

Appendices

Appendix I

PRESIDENTIAL INSTRUCTION (INPRES) No. 4/1985 (The Policy to Smoothen the Flow of Goods to Support Economic Activities)

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

- Considering:
- a. that the smooth flow of interinsular, export and import goods constitutes an important element in the promotion of economic activities in general and boosting of non oil/gas exports in particular;
 - b. that in this conjunction it is deemed necessary to issue a presidential instruction on the general policy involving procedures for goods exports and imports, interinsular shipping, sea freight rates, goods and documents handling, general agency of shipping companies, and the procedure for port operation.

In view of: Article 4 paragraph (1) of the Constitution of 1945.

INSTRUCTS:

1. The Coordinator Minister for Economy, Finance, Industry and Development Control.
2. The State Minister for Promotion of Efficiency of the State Apparatus.
3. The Minister of Finance.
4. The Minister of Trade.
5. The Minister of Communications.
6. The Minister of Mines and Energy.
7. The Minister of Manpower.
8. The Minister of Home Affairs.
9. The Minister of Justice.
10. The Minister of Health.
11. The Minister of Agriculture.
12. The Commander of the Indonesian Armed Forces/the Internal Security Commander.
13. The Attorney General.
14. The Governor of Bank Indonesia.
15. The Chairman of the Investment Coordinating Board.

To: carry out policies and adopt measures to further smoothen the flow of interinsular, export and import goods within the framework of promoting economic activities and non-oil/gas exports in line with the general policy stipulated in the attachment to this presidential instruction.
This presidential instruction shall take effect as from the date of issuance.

Issued in Jakarta

On April 4, 1985

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,
sgd.
SOEHARTO

I. THE PROCEDURE FOR EXPORTS

In order to smoothen the flow of export goods the following measures are adopted:

1. Export goods are not subject to customs examination.
2. The exception to the provision as meant in point 1. is only in the case of the issuance of written instructions by the Director General of Customs and Excise to the customs and excise personnel to conduct examination of export goods out of suspicion that:
 - a. the export goods are those subject to export restrictions or bans;
 - b. the export goods are those subject to the export tax/extra export tax, with payments of such tax not yet properly settled.
3. Export goods obtaining export certificates (SE) are examined at export destinations by government appointed surveyors and the SE payments are realised on the basis of results of examination.
4. In the case of the presence of export tax or extra export tax, this tax must be paid by exporters to foreign exchange banks upon the delivery of export notifications (PEB).

II. THE PROCEDURE FOR IMPORTS

In order to smoothen the flow of import goods the following measures are adopted:

1. Import goods are only allowed to enter Indonesian customs areas if they bear examination reports (LKP) issued by government appointed surveyors. LKP are based on the examination conducted by surveyors in countries (places) or origin of import goods.
2. The examination of import goods by surveyors for the issuance of LKP as meant in point 1. covers the truth of:

- a. the type and quality of goods;
 - b. the volume of goods;
 - c. the price;
 - d. the freight;
 - e. the tariff heading number, the rates of import duty and value added tax (PPN).
3. The provision as meant in point 1. is implemented as follows:
- a. In the case of importers using L/Cs for export realisation:
 - 1) The L/Cs must stipulate the additional condition that overseas banks are only justified to pay exporters after the banks have received LKP issued by surveyors.
 - 2) Overseas banks address Bills of Lading (B.o.L.) and LKP to domestic foreign exchange banks.
 - b. In the case of importers not using L/Cs:
 - 1) Importers notify exporters as well as surveyors about the obligation to examine goods to be imported.
 - 2) Surveyors deliver LKP to domestic foreign exchange banks.
 - c. Importers calculate the amounts of import duty and PPN based on the date contained in LKP and pay the sums to foreign exchange banks.
 - d. Foreign exchange banks examine the truth of import duty and PPN calculation based on LKP and deliver B.o.L. and LKP to importers after the payment of import duty and PPN to the banks.
 - e. With simplified import notifications (PPUD), B.o.L., LKP and import duty payment receipts, importers handle the release of goods from ports.
 - f. The Directorate General of Customs and Excise does not examine goods, does not calculate import duty and demand its payment, but it gives direct approval for the release of goods from ports, if the goods already bear PPUD, B.o.L., LKP and import duty payment receipts.
4. Price fixation for import duty calculation is as follows:
- a. Provisions on check prices for import goods are abolished.
 - b. Surveyors in LKP includes prices generally effective for the goods concerned in the countries of origin of imports.
 - c. Import duty is calculated based on the prices generally effective as contained in LKP.
5. Uniform rates of import duty are effective for the entire customs territory of Indonesia.
6. Exception to the provisions as meant in points 1 and 3 are the following imports:
- a. trade items worth less than US\$5,000;

