



# Ports to serve Indonesia

EIBD Conference 2012

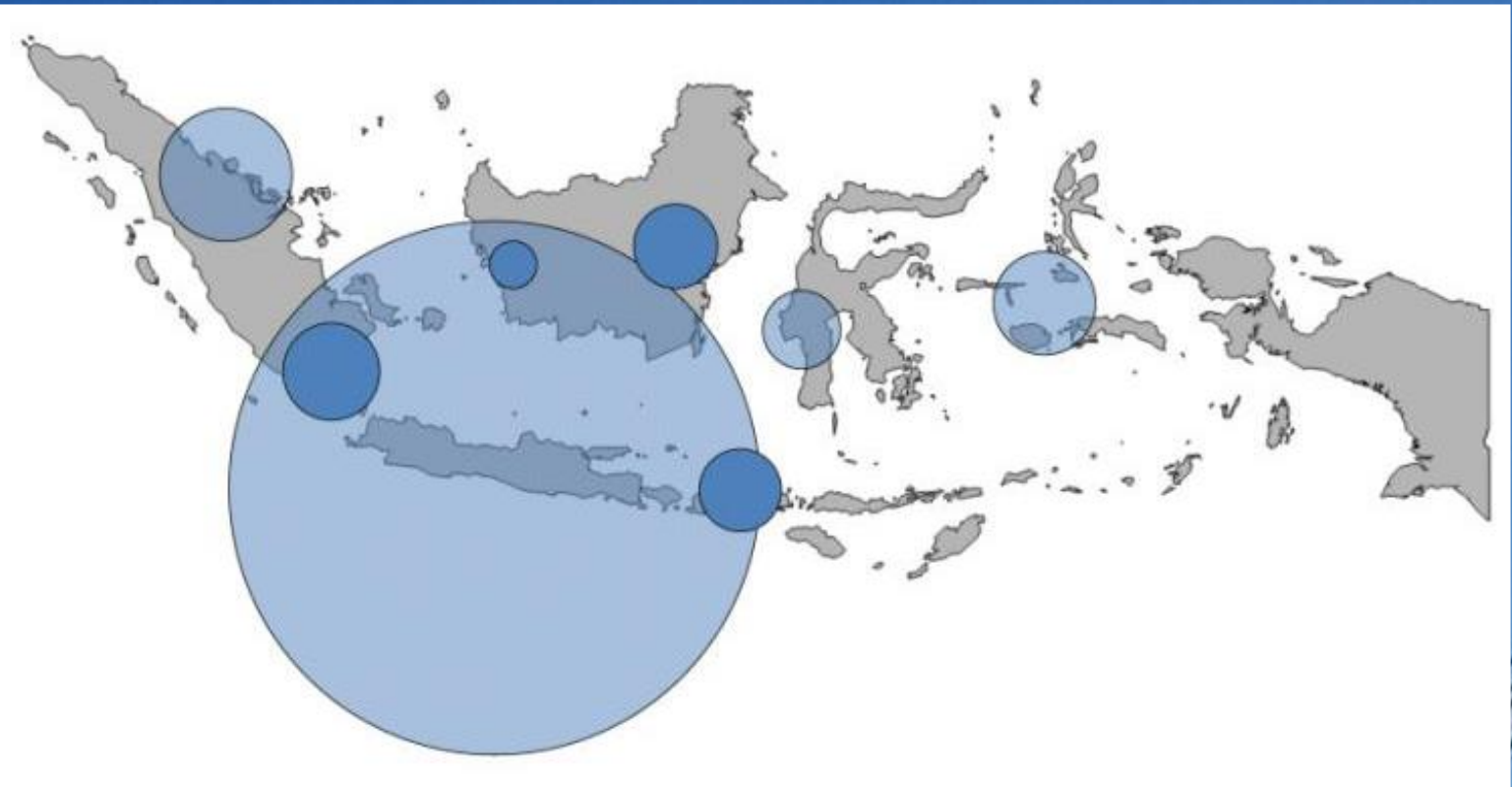
Presented by David Wignall: 8th November 2012

