



Jakarta as a National Hub Port

Tactics or Strategy, Short Term or Long Term

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Textual Analysis

- Jakarta

“The capital of Indonesia, founded by the Dutch in 1619, the chief trading centre of the Dutch East India Company “

- National

“belonging to a nation as an organized whole”

- Hub

“a centre of activity or interest or commerce or transportation; a focal point around which events revolve”

- Port

“place on a waterway with facilities for loading and unloading ships”

Strategy and Tactics

- Strategy

“a plan of action designed to achieve a particular goal”

“a long term plan”

“the evaluation of your positions and setting up goals and long-term tactics”

- Tactics

“a plan for attaining a particular goal”

“a manoeuvre, or action calculated to achieve some end”



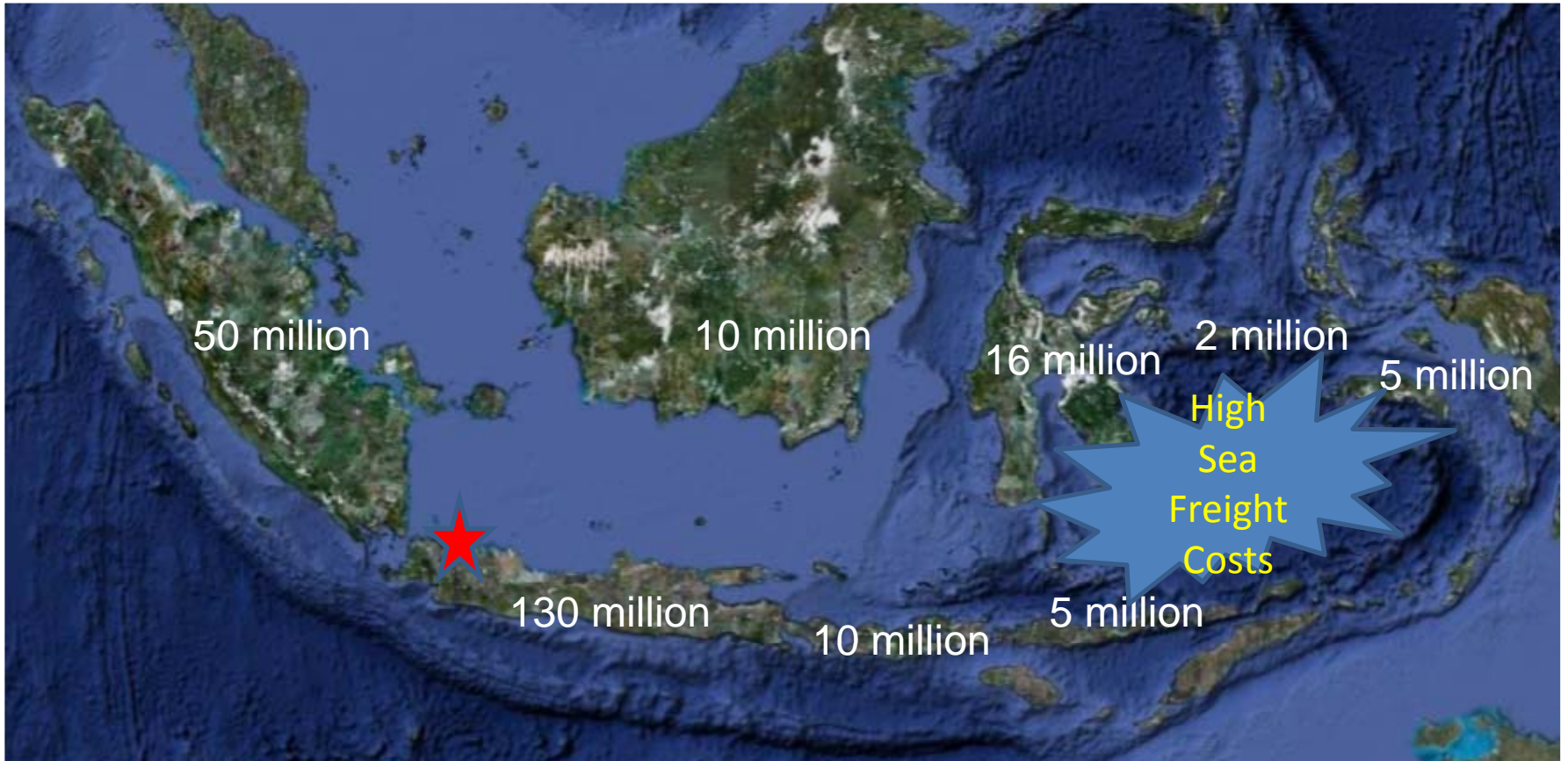
National or International

- The vision for economic development
 - Integration into the world economy?
 - Coal/Oil/Gas
 - Minerals
 - Agriculture
 - Manufacturing
 - Separate development
 - Focus on domestic growth
 - Local priorities

