

## **Implementation of the Shipping Law of Shrimp Regarding the Unloading of Containers in the Port of Tanjung Priok Jakarta**

**Padliansyah Padliansyah**✉

Postgraduate Program, Faculty of Law  
Universitas Negeri Semarang, Indonesia

**Dewi Sulistianingsih**

Department of Private and Commercial Law  
Faculty of Law, Universitas Negeri Semarang, Indonesia

✉ [fadlygavet89@gmail.com](mailto:fadlygavet89@gmail.com)

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### **Abstract**

In 1989-2017 the flow of ship arrivals and departures at Tanjung Priok Port such as international and inter-island shipping experienced a significant increase from 76,050,510 GT to 126,837,638 GT. The increase was due to the improved performance of ship services at the container terminal which caused waiting time from 3 hours to 30 minutes and berthing time from 46 hours to 30 hours so that it became more efficient. In 1989-2020 the volume of export-import goods experienced a very high increase from 18,661,452 tons to 48,004,200 tons. This increase is due to an increase in the volume of world trade and Indonesia so that the prices of export-import commodities are increasing, such as coal, oil, rice, sugar, automotive. In 1989 the capacity of Tanjung Priok Port was above normal at 440,000 TEU. This causes loading and unloading of containers that have just arrived and those that are about to

leave. in 1991-1997 container loading and unloading activities increased from 850,000 TEU to 2,100,000 TEU. At that time there was inefficiency in the speed of service sector which ultimately harmed the Port of Tanjung Priok in competition with the Port of Singapore. During 2010-2020 general cargo volume decreased while container volume increased significantly from 4,800,000 TEU to 8,500,000 TEU. The decrease was due to a decrease in the flow of domestic and foreign container ships, especially for export-import activities and the COVID-19 pandemic, while the increase was due to increased loading and unloading activities for intra-Asia captive cargo and export-import transshipment.

### **Keywords**

*Shipping Law, Container Loading and Unloading, Tanjung Priok Port, Jakarta.*

## **Introduction**

The port is a sea transportation node that becomes a connecting facility with other regions to carry out trading activities. Ports have an important role in the country's economy to create its economic growth. According to Article 1 point 1 of Government Regulation No. 69 of 2001 concerning Ports, a port is a place consisting of land and surrounding waters with certain limits as a place for government activities and economic activities that are used as a place for ships to dock, dock, up and down passengers and or loading and unloading. containers equipped with shipping safety facilities and port support activities as well as a place for intra and intermodal transportation. So, to facilitate the flow of goods and services in order to uphold trade activities at ports, it is necessary to have adequate transportation facilities, namely transportation by sea.

Based on Article 31 of Law Number 17 of 2008 concerning Shipping, there are several service business activities at ports to support sea transportation activities, one of which is container loading and unloading activities. According to Article 1 number 14 of Government Regulation no. 20 of 2010 concerning transportation in waters, container loading and unloading activities are business activities engaged in loading and unloading of goods containers from and to ships at ports which include stevedoring, cargodoring and receiving/delivery activities. This container loading and unloading activity is one of the links in the activity of transporting goods by sea where the goods transported to the ship require unloading to be moved either from the line 1

warehouse or directly from the transportation means. Likewise, the goods to be unloaded from the ship also require dismantling and transfer to the line 1 warehouse or directly to the next means of transportation.

The increasing public need for the presence of container loading and unloading service companies through sea transportation, the government is trying to regulate the loading and unloading activities of goods containers through the issuance of Presidential Instruction Number 3 of 1991 concerning Policies for Smooth Flow of Goods to Support Economic Activities. Of all the series of loading and unloading activities for goods containers, in this case those who are burdened with responsibility for these goods are container loading and unloading companies with the status of a legal entity in accordance with the Decree of the Minister of Transportation Number PM 60 of 2014 concerning the Organization and Control of Loading and Unloading of Goods Containers from and to ships. The company for loading and unloading goods containers in carrying out its business must have a business license issued by the Minister or an appointed official. The business license is granted by the Head of the Regional Office of the Ministry of Transportation on behalf of the Minister. Container loading and unloading companies are required to carry out the provisions stipulated in the business license of the goods container loading and unloading company.

