

# Logistics Challenges in Indonesia.

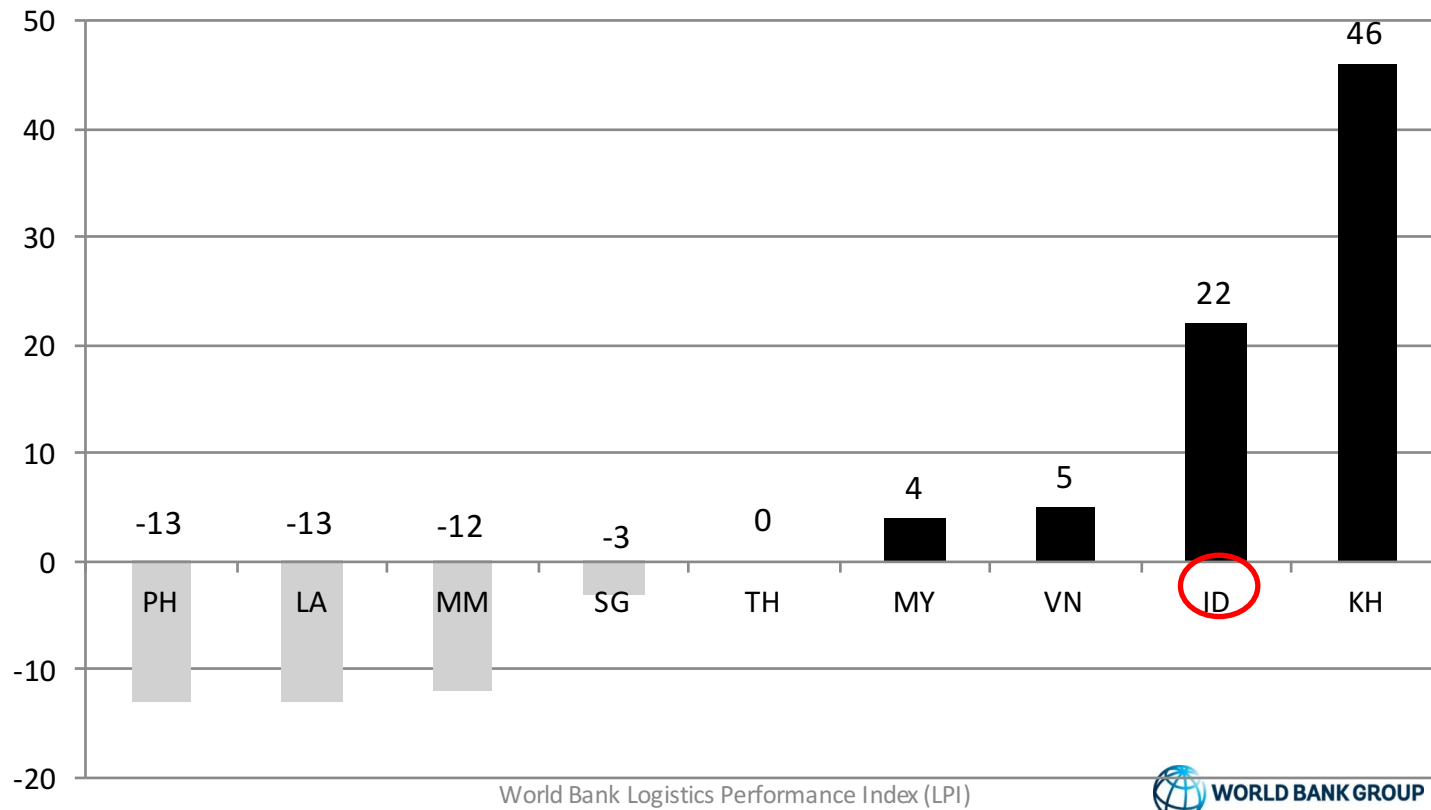
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- **Trade & Competitiveness Global Practice**  
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# ASEAN Countries Performance 2010 vs. 2014

Logistics Performance Index Ranking of Indonesia has improved



## Logistics bottlenecks impact on competitiveness



## Logistics and Infrastructure in the Indonesian Archipelago

Intra-island logistics	Inter-island logistics	International logistics
Uncertainty in delivery due to either congestion or absence of quality roads	Unreliability of domestic shipping due to poor performance of ports	High costs and uncertainty to export containers and air cargo according to schedule
Minimal presence of railway services	Serious backhaul problem with ships returning to Java filled for 30 percent only	The time it takes to import a container is uncertain.
Absence of short-sea shipping	Supply chains from Java to Eastern Indonesia complex	Import dwelling time has become a much debated issue
Trucking backhaul issues	Broadband to Eastern Indonesia significantly delayed	