- b. transferred goods;
 - c. diplomatic goods;
 - d. crude oil;
 - e. goods imported based on Article 23 of the Customs Ordinance, which are to be further specified;
 - f. weapons and equipment of the Indonesian Armed Forces;
 - g. foreign aid in the form of grants to the Indonesian government.
7. The import goods excepted as meant in point 6. are examined by the Directorate General of Customs and Excise according to the effective rules and given approval for release from ports after importers have settled import duty and PPN.
 8. Import goods that are not excepted as meant in point 6. but do not bear LKP must be returned by the importers concerned.
 9. If the goods excepted as meant in point 6 are imported along with LKP, these goods are treated according to the provisions in point 3.

III. THE PROCEDURE FOR INTERINSULAR CARGO SHIPMENT

In order to smoothen interinsular cargo shipment the following measures are adopted:

1. The provision on interinsular loading notifications (AVI) is abolished for the entire territory of Indonesia.
2. The provision on interinsular fiscal certificates is abolished.
3. The provision concerning certificates on payment of state levies on vessels and sea freight declarations (Model 5B) is abolished.

IV. PORT FEES

In order to reduce port fees various measures are adopted including:

1. The fees for berthing, piloting, towing and mooring are uniform for all kinds of ocean going vessels.
2. The piloting fee is simplified by eliminating fixed cost and calculating it on the basis of GRT (gross registered ton).
3. The towing fee is simplified by eliminating fixed cost and calculating it only on the basis of GRT per hour.
4. The tie-up fee is abolished.
5. The mooring fee, Term I is extended.
6. The wharf fee is simplified and the amount of cost is reduced.
7. The storage fee at ports is calculated as follows:
 - a. Exports:
 - 1 up to 10 days are taken as 1 day.
 - Term I: 28 days, the 11th day is the first day.

- Term II: the 29th day and afterward is subject to 200% of the basic rate/ton/day.
- b. Imports and interinsular trade;
 - 1 up to 10 days are taken as 1 day.
 - Term I: 10 days, the 11th day is the first day.
 - Term II: 10 days, the 21st day is the first day, subject to the rate of 125%.
 - Term III: the 31st day and afterward is subject to the rate of 200%.
- 8. Levies for the execution of harbour functions are abolished. The state budget provides funds for carrying out such functions.

VI. THE PROCEDURE FOR CARGO HANDLING

In order to reduce cargo handling fees covering stevedoring, cargodoring, receiving and delivery, the following measures are adopted:

1. Cargo handling activities are undertaken by companies established for this purpose.
2. Within one year after the enforcement of this presidential instruction cargo handling will no longer be done by shipping companies.
3. Cargo handling activities are realised in three shifts:
 - Shift I: 08.00 — 16.00.
 - Shift II: 16.00 — 24.00.
 - Shift III: 24.00 — 08.00.

V. INTERINSULAR FREIGHT RATES

In order to reduce interinsular freight rates the following measures are adopted:

1. The interinsular freight follows one guiding rate and is based on the Group I tariff effective before the issuance of this presidential instruction.
2. The rate as meant in point 1. serves as a guideline for sellers and users of services in fixing freight charges based on mutual agreement.
3. For certain goods viz. hazardous goods, valuables, goods requiring special handling, and those that disturb the environment, surcharges can be added to the guiding rate as meant in point 1. The surcharges are mutually agreed upon by sellers and users of services.

VII. FEES AT PORTS OF DEPARTURE/ARRIVAL (OPP/OPT)

In order to reduce OPP/OPT fees the following measures are adopted:

1. OPP/OPT fees are reduced by:
 - a. Reducing the fee for handling port workers.

- b. Reducing the fee for shipping/cargo handling companies.
- 2. The daily wage for workers is increased.
- 3. The handling of port workers is subject to reordering.