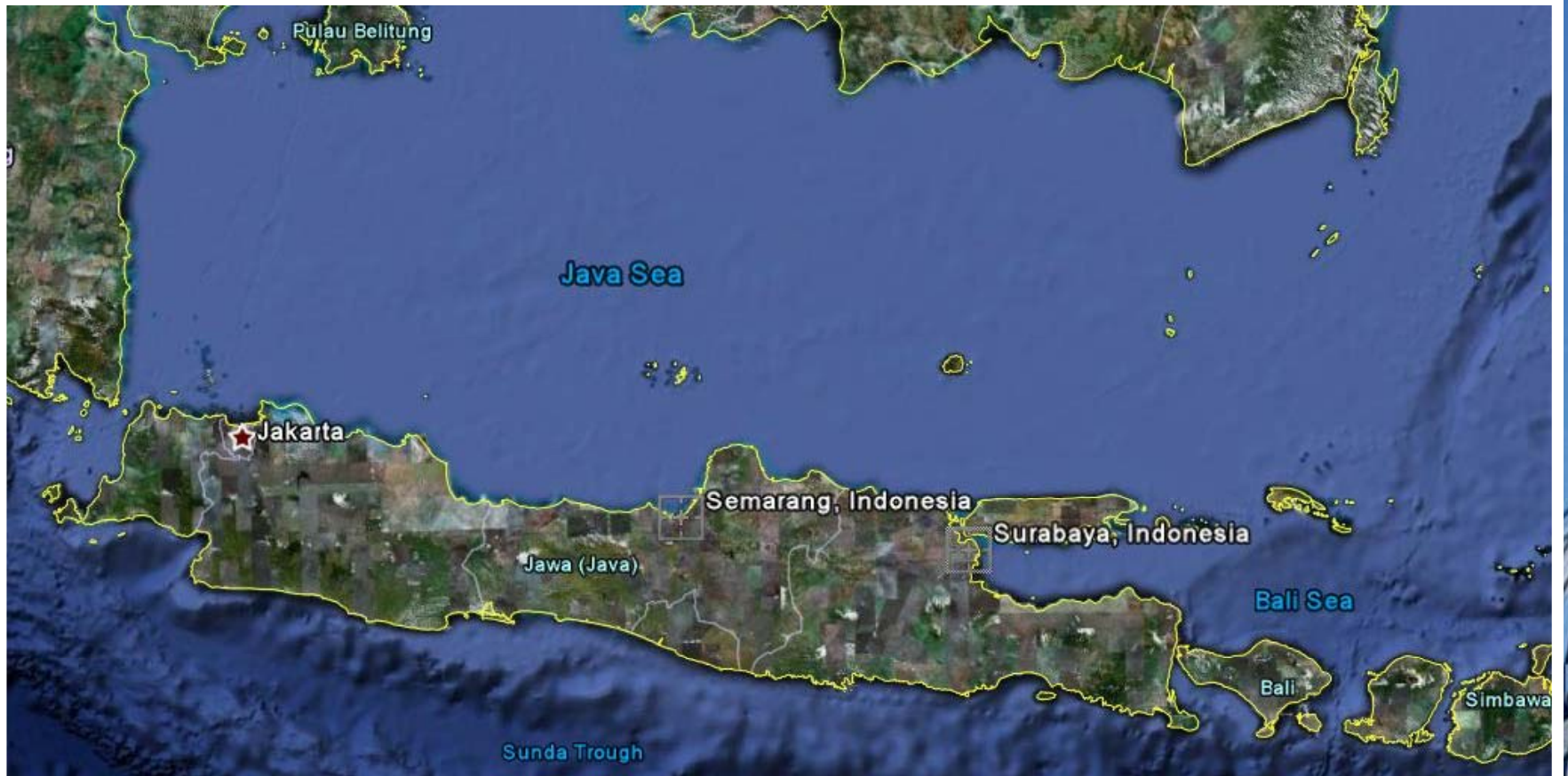
National Development

- Where is the domestic container trade?
 - Fuel subsidies distorting decisions
 - Structure of shipping industry
 - Ability to deliver on time performance
 - Few small container terminals
- Pertamina
 - Deregulation but lack of competition
 - Inability to develop network
 - Fuel Subsidies