The business activities of loading and unloading of goods containers at Tanjung Priok Port are in the field of providing and/or servicing piers for mooring, providing and/or servicing piers for loading and unloading of goods containers, providing and/or servicing warehouse and stockpiling services, container loading and unloading equipment, port equipment, provision and or service of container terminal services, liquid bulk, dry bulk, and Ro-Ro, provision and or loading and unloading of goods containers. Every business must have risks and responsibilities in its implementation, as well as the loading and unloading of sea freight containers which have a high risk in carrying out their activities. In practice in the field, damage to goods in the process of loading and unloading containers of goods still often occurs and causes significant losses. The owner of the goods who do not want to accept the incident makes a claim and asks for compensation for the damage to the goods.

The Port of Tanjung Priok was in the spotlight of the mass media in 1989. The reason was that the importers were angry because their belongings were slow to be handled by the port authorities. Containers which according to regulations should be allowed to be removed from the port, are in fact not only piled up in the Terminal Container Unit (UTC) stacking yard but are instead transported to private warehouses using the facilities of the Tanjung Priok Port Public Corporation. As a result, importers have to pay more to pick up their

goods. 80% of imported goods are raw materials, if they arrive late at the factory, it can disrupt the production process. Increasing the length of the process of handling goods at the port automatically adds to the many costs that must be incurred by port users and it is very likely that various new fees will arise<sup>1</sup>.

In 1996 the Port of Tanjung Priok began to improve the shipping mechanism of ships and goods so that there was a smooth movement of loading and unloading of goods from the port to the interior (land) and vice versa. The speed of loading and unloading of goods at the port which is not adjusted to the speed of movement on land, and conversely the speed of movement on land which is not matched by the speed of loading and unloading at the port, will cause stagnation. This improvement is quite basic because it involves a system to face the era of globalization so that Tanjung Priok Port can compete with ports in Southeast Asia<sup>2</sup>. In 1997 According to The Business Times, citing the publication of the British Port Development International, Tanjung Priok Port was in the 20th busiest port in the world, accommodating 1,600,000 TEUs of container traffic. This condition improved compared to 1996 when Tanjung Priok Port was ranked 22nd in the world with a volume of 1,500,000 TEU<sup>3</sup>.

In 2010 the flow of containers at Tanjung Priok Port has reached 4,500,000 TEUs and is expected to exceed the port's capacity. The construction of the Kalibaru Terminal in the first phase is estimated to be able to accommodate around 4,500,000 TEU containers. In addition to expanding, another thing is the management and improvement of the loading and unloading system through the implementation of a 24-hour non-stop service program as well as the addition of loading and unloading equipment and the application of the autogate system. Land optimization was also carried out, namely by uniting office buildings through a zone system and eliminating buildings or facilities that were considered inefficient<sup>4</sup>.

PT Pelindo II built the New Priok Terminal commonly known as Kalibaru Terminal at Tanjung Priok Port in 2012. PT Pelindo II signed a construction work contract with PT PP, Tbk. The development of New Priok (Jakarta Kalibaru Terminal) will bring port facilities in Jakarta on par with other world-class ports and provide new network connectivity opportunities for shipping

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<sup>1</sup> Kompas, "Mencak-Mencak di Pelabuhan Tanjung Priok," *Kompas*, July 9, 1989.

<sup>2</sup> Kompas, "Mekanisme Bongkar Muat Petikemas Di Pelabuhan Tanjung Priok Perlu Dibenahi," *Kompas*, 1997.