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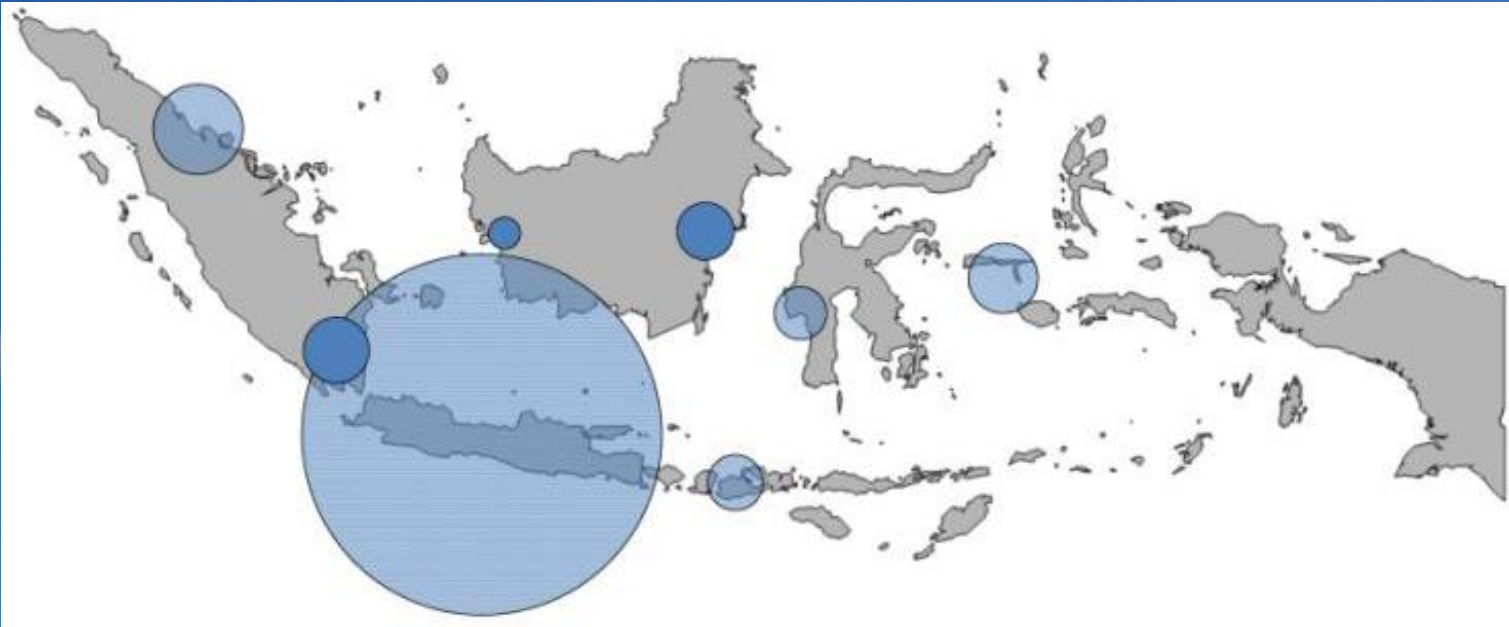
# The Demand for Ports in Indonesia

	Conts.	Pet.	Coal	CPO	Rice	Cocoa	Fish
North Sumatra/Aceh	56.6	14.4	0.0	92.0	0.8	0.0	0.0
West Kalimantan	7.2	1.8	100.0	9.5	0.1	0.0	0.0
South Sumatra	30.3	7.7	100.0	24.9	0.4	0.0	0.0
Java	227.7	58.0	0.00	0.4	3.3	0.0	0.0
Bali and eastward	21.8	5.6	0.00	0.0	0.3	0.0	0.0
Kalimantan	22.7	5.8	300.0	17.4	0.3	0.0	0.0
Western Sulawesi	19.5	5.0	0.0	4.8	0.3	3.0	1.5
The East	34.0	8.7	0.0	1.1	0.5	0.0	2.0
Total	420.0	107.0	500.0	150.0	6.0	3.0	3.5

# Containers



# Petroleum Products



# Coal

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- Kalimantan
    - East and South Kalimantan
    - Most exports transshipped at sea
    - Blending could add substantial value
    - Substantial pent up demand for coal terminals
  - Sumatra
    - Substantial pent up demand for coal terminals
    - Infrastructure is constraining development
    - Access through the Musi or Jambi
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# Planning for the future