Indonesia



Logistics on Java



Logistics on Java

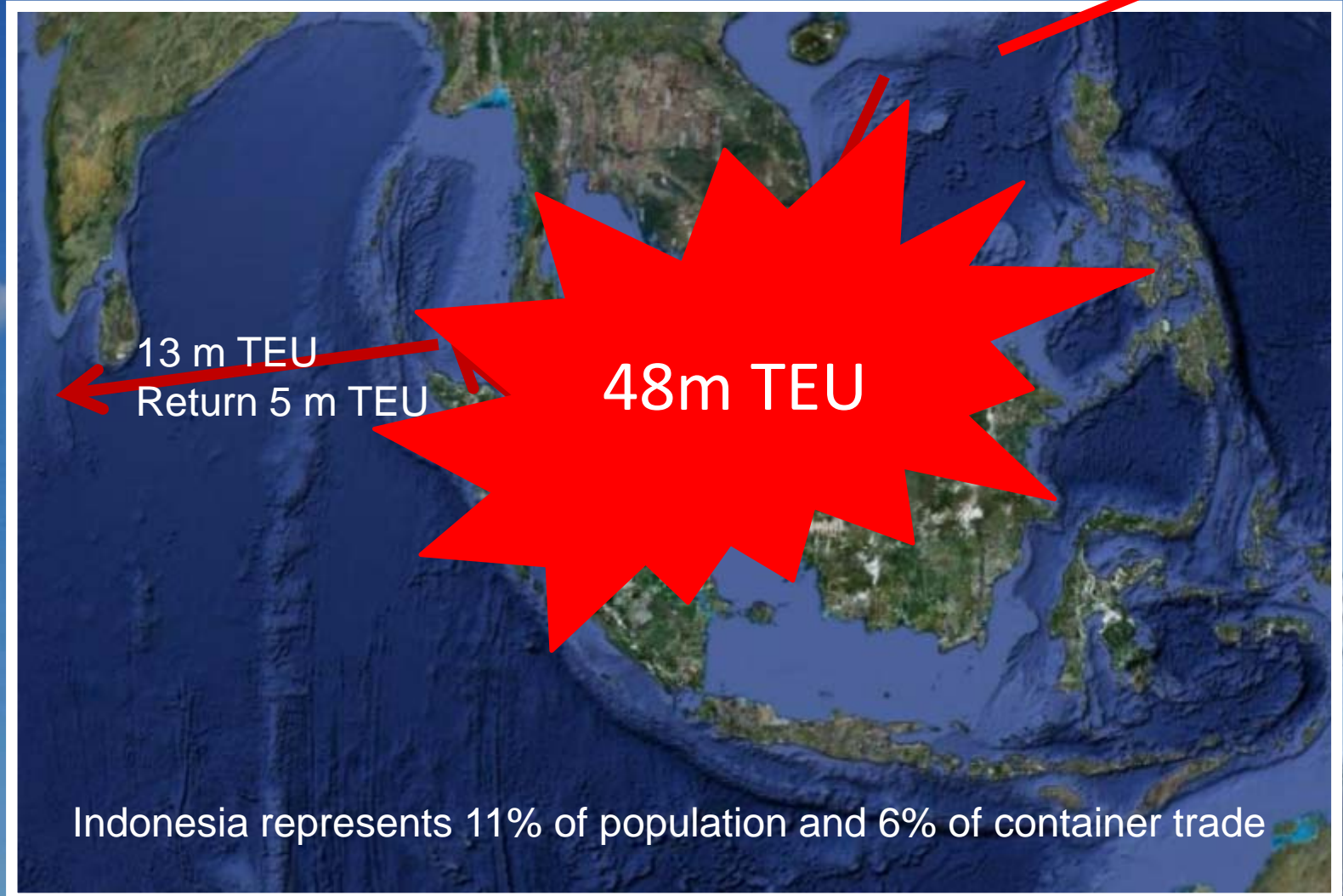
- Logistics distances
 - Jakarta to Bandung, 115km
 - Jakarta to Semarang, 400km
 - Jakarta to Surabaya, 660 km
- Comparison of ports
 - Jakarta, 4.0m TEU, channel 12.5 – 14.0m
 - Semarang, 0.4m TEU, channel 9.5 – 10.5m
 - Surabaya, 1.2m TEU, channel 7.5 – 9.5m