<sup>3</sup> Kompas, "Pelabuhan Tanjung Priok Urutan 20 Tersibuk Di Dunia," *Kompas1*, April 11, 1997.

<sup>4</sup> Kompas, "Pelabuhan Sebagai Penggerak Roda Perekonomian," *Kompas*, November 8, 2011.

lanes. This will significantly strengthen the competitiveness of Indonesia's logistics chain and lead to a better trading environment. The construction of the Kalibaru Jakarta Terminal is an effort to support the Nawacita program which is the government's guideline in increasing people's productivity and competitiveness in the international market so that the Indonesian nation can advance and rise together with other Asian nations. On the other hand, the Kalibaru Jakarta Terminal is also expected to be able to encourage economic independence by moving the port and economic sectors while strengthening Indonesia's identity as a maritime country<sup>5</sup>. Based on this background, several problem formulations were formulated. First, how is the development of international and domestic shipping flows? Second, how is the development of the volume of export-import goods at Tanjung Priok Port? Third, how is the progress of loading and unloading containers at Tanjung Priok Port?

## Method

The approach method used in this research is the empirical juridical method. The empirical juridical approach referred to in this study is field research (research on primary data) which is a study examining legal regulations which are then combined with data and behavior that lives in the midst of society. The main data/materials in this study were obtained directly from the respondents through field research. As a scientific activity, this research is not based on a review or legal discipline but is based on the perspective of the relevant social science discipline. Although the research was conducted using the perspective of social science disciplines, this research is still legal research, because the perspective of social science disciplines used is only a tool in the implementation of this research.

## Development of International & Domestic Shipping Flows at Tanjung Priok Port in 1989-2020

Based on the Law of the Republic of Indonesia Number 17 of 2008 concerning Shipping in Chapter V, water transportation regarding the types of transportation in waters in Article 6 consists of: a. sea transportation, b. River and lake transportation, c. Crossing transportation. In Article 7 the types of sea transportation consist of: a. Domestic sea transportation, b. Overseas sea transportation, and c. People's sea transportation. Article 8 concerning

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<sup>5</sup> Kompas, "Kalibaru Dibangun Dari Laut: Terminal Akan Terhubung Ke KBN Marunda Dengan Jalan Layang," *Kompas*, September 12, 2012.

domestic sea transportation reads: (1) domestic sea transportation activities are carried out by national sea transportation companies using Indonesian-flagged vessels and are initiated by crew members of Indonesian nationals, (2) foreign vessels are prohibited from transporting passengers and/or goods between islands or between ports in Indonesian waters, article 9 reads: (1) Domestic sea transportation activities are prepared and implemented in an integrated manner, both intra- and intermodal which are an integral part of national transportation. (2) Domestic sea transportation activities as referred to in paragraph (1) carried out with fixed and regular routes (liner) and can be equipped with irregular and irregular routes (trampers) (3) Domestic sea transportation activities serving fixed and regular routes are carried out in the route network, (4) Fixed and regular route network Domestic sea transportation activities are prepared by taking into account: a. Development of industrial, trade and tourism centers, b. Regional or regional development, c. general spatial planning, d. Intra-dsn integration between transportation modes, e. The realization of the archipelago insight, (5) The arrangement of a fixed and regular route network as referred to in paragraph [4] is carried out jointly by the Government, regional governments and associations of national sea transportation companies by taking into account input from associations of sea transportation service users, (6) Fixed and regular route networks as referred to in paragraph [5] is determined by the Minister. (7) The operation of the ship on a fixed and regular route network as referred to in paragraph [5] is carried out by a national sea transportation company taking into account, a. Ship's seaworthiness, b. Using Indonesian-flagged ships, c. The balance of demand and availability of space, d. Condition of the channel and port facilities visited, e. The type and size of the ship is in accordance with the needs, Article 10 reads: Further provisions regarding domestic sea transportation activities are regulated by a Government Regulation<sup>6</sup>.