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- The National Plan
    - Developed by Ministry of Transport
    - Market led; based on the needs of Indonesia
    - Reflects Indonesia's connectivity needs
  - Key features
    - Improve productivity
    - A major port expansion in Tanjung Priok
    - Encouraging growth of a hub in Malacca Straits
    - Providing connectivity of Eastern Indonesia
    - Ensuring capacity provided for coal, petroleum products and other bulk cargos
    - Training, information and capacity development
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# Port Regulations & Development

Mode of Ownership	Land Area	Terminal Infrastructure	Cranes / Yard Equipment	Quayside Operations	Landside Operations
100% state owned & Operated	State owned	Port Authority, build and own	State owned	Port Authority	Port Authority
“Suitcase” Stevedores	State owned	Port Authority, build and own	State owned	Port Authority	Private Stevedores
Terminal Services Agreements	State Owned	Port Authority, build and own	Some State Owned	Private Stevedores	Private Stevedores
Leased terminals	State owned	Port Authority, build and own	Private or rented from Port Authority	Terminal operator	Terminal operator
Concession agreement	State owned	Port Authority, build and own	Privately owned	Terminal operator	Terminal operator
BOT concession	State owned	Construction privately funded	Privately owned	Terminal operator	Terminal operator
100% privately owned	Privately owned	Privately owned	Privately owned	Terminal operator	Terminal operator

**Indonesian Target**

# A few realities

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- Capability
    - Most ports owned by Pelindo companies
    - Pelindo's are capable but need renewal!
    - The best training is doing; they haven't done enough
  - Little port investment over the last 15 years
    - Risks have not been taken
    - Capacity has not been expanded
    - IPC (Pelindo 2) and Pelindo 3 balance sheets good
  - Since 2005 we have all focused on reform
    - Port & Shipping Law No. 17/2008
    - A National Plan...
    - BUT a lack of clarity on Pelindo's role
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# IPC (formerly Pelindo II)

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# IPC's Strategy

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- IPC is Indonesia's premier port developer
    - It now needs to become world class
    - Focus on training and capability development
    - Remaking the company, one process at a time
  - IPC will not do things others can...
    - They must be credible investors and operators
    - The scale has to meet Indonesia's need
  - To be sustainable IPC must be commercial
    - No politically motivated projects
    - Partners to expand operating capability
    - Co-investors to accelerate implementing strategy
    - Partners and co-investors to spread the risk
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# Improving productivity

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- US\$ 100 million of investment in
  - New cranes
  - Training
  - Dredging



# Three Strategic Projects

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- Kalibaru, a new port for Jakarta and western Java
    - Delivers real competition in Indonesia's key port
    - Will provide excellent hinterland connectivity
    - Has the scale required for the next ten years
    - Integrates into world trade, avoiding bypassing Singapore
    - Buys time for a new port to be developed
  - Batam, a transshipment hub
    - A credible plan, a strong partner
    - Focus for Northern Indonesia delivered in line with NPMP
    - Can be executed quickly and commercially
  - Sorong
    - Supports the Papua Economic Development Corridor
    - Is a real commercial opportunity
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# New Priok Port (Kalibaru)