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## Intra-island Logistics in Java

- Indonesia's logistics cost account for 20% of manufacturing sales in West Java versus 14% in Thailand
- Inventory costs=26% of logistics costs in Indonesia versus 16% in Thailand and 13% in Malaysia
- Trucks traveling between West Java and the port of Jakarta can now only do one round trip per day. Five years ago they could do two road trips per day

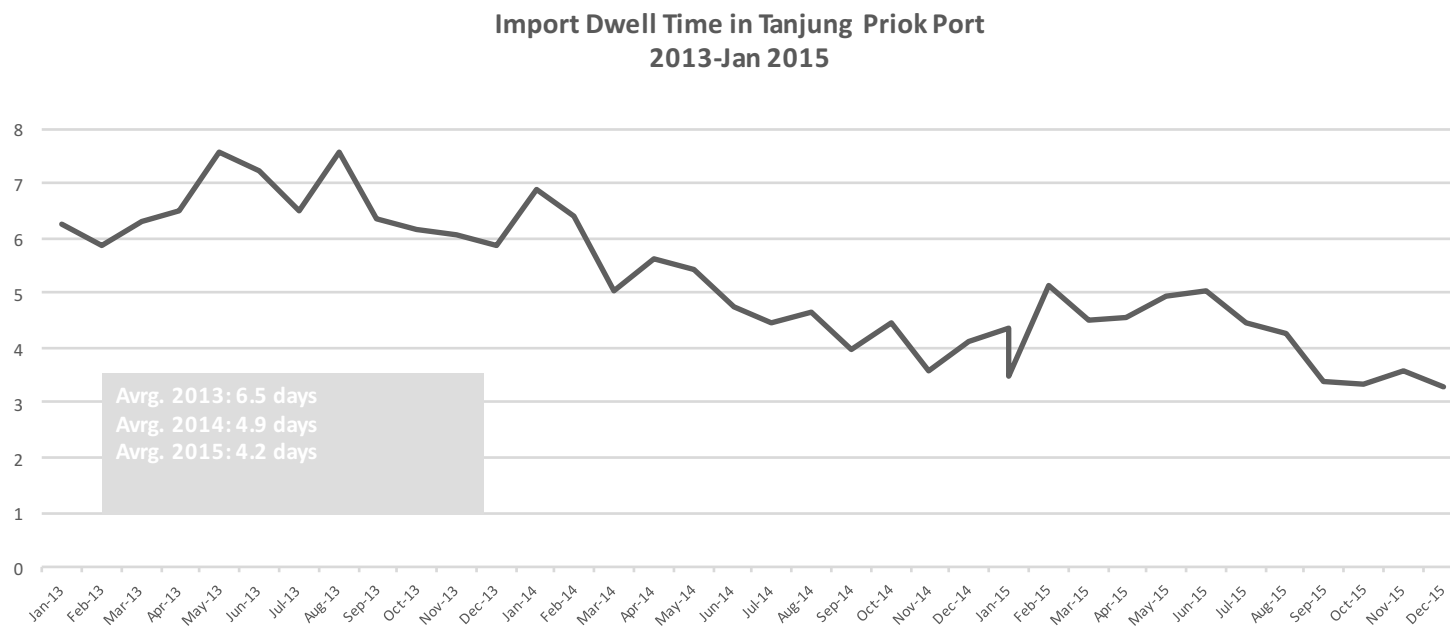


Inter-island Logistics: Domestic Shipping costs are high but sea freight costs are competitive



## International Logistics.

Import dwell time in the port of Jakarta is decreasing but does it lead to lower logistics costs?



## Government Policies – A Brief Overview

- **Promoting logistics:** Multi-modal Blueprint, Port Master Plan, Shipping Law, Master Plan for the Acceleration and Expansion of Economic Development, Connectivity Strategy Paper, the National Logistics Blueprint
- List of **Priority** projects is very long.....
- Present logistics strategy is a **standalone team** which is not rooted in the various line ministeries
- Indonesia does not yet have a coherent strategy to tackle high logistics costs



## Government Policies – Deregulation Packages

- **Package 1 and 9** propose regulatory reform in logistics
- Measures like lower capital requirements for logistics service providers and promoting the use of private ports have not been accepted by line ministries
- Investment plans in ports in Eastern Indonesia remain uncertain/unclear
- Positive proposals to promote the National Single Window
- New logistics policy package?