As for Article 11 concerning Foreign Transportation, it reads: (1) Sea transportation activities abroad are carried out by national sea transportation companies and or foreign sea transportation companies using Indonesian-flagged ships or foreign ships, (2) Sea transportation activities as referred to in paragraph [1] carried out so that national sea transportation companies obtain a fair share of cargo in accordance with the provisions of the legislation, (3) sea transportation activities to and from abroad as referred to in paragraph [1] which include cross-border sea transportation can be carried out with fixed routes and regular and irregular and irregular routes, (4) foreign sea transportation companies can only carry out sea transportation activities to and from Indonesian ports that are open to foreign trade and must appoint a

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<sup>6</sup> Republic of Indonesia, "Law of the Republic of Indonesia Number 17 of 2008" (2008).

national company as a general agent, (5) foreign companies that carry out sea transportation activities to or from Indonesian ports that are open to trade Overseas partners can continuously appoint their representatives in Indonesia, while Article 12 reads: Further provisions regarding foreign sea transportation activities, public agencies, and representatives of foreign sea transportation companies are regulated by Government Regulation.

**TABEL. 1** Volume of Ship Visits in Gross Tonnage at Tanjung Priok Port in 1989-2020

Year	Ocean	Inter-Island	Amount
1989	49.554.123	26.496.387	76.050.510
1992	53.789.489	26.897.489	80.686.978
1995	54.386.004	28.884.251	83.270.255
1997	51.007.983	26.430.002	77.437.985
1998	58.054.678	27.028.946	85.083.624
2000	57.584.503	28.139.113	85.723.616
2003	56.888.950	31.552.789	88.441.739
2004	57.572.005	29.144.988	86.716.993
2006	59.330.955	27.267.185	86.598.140
2009	61.465.329	29.550.598	91.015.927
2011	73.148.367	39.195.487	112.343.854
2013	79.613.365	45.156.600	124.769.965
2014	78.753.356	43.226.262	121.979.618
2015	79.448.637	44.387.041	123.835.678
2016	80.298.742	45.893.004	126.191.746
2017	80.598.742	46.238.941	126.837.683

*Source: Annual Report of PT Pelindo II and Tanjung Priok Port 1989-2020.*

In 1989-1992 the flow of ship arrivals and departures at Tanjung Priok Port, both for overseas and inter-island shipping, experienced a significant increase. The number of oceanic ships arrivals increased from 3,971 ships with a cargo of 49,554,123 GT to 4,338 ships with a cargo of 53,789,489 GT, while for inter-island ship visits, it was recorded stable from 9,845 ships with a cargo of 26,496,387 GT to 9,442 ships with a cargo of 26,897. 489 GT. The increase was due to the implementation of the non-route (tramper) pattern which was increasingly relied on by national commercial shipping entrepreneurs<sup>7</sup>.

In 1995-1997 the flow of oceanic and inter-island ship visits at Tanjung Priok Port decreased by an average of 8% per year compared to the previous

<sup>7</sup> Kompas, “Perusahaan Pelayaran Niaga Andalkan Angkutan Non-Trayek: Arus Barang Akan Terganggu,” *Kompas*, January 7, 1989.

year. The decrease in the flow of ship visits was due to the weakening of international trade flows following the monetary and economic crisis that hit the Asian region, including Indonesia. The decrease was also due to a decrease in the number of ship visits with larger sizes at Tanjung Priok Port. The ships are used for general cargo, container and inter-island transportation. For ocean shipping, it decreased from 4,397 ships to 4,271 ships. Meanwhile, inter-island shipping decreased from 10,631 ships to 9,474 ships. The cargo of oceanic ships dropped drastically from 54,386,004 GT to 51,007,983 GT. The cargo of inter-island ships also decreased from 28,884,251 GT to 26,430,002 GT with cargo carried by various types of commodities such as cement, concrete iron, building iron, coil iron, animal feed, rice, corn to granulated sugar<sup>8</sup>.