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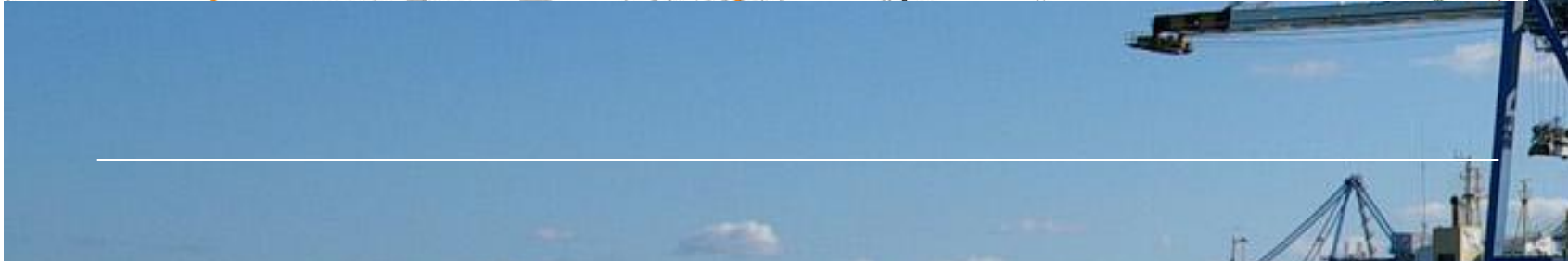
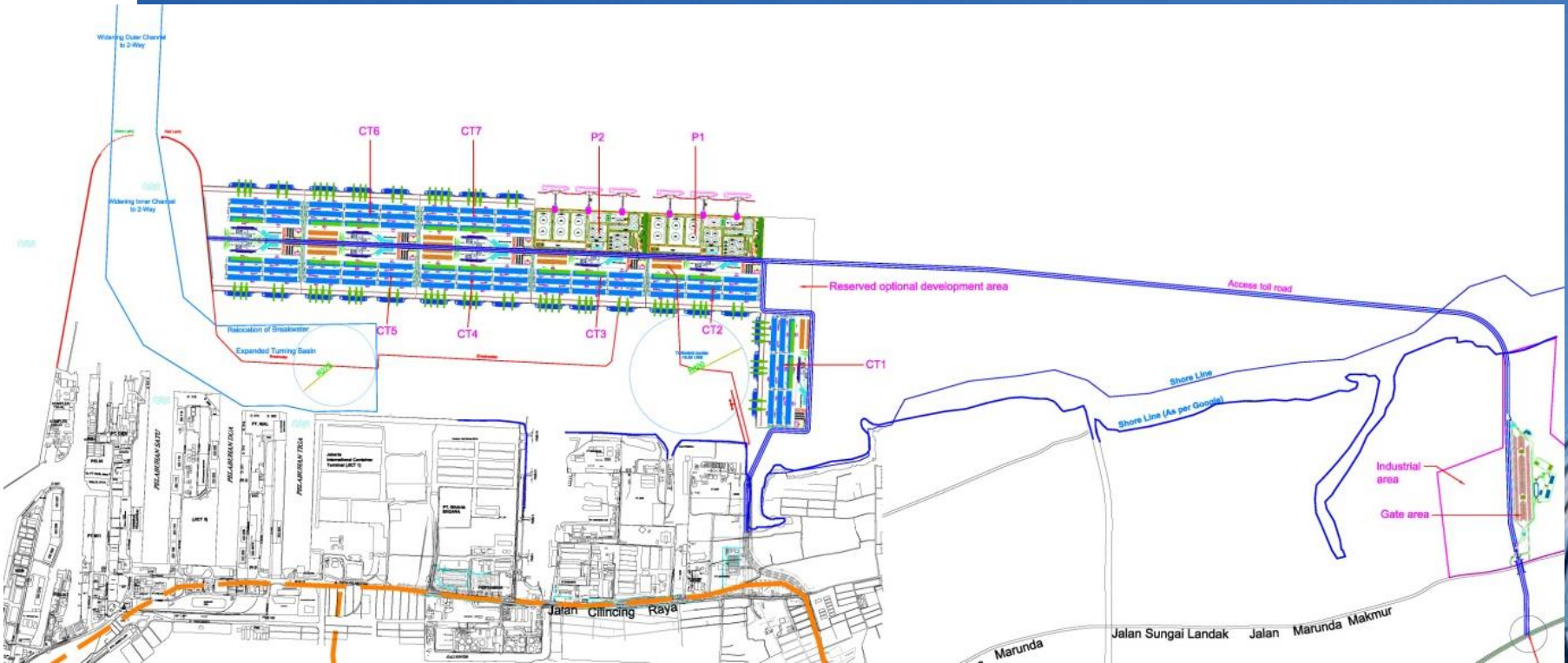
# Scale of Development Need

Year	Low Growth	Medium Growth	High Growth
2006 -10	8.3	8.3	8.3
2010 -15	8.3	8.3	8.9
2015 -20	7.8	10.1	11.6
2020 -30	8.0	10.1	9.6
2010 -2030	8.0	9.6	9.9

Do not forget we need to serve more than containers!