International Development

- Perspective matters
 - Country, economic value/sea freight rate
 - Shipping line, all about costs
 - Terminal Operator, volume and rates
- Which trades are important?
- How can ports and shipping help
 - The benefits of scale, the benefits of direct
 - Transshipment costs, Singapore is an issue
 - Jakarta an issue for rest of Indonesia?

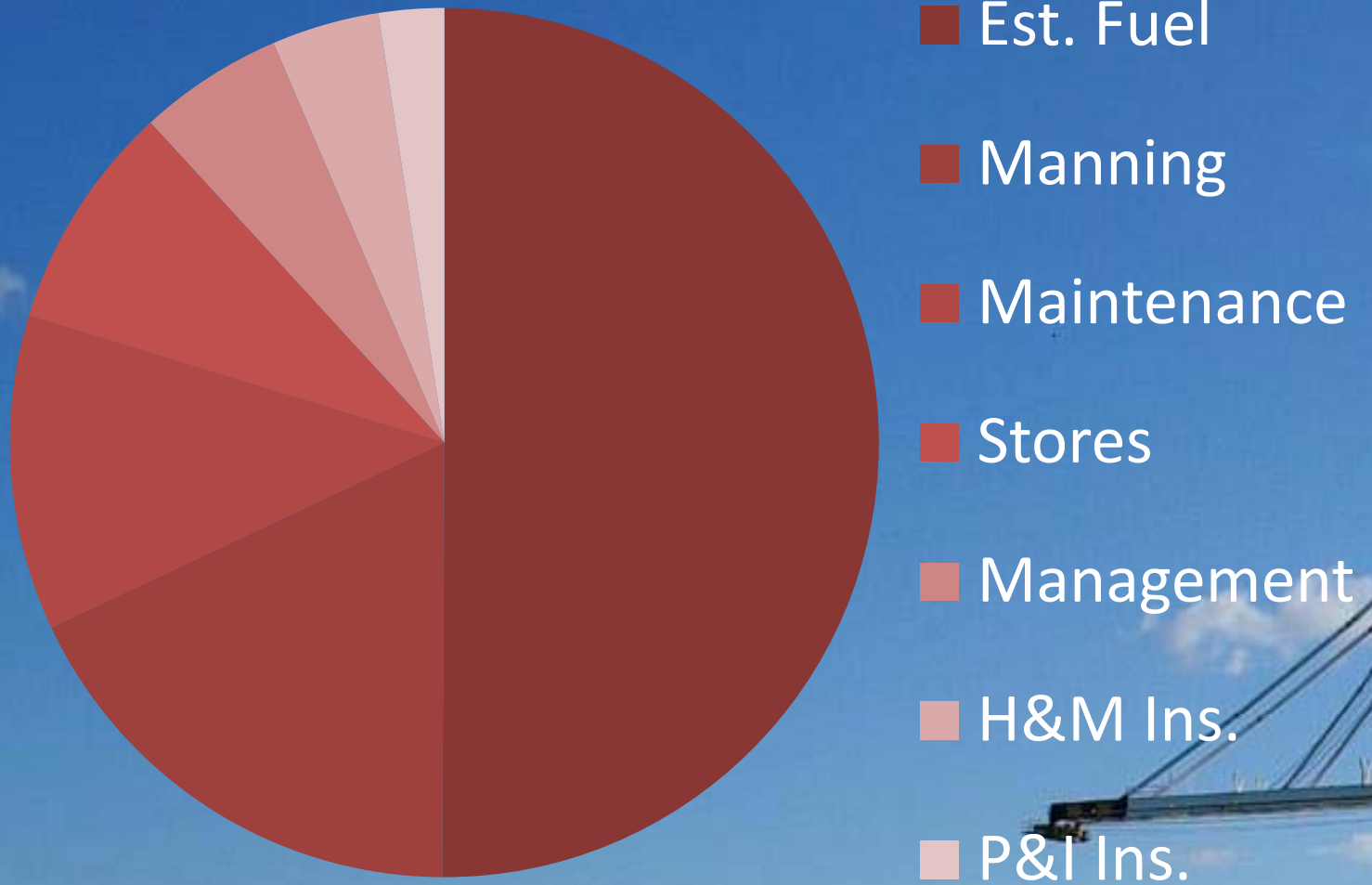