World economic growth during 2003 was slightly higher than that in 2002, but the economic recovery that occurred in 2003 has not succeeded in triggering a significant increase in the flow of ship visits and departures at Tanjung Priok Port, even slightly decreasing compared to the previous year. This was due to the outbreak of the Severe Acute Respiratory Syndrome (SARS) and protection measures in a number of developed countries. Meanwhile, efforts made to reduce these obstacles through the World Trade Organization (WTO) conference in Mexico failed. The decrease in the flow of ship visits and departures has an effect on the achievement of the operational performance of Tanjung Priok Port. Throughout 2003 Tanjung Priok Port recorded an unsatisfactory operational performance. The number of ocean liner visits decreased to 4,657 ships with a total cargo of 56,888,950 GT. For inter-island ship visits, it decreased to 10,796 ships with a total cargo of 31,552,789 GT<sup>9</sup>.

The emergence of Presidential Instruction No. 5 of 2005 concerning the empowerment of the national shipping industry gives great hope for the revival of the shipping industry. The implementation of Presidential Instruction No. 5 of 2005 has significantly increased the number of the national fleet. During 2004-2006 the total number of visits by ocean and inter-island vessels in national shipping has shown positive growth. In 2004, the total number of ocean liner visits reached 4,843 ships with a payload of 57,572,005 GT. For inter-island ship visits, there are 11,085 ships with a shipload of 29,144,988 GT. Until 2006 the flow of foreign ship visits increased rapidly to 5,351 ships with a cargo of 59,330,955 GT. For inter-island ship visits, there was a decrease of around 10,794 ships with a cargo of 27,267,185 GT. The decline was due to the unstable national economic condition with the increase in the

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<sup>8</sup> PT Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II" (Jakarta, 1997).

<sup>9</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II" (Jakarta, 2003).



price of domestic fuel oil (BBM) in October 2005. Another positive impact of the implementation of Presidential Instruction No. 5 of 2005 was the increase in job opportunities<sup>10</sup>.

In 2009 the number of ship visits between islands reached 12,004 ships and the total cargo reached 29,550,598 GT<sup>11</sup>. The growth of national transport vessels was triggered, among other things, by the application of the principle that requires protection of all viability of the national fleet of ships or known as the cabotage principle and the increasing allocation of credit from banks. Since the application of the cabotage principle in 2005, the allocation of bank credit for the sea transportation industry has grown by 70% per year starting in 2006. The application of the cabotage principle has gradually encouraged the addition of new vessels and the transfer of foreign vessels into the country. Based on the provisions of the cabotage principle at Tanjung Priok Port, national ships can be built anywhere, but must have an Indonesian flag with local crew<sup>12</sup>.

The realization of ship visits in 2011 has increased. The number of ocean liner visits reached 4,489 ships and the total cargo reached 73,613,365 GT. For inter-island ship visits reached 14,199 ships and the total cargo reached 39,195,487 GT. This increase was due to the increase in the number of regular vessels transporting containers and the increasing flow of vessels transporting cement, crude palm oil (CPO), sand, liquid chemicals, and goods in containers at Tanjung Priok Port<sup>13</sup>.

The operational achievement that is quite encouraging is the reduced dependence for transshipment at the Port of Singapore, Tanjung Pelepas or Port Klang Malaysia. Previously, almost 65% of goods shipments from Tanjung Priok Port carried out transfers at the three ports. However, PT Pelindo II was able to reduce the level of dependence to less than 18%. Most of the direct shipments are for export purposes to the Far East and Australia, but for export purposes to the United States, they still transit at these three ports. Another effort made to improve port performance is to improve the quality of service 24 hours/7 days per week, so that it can reduce the length of time for container stacking (dwelling time), reduce truck queues and in the end, overall reduce logistics costs and minimize the risk of congestion in the port. port due to high queues of ships. Improving the soft infrastructure of ship services from manual-based to electronic-based is also able to increase

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<sup>10</sup> Kompas, ““Pelayaran Nasional Perlu ‘Angin,’” *Kompas*, September 12, 2006.