Terminal	When are the terminals needed?		
	Low	Medium	High
1	2015	2015	2015
2	2016	2016	2016
3	2020	2019	2018

# A Master Plan to meet the Demand



# Key benefits from the Master Plan

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- Can be done quickly and effectively
    - First ship will be unloaded 2014
  - Does not require Government money
    - Pelindo can and will finance the development
    - US\$ 2.5 billion of investment in critical infrastructure
  - Scale of development is appropriate for Indonesia
    - Delivers container handling capacity to meet demand or a little ahead of demand
    - Provides for Petroleum Product Imports
    - Frees space for other cargoes in the rest of Tanjung Priok
  - Relieves traffic congestion in Tanjung Priok
    - The new access road moves traffic to where the roads can support the hinterland connectivity needed
  - Delivers strong competition between all terminals
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# Batam Transshipment Hub

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# Mission

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*“Deliver a container transshipment focus in Indonesia on the Malacca Straits in line with the National Port Master Plan”*

*“Develop, operate and expand a container terminal near Batam to serve as a transshipment focus for a major shipping line”*

*“Develop additional container support services that support the terminals investment return and provide jobs and income in Indonesia”*

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# Transshipment is a cost for lines

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- We need to understand commercial reality
- Transshipment is a cost, only a cost
- It never adds to the revenue of the line
- It does not create business
- Its management must be tight and effective
- For container shipping lines transshipment is:

*“a cost we don’t want to pay”*

- There are other issues:
    - Storage of empties
    - Repair of containers
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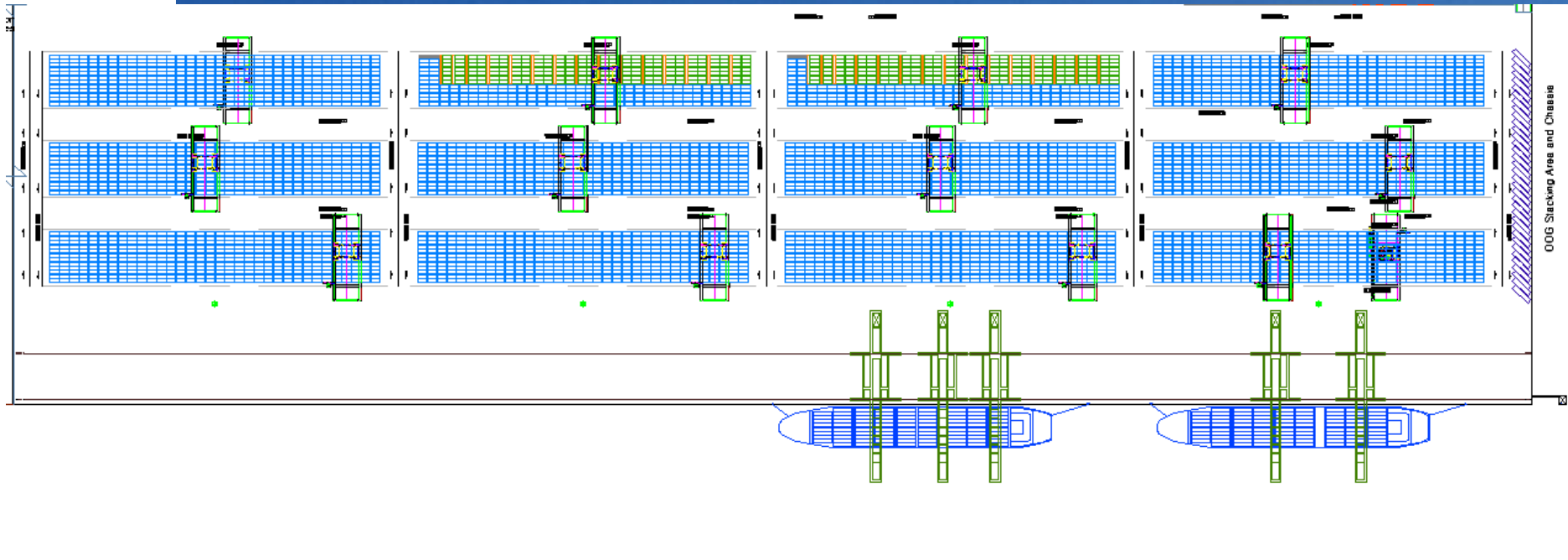
# Design & Planning Parameters

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- Design ship
    - 18,000 TEU
    - 400+ m LOA
    - 50+ m beam
    - Draft required 16 to 18 m
  - Ship to shore
    - Super post panamax
    - Twin lift
  - Storage yard
    - Rail Mounted Gantries
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# Initial layout



