Press Release

Bonded Logistic Center to Improve Indonesia’s Competitiveness

Jakarta, 4 April 2016 – The Government of Indonesia always seeks to improve its logistics performance which is now marked by the implementation of 11 Bonded Logistic Centers across Indonesia. Bonded Logistic Center is expected to improve Indonesia’s competitiveness particularly on the ground of investment that currently has to compete with other prominent Southeast Asian countries. According to Logistic Performance Index published by The World Bank in 2014, Indonesia’s logistic performance is unsurprisingly more inferior than Singapore and Malaysia, even compared with Thailand and Vietnam.

The Chairman of Indonesia Investment Coordinating Board (BKPM) Franky Sibarani highlighted that the entire processes involved in export and import in Indonesia require 3.5 days in average, whereas Singapore requires 2 days and even Vietnam only requires 1 day. “In Indonesia, the whole processes cost around USD 573. In Singapore, by contrast, cost only the half and even in Vietnam it costs only 45% of Indonesia,” explained Franky in his official statement to media, Monday (4/4).

In accordance to The World Banks’s Ease of Doing Business 2015, it demonstrates rather similar situation. Based on the indicator of trading across borders, which measures the overall procedures and performance of export and import, Indonesia was ranked 7th in ASEAN.

Franky argued that such things have become the primary reason why Bonded Logistic Center is essential for Indonesia’s competitiveness which also serves as an attempt to make Indonesia as a prominent investment destination. “With the existence of Bonded Logistic Center, the government aspires to create Indonesia as the prime hub for both national and international logistic distribution offering lower cost and more efficient procedures. It may also contribute to sustaining the growth of domestic industries,” he added.

The Chairman of BKPM also emphasized that Bonded Logistic Center does not only transfer the warehousing of export and import goods to the territory of Indonesia for domestic needs. “The facilities and incentives offered by Bonded Logistic Center may help Indonesia to become one of logistic hubs in Asia Pacific,” explained Franky.

Furthermore, Franky pointed that Bonded Logistic Center would be of beneficial and importance for various type of industries, not only large-scale industry but also small-scale and medium-scale industry. “Bonded Logistic Center is expected to lower domestic logistic costs, thus improving the competitiveness of Indonesia’s product in global market and also propelling national exports,” he said.
Franky also stated that the implementation of such facilities may have a positive influence toward the achievement of 2016 investment realization target which accounted for IDR 594.8 trillion.

Today (4/4), BKPM held Investment Dialogue Forum on “Bonded Logistic Center to Improve Investment Competitiveness” taking place in Nusantara Room with a number of notable speakers such as Deputy Chairman of BKPM for Investment Controlling and Supervision of Investment Implementation, Director General of Customs and Excise Ministry of Finance, Director General of Industrial Zoning Development Ministry of Industry, Director General of Development and Employment Placement Ministry of Manpower and also Marketing Director of Java Integrated Industrial and Ports Estate (JIIPE).

Deputy Chairman of BKPM for Investment Controlling and Supervision of Investment Implementation, Azhar Lubis argued that Bonded Logistic Center is a part of policy innovations undertaken by the central government. “Bonded Logistic Center and other policy innovations serve as our responses toward global competition, and also act as an attempt to improve the ease of doing business in Indonesia,” he explained.

Azhar hoped that such facility can be fully utilized so as to develop businesses and to intensify supply chain. “Indonesia as a logistic hub in Asia Pacific can be realized accordingly,” he said.

Bonded Logistic Center is a multipurpose logistic warehouse that enjoys the exemption of import duty and tax. One of the incentives offered by Bonded Logistic Center that may also attract investment is nonmanufacturing foreign business is allowed to become a raw material supplier in Bonded Logistic Center.

The establishment of Bonded Logistic Center by the Directorate General of Customs and Excise Ministry of Finance adds strategic aspects to JIIPE as an industrial estate. The total investment value of the development of JIIPE accounted for IDR 50 trillion. At the moment, JIIPE has entered construction phase, which is being carried out, by two eminent state owned enterprises namely PT Hutama Karya and PT Waskita Karya. During this construction phase, approximately 1,500 direct workers are absorbed, which mostly come from the surrounding neighborhood such as sub district Bungah and sub district Manyar Gresik. Furthermore, all tenants are expected to absorb roughly sixty thousand workforces.

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