<sup>11</sup> PT. Pelabuhan Indonesia, “Annual Report of PT Pelabuhan Indonesia II” (Jakarta, 2009).

<sup>12</sup> Kompas, “Kapal Laut Lokal Naik 14%: Kapal Asing Berakhir 2011,” *Kompas*, October 3, 2009.

<sup>13</sup> PT. Pelabuhan Indonesia, “Annual Report of PT Pelabuhan Indonesia II” (Jakarta, 2011).

efficiency in order to realize productivity in accordance with world-class port service standards<sup>14</sup>.

The achievement of business performance in 2014 was largely influenced by external factors such as macroeconomic conditions, namely export-import activities as well as business sentiment towards the declining economic situation. Throughout 2014, the realization of oceanic vessel visits reached 4,673 ships and the total cargo reached 78,753,356 GT. For inter-island ship visits, it fell to 12,574 ships with a total cargo of 43,226,262 GT. This was due to the unstable national economic condition due to falling prices of plantation and mining commodities and accompanied by major political events in 2014 namely the legislative election and presidential election, resulting in a decline in the flow of foreign and domestic ships transporting commodities such as general cargo, bag cargo, liquid cargo, cement, fertilizer, CPO, coal, and containers at Tanjung Priok Port<sup>15</sup>.

## Development of the Volume of Export-Import Goods at Tanjung Priok Port In 1989-2020

TABEL. 2 Export Import Volume Through Tanjung Priok Port in 1989-2020 (in tons)

Year	Export	Import	Amount
1989	7.220.475	11.440.950	18.661.452
1992	7.365.625	14.731.250	22.096.875
1995	8.442.250	15.884.500	24.326.750
1996	10.763.100	16.980.000	27.743.100
1997	12.876.100	17.543.000	30.419.100
1998	16.916.200	18.693.400	35.609.600
1999	15.275.200	18.500.000	33.775.200
2000	15.607.300	18.943.600	34.550.900
2003	15.623.900	18.243.800	33.867.700
2004	15.937.150	22.218.300	38.155.450
2005	15.311.900	21.423.800	36.735.700
2007	16.828.800	23.563.100	39.845.900
2008	14.371.600	28.362.900	42.734.500
2009	13.271.700	24.179.500	37.451.200
2010	12.545.536	28.655.300	41.200.836
2012	12.800.000	36.971.500	49.771.500
2014	12.578.400	35.678.000	48.256.400

<sup>14</sup> PT. Pelabuhan Indonesia.

<sup>15</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II" (Jakarta, 2014).

Year	Export	Import	Amount
2016	12.978.900	35.137.700	48.116.600
2017	14.398.600	36.643.900	51.042.500
2018	15.485.000	39.383.800	54.868.800
2019	15.339.600	37.541.100	52.880.700
2020	17.009.000	30.995.200	48.004.200

*Source: Export-import volume by main port in 1989-2020 retrieved from <https://www.bps.go.id/statictable>*

The flow of export-import goods at Tanjung Priok Port experienced a significant increase in 1995-1996. In 1996 the volume of export-import increased to 27,743,100 tons compared to 1995 which was 24,326,750 tons. Based on trade and distribution, the flow of imported goods increased from 15,884,500 tons in 1995 to 16,980,000 tons in 1996, while the flow of export goods increased from 8,442,250 tons in 1995 to 10,763,100 tons in 1996. This increase was due to First, Indonesia's trade balance is always in a surplus, especially in oil and gas commodities. Second, the deficit in the services balance, especially the amount of interest payments on foreign debt and also transportation services for export-import Indonesia mostly uses foreign transportation services. Third, the balance of payments concerning capital flows. This capital balance is the difference between capital flows which is always a surplus, which means more capital inflows than capital outflows. Capital inflows consist of government capital inflows in the form of foreign loans which in the APBN are referred to as development receipts, and private capital which in the APBN are referred to as other capital inflows, both in the form of investments and in the form of private loans, while the outflow of capital is in the form of payment of principal debts<sup>16</sup>.