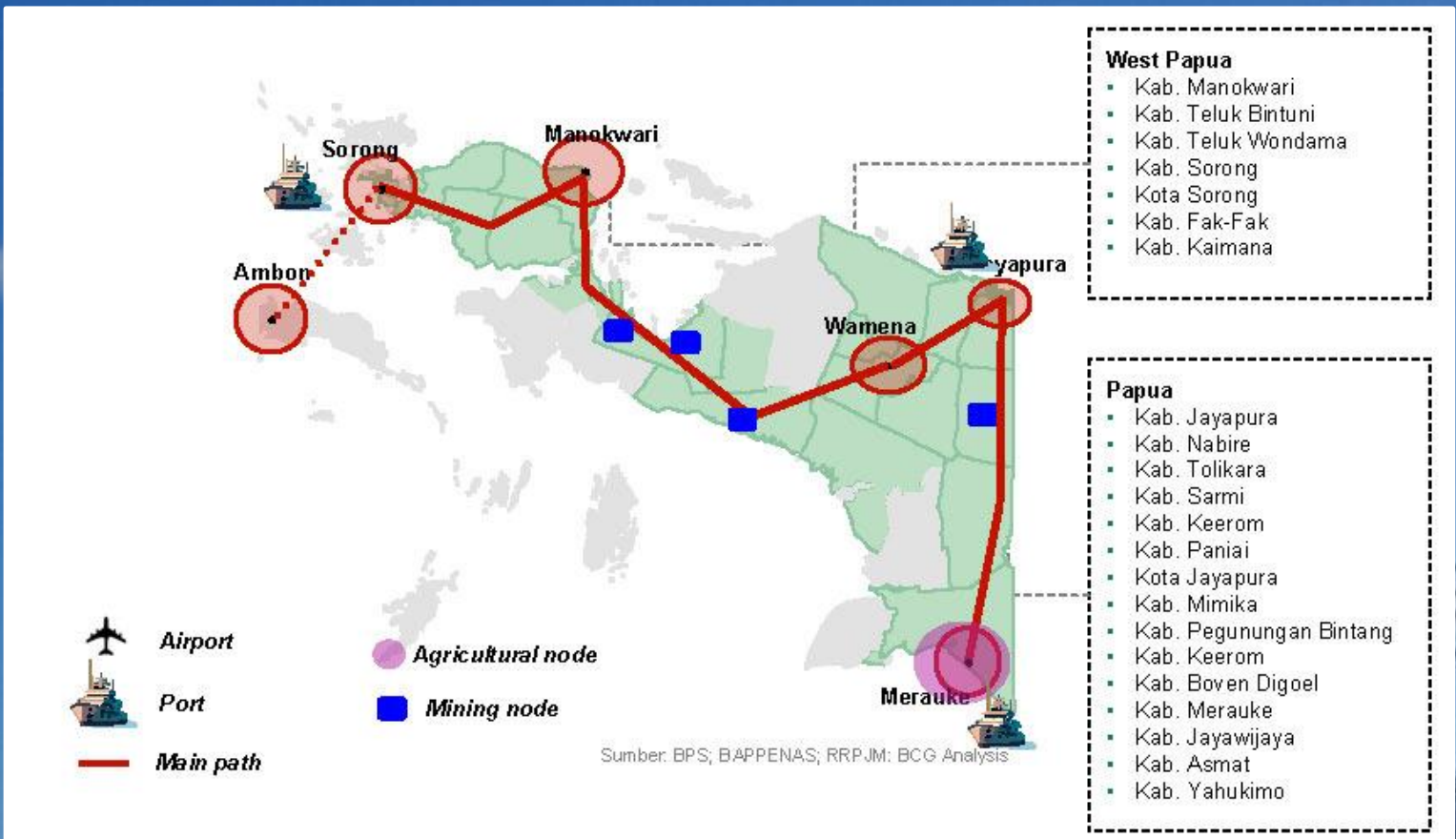
- RMGs aiming to achieve high capacity/high productivity
- Support areas for:
  - Empty storage
  - Repair facilities



# Sorong Container Terminal

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# Government Policy





# Sorong Business Plan – The Mission

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*“to develop, operate and expand a container terminal near Sorong to serve local container demand and to consolidate container demand across Eastern Indonesia whilst expanding the operating envelop of Pelindo II and creating an investment return for the company”*

