td>
<td>54,716 km     (2nd longest in the world)</td>
</tr>
</tbody>
</table>

**ECONOMY 2012**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP 2012</td>
<td>USD 878,04 billion</td>
</tr>
<tr>
<td>GDP per capita 2012</td>
<td>USD 3,592 billion</td>
</tr>
</tbody>
</table>

**Natural Resources:**

petroleum, natural gas, tin, nickel, timber, bauxite, copper, coal, gold, silver, bauxite, palm oil, rubber, timber, Cocoa, and fishery
VISION 2025: to create a self-sufficient, advanced, just, and prosperous Indonesia.

GDP: USD 700 Billion
Income/Capita USD 3,000

2025
GDP: ~ USD 4.0 – 4.5 trillion
Income/Capita estimated ~ USD 14,250 – 15,500 (country with high income)

2045
GDP: ~ USD 15.0 – 17.5 Trillion
Income/Capita ~ USD 44,500 – 49,000

“Transform the Indonesian economy into a developed nation, which recognized by the world community, through high, inclusive, and sustainable economic Growth by 2025”

Plans for Indonesia’s GDP

Acceleration and Expansion of Indonesia Economic Development
Presidential Direction No. 32 /2011 on Master Plan of Acceleration and Expansion of Indonesian Economic (MP3EI) 2011-2025

Presidential Direction No. 26 /2012 on Blueprint of National Logistics System Development
MASTER PLAN FOR ACCELERATION AND EXPANSION OF INDONESIA ECONOMIC DEVELOPMENT (MP3EI)
THE FRAMEWORK DESIGN OF THE MASTERPLAN FOR ACCELERATION AND EXPANSION OF INDONESIA ECONOMIC DEVELOPMENT

INDONESIA VISION 2025

“To Create a Self-Sufficient, Advanced, Just, and Prosperous Indonesia”

STRATEGIC INITIATIVES OF MP3EI

1. Encourage a large scale investment realization in 22 main economic activities
2. Synchronization of national action plan to revitalize the real sector performance
3. The Development of center of excellence in each economic corridor

MAIN STRATEGY OF MP3EI

ECONOMIC POTENTIAL DEVELOPMENT THROUGH ECONOMIC CORRIDORS

STRENGTHENING THE NATIONAL CONNECTIVITY

STRENGTHENING NATIONAL HUMAN RESOURCES CAPABILITY AND SCIENCE & TECHNOLOGY

BASIC PRINCIPLES AND SUCCESS PREREQUISITES FOR ACCELERATION AND EXPANSION OF ECONOMIC DEVELOPMENT
STRATEGY 1: ECONOMIC POTENTIAL DEVELOPMENT THROUGH SIX ECONOMIC CORRIDOR

“THE THEME OF EVERY ECONOMIC CORRIDOR”

- Center for Production and Processing of Natural Resources and As Nation’s Energy Reserves
- Center for Production and Processing of National Mining and Energy Reserves
- Center for Production and Processing of National Agricultural, Plantation, Fishery, Oil & Gas, and Mining
- Center for Development of Food, Fisheries, Energy, and National Mining
- Driver for National Industry and Service Provision
- Gateway for Tourism and National Food Support
Main Economic Program and Activities in Each Corridor

Eight main programs: (1) agriculture, (2) mining, (3) energy, (4) industry, (5) maritime, (6) tourism, (7) telecommunication, and (8) development of strategic zones.