In 1998-1999 the flow of export-import goods at Tanjung Priok Port experienced a decline which was the peak of the monetary crisis that occurred in Indonesia. In 1999 the volume of export-import decreased to 33,775,200 tons compared to 35,609,600 tons in 1998. Based on trade and distribution, the flow of imported goods decreased from 18,693,400 tons in 1998 to 18,500,000 tons in 1999. The flow of export goods decreased from 16,916,200 tons in 1998 to 15,275,200 tons in 1999. This was due to This was due to the deteriorating condition of the world economy, especially in the Asia-Pacific region, which was triggered by the decline in the value of the ASEAN countries' currencies against the US Dollar which colored all aspects of activities and management at Tanjung Priok Port in 1998-1999<sup>17</sup>.

<sup>16</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II" (Jakarta, 1996).

<sup>17</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II" (Jakarta, 1998).

Tanjung Priok Port recorded increases in the flow of export-import goods. The flow of export-import goods from the Port of Tanjung Priok in 2005-2007 showed a fairly high increase. In 2007 the volume of export-import increased to 39,845,900 tons compared to that in 2005 of 36,735,700 tons. Based on trade and distribution, the flow of imported goods rose from 21,423,800 tons in 2005 to 23,563,100 tons in 2007 while the flow of export goods rose from 15,311,900 tons in 2005 to 16,828,800 tons in 2007. Production of warehouse services and the accumulation of export-import goods showed a positive performance but a very sharp decline occurred in the stacking field services in 2007. This is related to the decrease in the area of the storage warehouse in 2007 which was reduced to 228,390 m<sup>2</sup> due to the demolition of unproductive warehouses for repairs. road conditions, pond deepening, as well as the separation of domestic and international goods in order to avoid confusion and mixing of goods. The mixing of domestic and international goods also includes the separation of domestic and international containers in line with the trend of containerization of goods packaging and the increasing flow of domestic containers. Tanjung Priok Port succeeded in realizing revenues of Rp 124.04 billion<sup>18</sup>.

In 2010-2012 the total flow of export-import goods increased sharply to reach 49,771,500 tons in 2012 compared to 2010 which was 41,200,836 tons. Based on trade and distribution, the flow of imported goods increased from 28,655,300 tons in 2010 to 36,971,500 tons in 2012. This was in line with the increase in imports of plantation commodities, both raw materials and processed products as well as mining materials. 12,800,000 tons in 2012 compared to 2010 which was 12,545,536 tons. The increase in export activities was mainly due to an increase in export trade flows, especially cement, iron, kernels, coal, rice, CPO, and construction materials at the Tanjung Priok Port. Although the flow of imports continues to increase, PT Pelindo II still anticipates that Tanjung Priok Port will avoid the accumulation of goods and containers in the port by expanding the area of the stacking field<sup>19</sup>.

Throughout 2014, the total flow of goods managed by Tanjung Priok Port decreased to 48,256,400 tons. As for the flow of export goods of 12,578,400 tons and the flow of imported goods of 35,678,000 tons. The decline that occurred in export-import activities at Tanjung Priok Port was mainly due to the national political transition situation and economic conditions that were not yet fully enthusiastic so that there was a decline in export-import trade activities. Another thing that also affects is the lack of readiness in

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<sup>18</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II" (Jakarta, 2007).