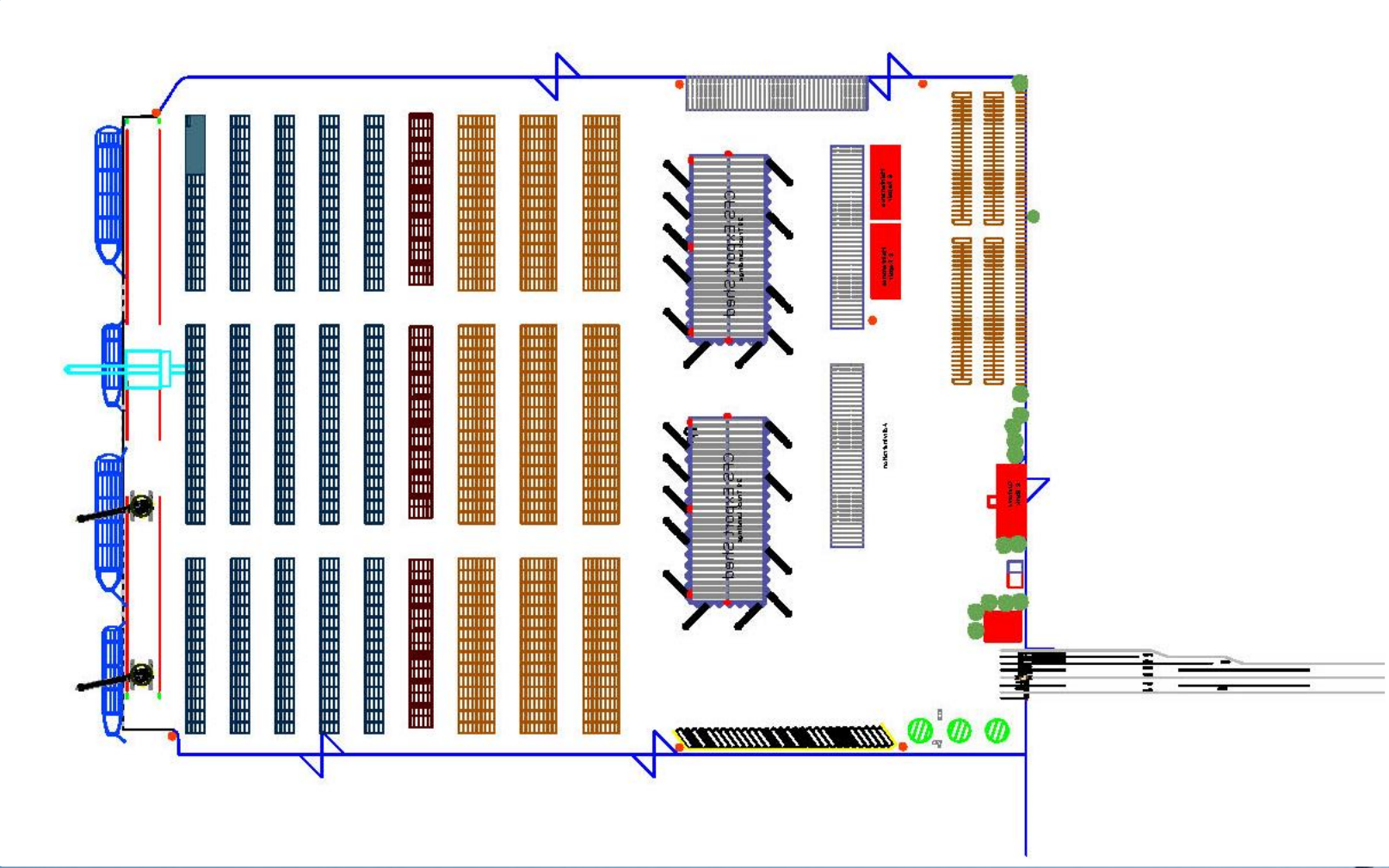
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# Initial strategy

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- 2020 target volume 300,000 to 350,000 TEU
  - Traffic to be 80% transshipment with 20% coming in or out as general cargo; 20% local traffic by road to Sorong or West Papua...
  - Initial terminal area to be developed in phases over 20 years, 500 by 500m with target capacity 500,000 TEU/year
  - Initial phase 320m long with yard depth of 250 to 320m
  - A series of yard extensions and improvements
  - A long term development area (for 20 years onward) to be reserved adjacent to the terminal this to be a 500 by 500m plot
  - Logistics support areas required outside the terminal
  - Initial ship to shore equipment MHCs with rails built into terminal
  - Initial yard equipment to be reach stackers and fork lifts
  - A staged program to be developed to upgrade to gantries and RTGs over a five to twenty year period
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# Initial layout