The Container Trade

13 m TEU
Return 7 m TEU



Indonesia represents 11% of population and 6% of container trade

Operating Costs Breakdown



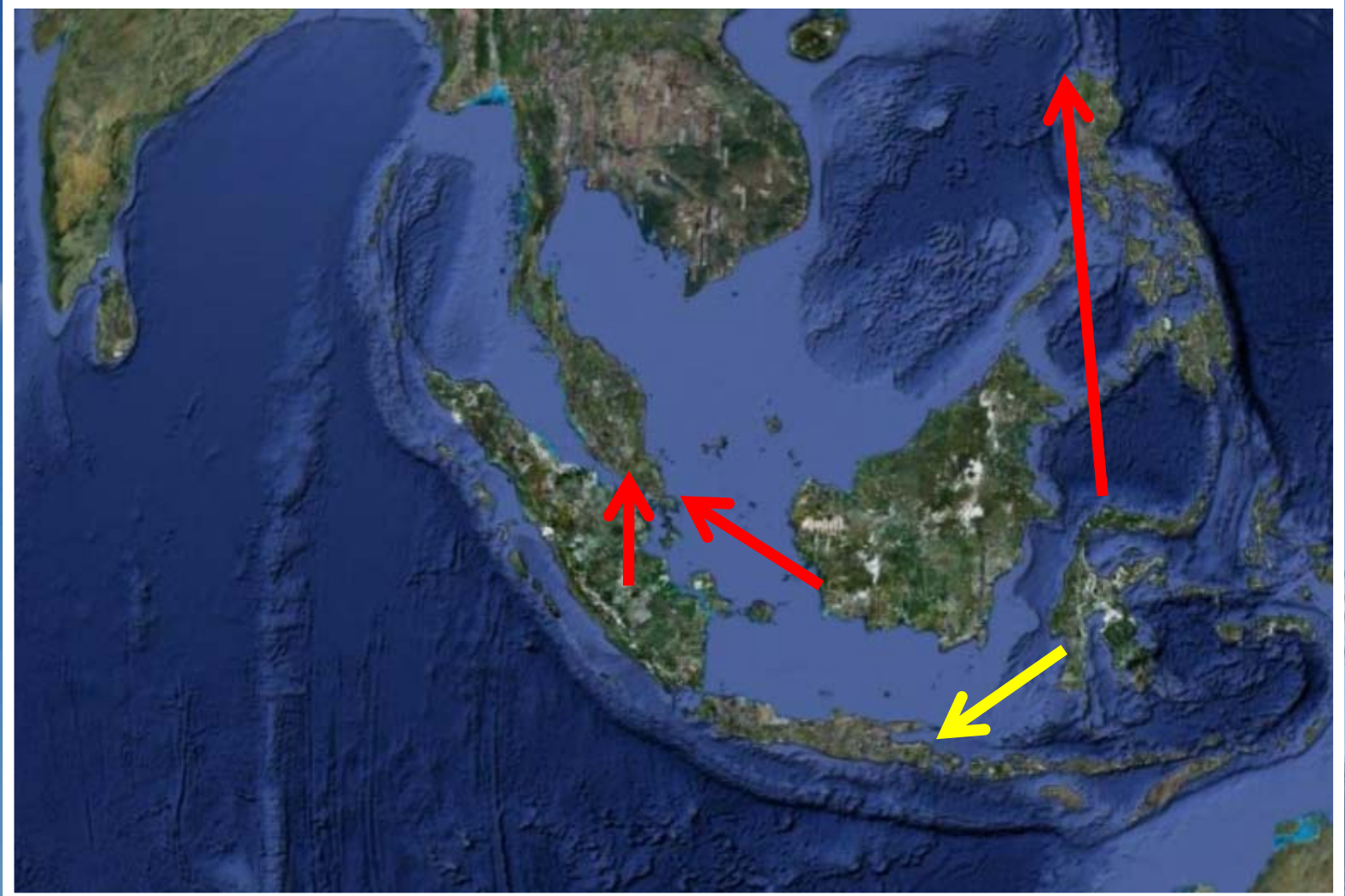
Indonesia's Curse

- Time
 - Route diversion
 - Counteracted by service frequency?
- Handling cost
 - US\$ 50 to 200/TEU?
 - Minimal compared to ocean freight?
- Complexity
 - The invisible cost