VIII. THE HANDLING OF GOODS AND DOCUMENTS FOR SEA AND AIR TRANSPORT

In order to reduce cost, the handling of goods and customs documents for sea and air transport as well as cargo transport to and from sea ports and airports can be done by stevedoring/air cargo handling companies, forwarding companies, and firms/individuals engaged in the delivery or receipt of goods.

IX. GENERAL AGENCY

In order to smoothen the shipment of export, import and interinsular goods the following measures are adopted:

1. Companies engaged in general ocean-going, cabotage and special shipping can serve as agents of foreign shipping corporations maintaining regular and irregular lines, which are conference members as well as non conference members (among others trampers).
2. Certificates of general agency (SKU) are abolished.
National shipping companies can conclude agreements on agency with foreign shipping corporations and the Ministry of Communications is notified about such accords.
3. The period of agency is determined by both parties in an agreement.
4. For foreign shipping corporations that have appointed agents:
 - a. All vessels they operate may enter coastal waters and call at ports already stipulated in agreements.
 - b. The ports of call are all sea ports that are open to foreign trade.
 - c. All vessels they operate may call without limits of time of stopover and frequency of port entry.
 - d. All vessels they operate are not subject to restrictions on loading/unloading, with regard to the type and volume of goods.
5. To prevent excessive competition from trampers, port fees effective for trampers are different from the fees for conference vessels and other regular liners.

X. CAKUNG STATE WAREHOUSING

In order to smoothen the flow of goods the following measures are adopted:

1. The state warehouse of Cakung no longer serves as the Line 1 warehouse.
2. The further use of the state warehouse of Cakung is to be determined later on.

XI. THE OPERATIONAL PROCEDURE FOR MAIN SEA PORTS

In order to increase the efficiency of main sea ports the following operational procedure is laid down:

1. The port administrator is the official responsible for and the general director of the execution of the function of services within the port working area.
2. The port administrator is directly responsible to the Minister of Communications.
3. Units of the Directorate General of Sea Communications in charge of executing the function of services within port working areas are integrated into the organisation of port administration.
4. State agencies/working units/business units outside the Ministry of Communications (customs & excise, immigration, quarantine offices, health services, port public corporation etc) are seconded to the port administrator in the sense of:
 - a. being responsible to the port administrator in the tactical/operational aspect;
 - b. remaining under the subordination of their superior agencies in the technical/functional aspect, so that the port administrator does not interfere with the technical authority of the agencies concerned.

XII. PROVISIONS FOR IMPLEMENTATION

1. Ministers and authorised officials in their respective fields issue provisions for implementing the policy contained in this presidential instruction after consultations with the Coordinator Minister for Economy, Finance, Industry and Development Control.
2. Based on the policy laid down in this presidential instruction, the Coordinator Minister for Economy, Finance Industry and Development Control provides further policy guidelines to guarantee smooth and correct implementation of this presidential instruction.

XIII. CONTROL OVER IMPLEMENTATION

The implementation of the provisions in this presidential instruction is

under the control of the Coordinator Minister for Economy, Finance, Industry and Development Control.

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,
sgd.
SOEHARTO

Source: As published in *Business News*, 10 April 1985.