22 main economic activities, include as follows:

- **Sumatera**
  - Palm Oil, Rubber, Coal, Shipping, Steel

- **Jawa**
  - Textile, Food & Beverages, Equipment & Machinery, Telematics, Defence Equipment, Shipping

- **Kalimantan**
  - Palm Oil, Timber, Oil & Gas, Steel, Bauxite, Coal

- **Sulawesi**
  - Food Agriculture, Cocoa, Fishery, Nickel, Oil & Gas

- **Bali – Nusa Tenggara**
  - Tourism, Animal Husbandry, Fishery

- **Papua – Kep. Maluku**
  - Food Agriculture, Fishery, Copper, Nickel, Oil & Gas
STRATEGY 2: STRENGTHENING THE NATIONAL CONNECTIVITY

Coast line: 54,716 kilometers.
Sea lines:
- Straits of Malacca (SLoC),
- Sunda Strait (ALKI 1),
- Straits of Lombok and Makassar Straits (ALKI 2),
- Strait of Ombai Wetar (ALKI 3).

SLoC: Sea Lane of Communication;
ALKI: Indonesian Archipelagic Sea Lane

NATIONAL CONNECTIVITY FRAMEWORK

Vision: Locally Integrated, Globally Connected
2

INDONESIA NATIONAL LOGISTICS SYSTEM REFORM PROGRAM
Logistics Vision 2025:

"Locally Integrated, Globally Connected for National Competitiveness and Social Welfare"
SIX KEY DRIVERS OF NATIONAL LOGISTICS SYSTEM

L&R - Laws & Regulations

HRM - Human Resources & Management

ICT - Information, Communication & Technology

LSP - Logistics Service Providers

KCF - Key Commodity Focus

WWI - What & Where Infrastructure

Indonesia Logistics Vision
**Goal and Phasing**

**Phase I (2011-2015)**

**Goal:** Lay a strong foundation to establish an effective and efficient National Logistics System in order to achieve the **locally integrated** vision and create a strong basis for being connected to ASEAN logistics networks.

**Action:** Regulatory Revision, HR Development and Logistics Infrastructure Improvement in order to create Local and National Logistics Integration.

- National Logistics Costs of the 2015 GDP declines by 3% from that of 2011
- Indonesian LPI Score is 3.1

**Phase II (2016-2020)**

**Goal:** Strengthen domestic logistics integration, and synchronization, coordination and integration with ASEAN logistics networks, and lay a strong foundation to be integrated with the global logistic network to achieve the **Globally Connected** vision.

**Action:** Development and expansion of logistics infrastructure, capacity building for actors and providers of logistics services to make the national logistics system connected to the ASEAN logistics network.

- National Logistics Costs of the 2020 GDP declines by 4% from that of 2015
- Indonesian LPI Score is 3.3

**Phase III (2021-2025)**

**Goal:** Operate effective and efficient national logistics system connected to the Global logistics network.

**Action:** Strengthening of the National Logistics System to be connected to the Global Logistics network.

- National Logistics Costs of the 2025 GDP declines by 5% from that of 2020
- Indonesian LPI Score is 3.5
SEVERAL ACTION PLANS IN 2011-2015:

- International Hub Port, Distribution Center, and National Freight Transportation

Develop International Hub Sea Port:
- Kuala Tanjung - in Western region;
- Bitung – in Eastern Region

Develop international hub airports in Jakarta, Kuala Namu and Makassar

Implement Short Sea Shipping as the backbone of Domestic Freight Transportation

Develop Cargo railway in Java, Sumatera, Sulawesi and Kalimantan

Establish Distribution Center:
- Each province and Each Economy Corridor will have at least one National Distribution Center.
- Distribution Center will be designated as buffer stock.

Develop Multimodal systems through the integration of ship, train, truck, and aircraft

Set up the Standard Competency for Logistics Profession

*SLoC: Sea Lane of Communication; ALKI: Indonesian Archipelagic Sea Lane*)
CHALLENGES

- Coordination and Stakeholders commitment
- Autonomy of Regions
- Logistics Institution
- Substitution of President
Thank you

ASEAN-AUSTRALIA NEW ZEALAND FREE TRADE AREA (AANZFTA) ECONOMIC COOPERATION WORK PROGRAMME (ECWP)

...... Build up his soul, build up his body for the Great Indonesia........ (W.R. Supratman)
Q&A and Open Discussion
Lunch