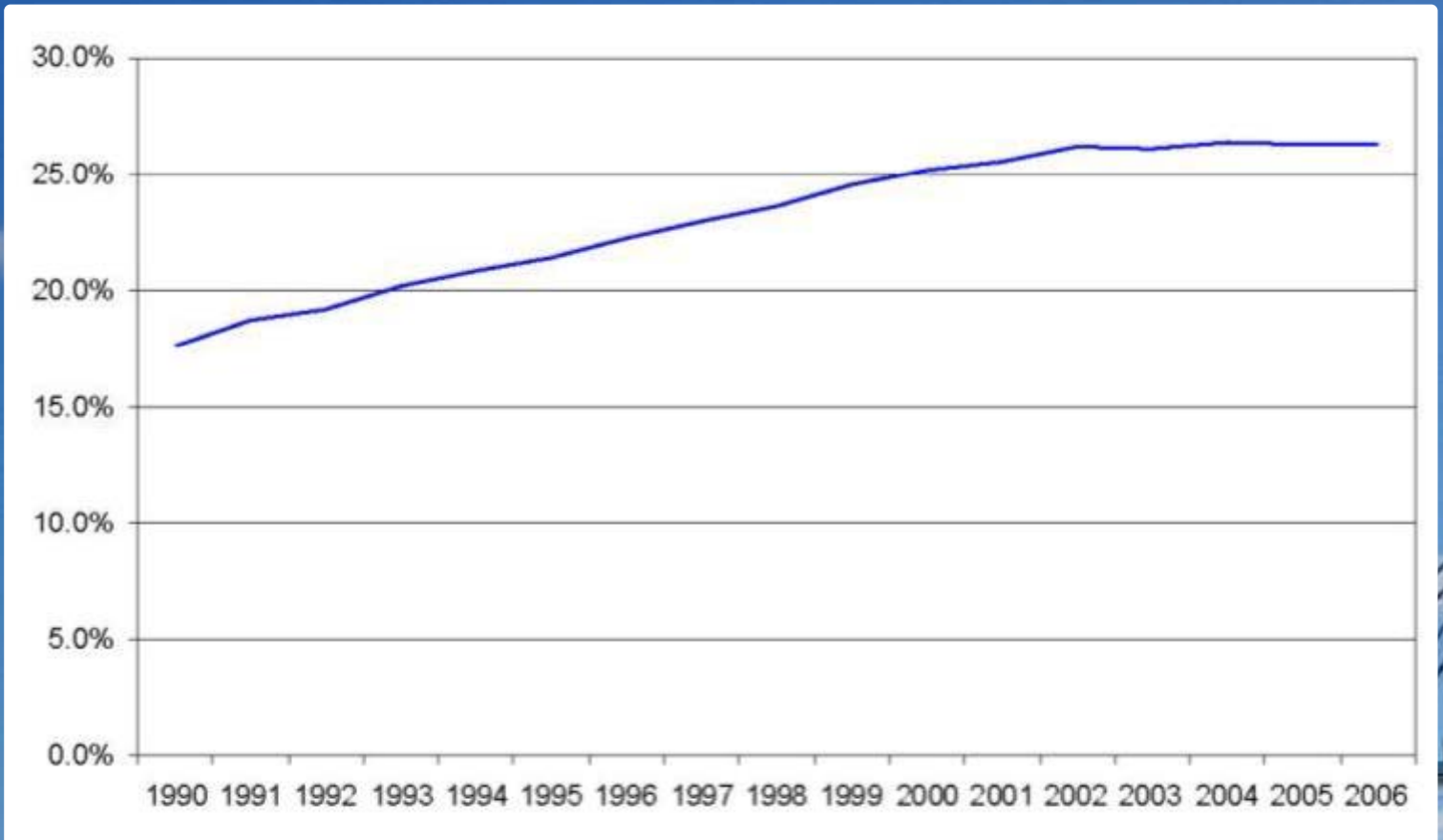
A real example

- Lampung–Jakarta–Singapore–Europe
 - Charges US\$ 100-150/TEU Jakarta
 - Charges US\$ 50/TEU Singapore
 - Total sea freight US\$ 2,750
- Lampung–Singapore–Europe
 - Savings reported at US\$ 500/TEU