Appendix IIA

GROWING FIRMS AND CAPACITY CHANGES

Growing Firms	Fleet Capacity (dwt.)				Change 1970-82	Productivity tons/dwt. (1982)
	12/70	12/74	12/78	12/82		
Siantan	—	—	—	12,952	12,952	11.2
Bahari Bahtera	2290	3954	6444	13,894	11,604	12.0
Nusa Tenggara	8670	6430	8641	20,173	11,503	11.1
Nagah Berlian	—	—	3940	11,051	11,051	16.9
Meratus	2732	4061	7786	11,389	8,657	17.3
Pedjaka	—	—	—	7,437	7,437	n.a.
Bahari	6114	6114	2201	13,434	7,320	13.8
Deli Madju	2811	3907	3669	10,006	7,195	19.6
PRI	2018	2013	2013	9,160	7,147	8.7
Pelpn	1903	4988	7002	8,907	7,004	7.6
TPL	—	—	734	6,800	6,800	12.0
Eja	1660	3190	5380	8,160	6,500	12.8
S. Sejahtera	—	3510	4813	5,938	5,938	16.2
Kalimantan	1045	1275	1275	6,700	5,655	22.6
Abadi	1430	4930	7178	7,043	5,613	13.6
Sri Indrapura	—	—	2660	5,538	5,538	6.0
Pelumin	—	—	—	5,359	5,359	13.4
Sumber Sakti	—	—	1300	5,149	5,149	14.1
Sirontalo	—	—	2580	5,115	5,115	11.3
Pepalba	—	—	5073	5,073	5,073	11.0
Perintis	—	—	—	4,818	4,818	10.3
Putra Samudera	1251	7078	6835	5,505	4,254	15.0
MPS	—	870	2810	3,750	3,750	13.7
USO/Susinma	—	1710	2800	3,447	3,447	39.8
Panurjwan	4684	4820	6380	7,834	3,150	7.0
Surya	610	2384	2034	3,594	2,984	8.6
Wasaka	734	2127	1472	3,706	2,972	8.5
Wasesa	2353	1993	2160	5,128	2,775	8.8
Dwijaya	—	1792	2806	2,806	2,606	12.7
MBL	—	—	2451	2,451	2,451	3.2
R. Segara	1763	3403	4170	4,170	2,407	10.9
Samapta	—	—	—	2,013	2,013	19.8
Astri	3925	8973	5914	5,902	1,977	8.9
Sinma	—	—	—	1,718	1,718	5.1
GMS	1559	2749	1590	1,709	150	15.3
Palka Utama	1264	2349	2349	2,349	1,085	14.7
Srilines	21156	17816	16008	22,043	8,871	9.9
Sejati	1260	2880	1620	1,620	360	17.0
Karimata	2885	2885	2985	2,985	100	9.2
TOTAL	74,117			266,826		

Sources: 1970 fleet data from Directorate-General of Sea Communications, *Annual Report 1970* (Jakarta, 1971); subsequent fleet data from INSA; productivity figures calculated from BOPBERPAN, *Annual Report 1982* (Jakarta, 1983).

Appendix IIB

DECLINING FIRMS AND CAPACITY CHANGES

Declining Firms	Fleet Capacity (dwt.)				Change 1970-82	Productivity tons/dwt. (1982)
	12/70	12/74	12/78	12/82		
Gapsu	3230	1238	1238	3084	146	10.3
Tanjung	1985	—	960	1552	433	11.1
Pelsutra	960	1960	1460	500	460	3.3
Naga Laut	5375	8379	4792	4792	583	5.8
PPSS	6998	6998	6380	6380	618	6.1
Taat	650	1234	—	—	650	—
Berdikari	1658	1658	800	800	858	2.1
Perpelin	1044	—	—	—	1044	n.a.
Gabus Kembang	1280	—	—	—	1280	n.a.
Sang Saka	1310	—	—	—	1310	n.a.
MPS	1340	—	*	—	1340	n.a.
Pemal	2313	—	950	950	1363	8.1
Samapta	1480	1100	—	*	1450	n.a.
Wapoga	1451	—	—	—	1451	n.a.
Bimal	1468	—	—	—	1468	n.a.
Nagah Berlian	1540	2480	*	—	1540	n.a.
Pelumin	1598	1598	2654	*	1598	n.a.
Perindo	1680	1228	—	—	1680	n.a.
Perintis	1700	—	*	—	1700	n.a.
Jayawijaya	1752	—	1400	—	1752	n.a.
Sri Indrapura	1870	1150	*	—	1870	n.a.
Samudra Putra	1987	—	—	—	1987	n.a.
MPN	5657	1560	2040	3435	2222	7.7
Nuruda	2430	—	—	—	2430	n.a.
Mahakam	3866	680	—	1400	2466	18.3
B. Adhiguna	5992	5778	5778	3326	2596	6.4
IOL	2615	6415	12545	—	2615	2.3
PHDM	3010	*	—	—	3010	n.a.
Siantan	3510	936	354	*	3510	n.a.
Delta Baru	3680	—	—	—	3680	n.a.
Pejasa	3732	—	—	—	3732	n.a.
Bachtera Lines	5257	5257	*	—	5257	n.a.
Pepana	5629	5329	2456	—	5629	—
Pedjaka	6820	4189	940	—	6820	n.a.
Samudera Jaya	9865	9865	7343	2451	7414	1.6
TOTAL (34)	136,890			28,670		

* Bought out with licence by new owners.

Source: As for Appendix IIA.