# Sorong Container Terminal

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# The future, connectivity

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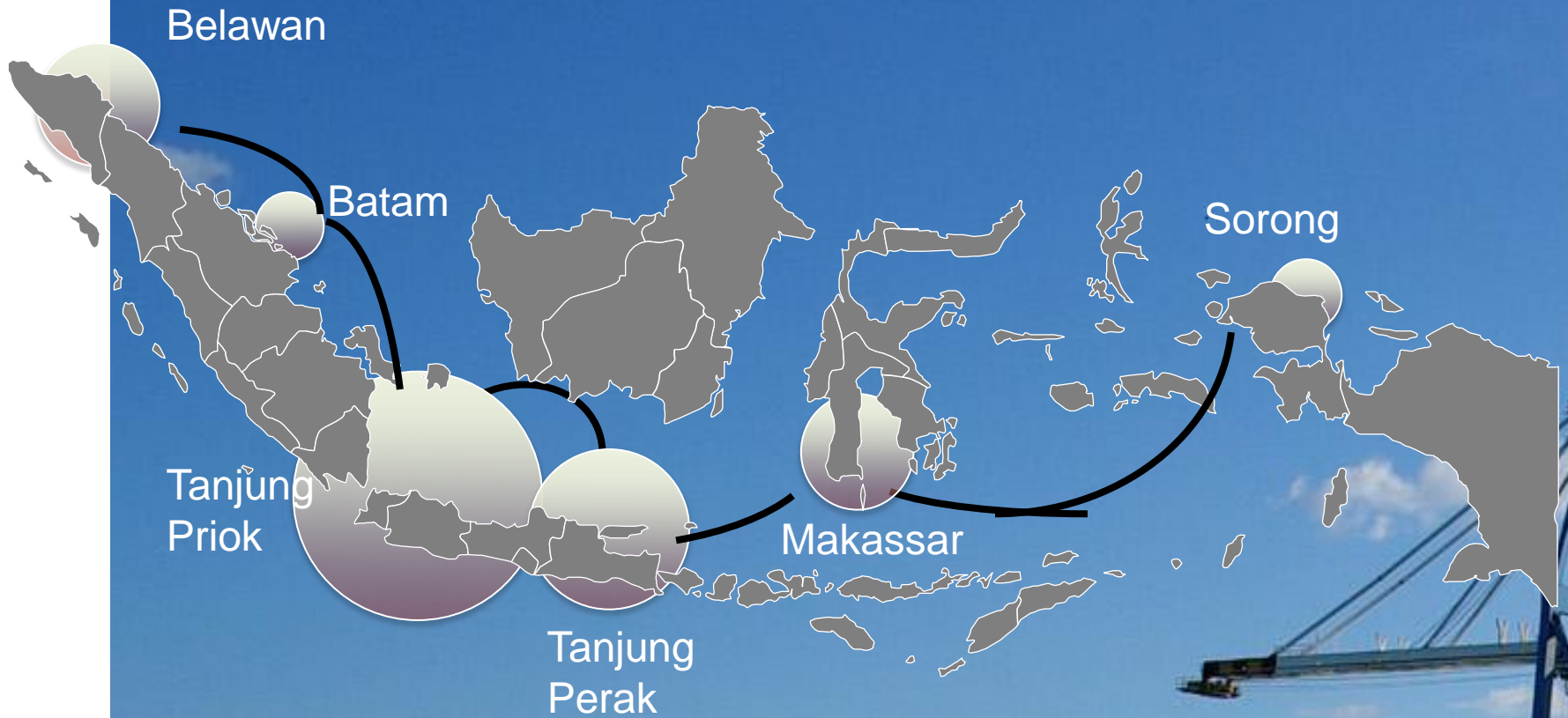
## and IPC have plans for the future...

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- Investigation into a grain terminal and agricultural bulk park for western Java
    - To provide for the needs of the sector
    - Reducing costs in grain and food logistics
  - Coal handling
    - Seeking to improve the value of Indonesian coal
    - Enable new areas to be open up
  - Crude palm oil
    - Offering a service to small producers
    - Providing locations for value addition
  - Everything must be commercial, add to Indonesia's future and not deter other investors
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# Supporting container shipping

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Thank you for your attention

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