Transshipment



Transshipment Levels



Petroleum Trades

- 
- Malacca a key trade route
 - 40-45 m b/d moved by sea
 - 15 m b/d pass through Malacca
 - Indonesian consumption 1.3 m b/d
 - Forecasts for 2030
 - Indonesia consumption 8 to 10 m b/d?
 - Indonesia production ?
 - Storage capacity demand 30 m³ +

Jakarta progressing as a Hub

- Move from feeder to Intrasian underway
 - Being a good port makes Jakarta a hub
 - Access
 - Cargo volumes
 - Continuous improvement required
 - Oil storage development is underway
 - Reducing freight costs for Indonesia
 - Trade ignores political boundaries?
 - A strategic decision maybe required
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Jakarta as a hub in 2030

- Containers
 - Jakarta/West Java/Banten about 10 m TEU
 - “Hub effect” say 10 m+ TEU
 - 25 to 35 container berths or 9,000 m of quay
 - Petroleum Products
 - 12 to 18 m³ of storage demand
 - “Hub effect” adds 10 m³ more demand
 - Land area demand about 1,500 Ha or more than twice area of Tanjung Priok
 - Coal.....
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Tactics...

- Improving capacity
 - 24/7 Operation
 - Land use intensification
 - Infrastructure access
 - Distribution Hubs
 - Inland Container Depots
 - Rail Freight/Barging
 - Basic Infrastructure
 - The channel...
 - Freeboard
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Strategy

- New port area(s)
 - West or east?
 - Land reserve
 - Purchase
 - Clearance
 - Basic Infrastructure
 - Breakwater
 - Reclamation
 - Road and rail
 - Finance
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Port Area Demand 2030

- B/W length 7 to 10 km, US\$ 0.5 billion
- Reclaim US\$ 3 billion
- Quays US\$ 1+ billion
- Equipment
- 150,000 trucks/day
- 4,000+ trucks in peak hours



Big Issues

- Financing
 - Basic infrastructure of US\$ 3 billion+
 - “Equity” US\$ 1 billion...
 - Private investment in terminals
- Land
 - “Best” use of waterfront land in city?
 - Alternatives
- Environment
 - Hydrodynamics
 - The channel or dredging....
 - Objections from locals
 - Truck volumes
 - Access to sea front

Klong Toei



Laem Chabang



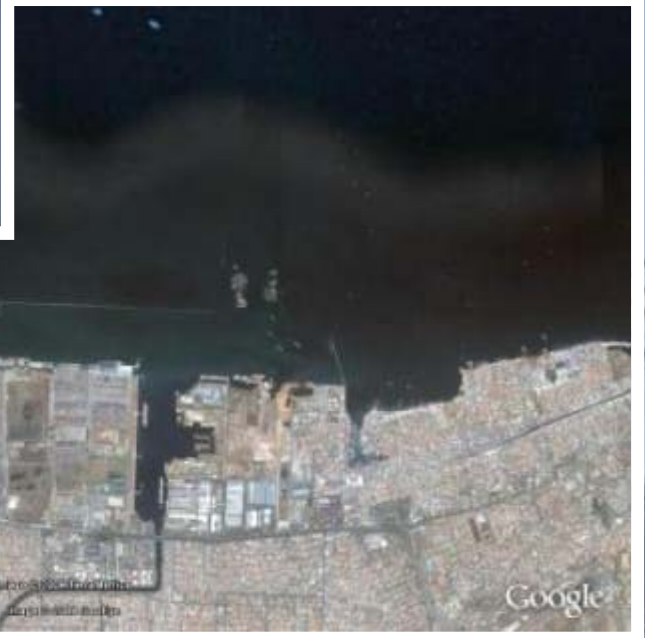
Old Port of Brisbane



New Port of Brisbane



Brisbane - Jakarta



Conclusions

- Jakarta is a Hub
 - It's role as a Hub is evolving
 - Further development as a hub depends being a better port
 - Any development must be based on doing the right thing for Indonesia
 - Do not try and distort the market
 - Constraints on long term development suggest the need for a new strategy
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The Need...

- Creative
 - Is not constrained by the present
- Credible
 - Long term solution to problems
 - Can be financed
- Consistent
 - Long term plan
- Consensus



Thank you for your attention