<sup>19</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II" (Jakarta, 2012).

infrastructure services, the level of productivity and supporting facilities such as shipping security equipment and systems as well as the condition of ports that are able to accommodate the presence of large ships. The flow of imported goods is dominated by dry bulk cargo (dry bulk commodities), fertilizers, rice, CPO, coal, project goods/heavy equipment, cake and corn. The flow of export goods is dominated by fertilizer, coal, cake, bulk cement, iron sand, clinker, split stone and palm shells. In terms of revenue, goods and services decreased by 21.8%, namely Rp. 599.5 billion<sup>20</sup>.

Tanjung Priok Port recorded increases in the number of export-import goods flows. The flow of export-import goods at the Port of Tanjung Priok in 2017 showed a fairly high increase. The flow of export-import goods in 2017 increased to 51,042,500 tons compared to 48,116,600 tons in 2016. Based on trade and distribution, the flow of imported goods rose to 35,137,700 tons in 2016 to 36,643,900 tons in 2017 while for the flow of export goods from 12,978,900 tons in 2016 to 14,398,600 tons in 2017. There was an increase in the flow of goods. general cargo such as rice, fertilizer, cement, rubber and corn commodities due to the increase in economic trading activities. The realization of the production of stacking services through warehouses increased due to the accumulation of general cargo, unitize, and bag cargo, while the realization of stacking services through the field also increased due to the accumulation of vehicles and heavy equipment through the vehicle terminal at Tanjung Priok Port. Revenue from goods services reached Rp. 131.5 billion<sup>21</sup>.

Weak exports compared to imports through Tanjung Priok Port is a problem that has occurred for a long time. Exports were lower than imports, causing Indonesia's trade balance to experience a deficit throughout the year and reflecting poor economic performance due to low productivity and increasing dependence on imports. Since 1989-1998 the ratio of exports to Gross Domestic Product (GDP) in that period was around 35%. Export growth had soared in 2000 to reach 60% of GDP due to the economic recovery after the monetary crisis and the weakening of the rupiah against the US dollar, from Rp. 1,842,- in 1990 to Rp. 9,725,- in 2000. In the period 2001-2017 exports through Tanjung Priok Port were actually lower than imports, which was around 20% of GDP. This is because on the one hand, when there is an increase in exports, imports will grow even higher because the majority of imports are raw materials and capital goods used for domestic production. Therefore, export is one of the many homeworks that must be

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<sup>20</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II," 2014.

<sup>21</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II" (Jakarta, 2017).

completed by the Indonesian government. However, overall Indonesian exports through the Tanjung Priok Port continue to improve<sup>22</sup>.

Indonesia's dependence on imports is one of the reasons for the weakening of the rupiah against the US dollar and inflation. In 1989-2017 the ratio of imports to exports through the Port of Tanjung Priok was quite large, around 35% which had an impact on the exchange rate of the rupiah against the US dollar as in 2001, which was Rp. 10,265, - to Rp. 13,300, - in 2017. this has an impact on increasing prices for consumer goods, food and beverages and fuel oil (BBM) and then the purchasing power of the people is getting weaker<sup>23</sup>.

In 2019-2020 the total flow of export-import goods decreased sharply to reach 48,004,200 tons in 2020 compared to 2019 of 52,880,700 tons. Based on trade and distribution, the flow of export goods increased from 15,393,000 tons in 2019 to 17,000,000 tons in 2020. Meanwhile, the flow of imported goods declined from 37,541,100 tons in 2019 to 30,995,000 tons in 2020. Foreign trade traffic recorded by Tanjung Priok Port is divided into two, namely export and import activities. For foreign import activities, the amount of import trade traffic at Tanjung Priok Port experienced a decline due to the decline in the manufacturing industry for production (factory) purposes, especially imports from China, besides that there was also a factor of weak purchasing power due to the effects of COVID-19 which made industrial production capacity still remain low. is in the range of 30 percent of normal capacity<sup>24</sup>.

In foreign export activities until December 2020, Tanjung Priok Port succeeded in realizing an increase in the number of foreign export trade traffic. This is more due to the increase in the largest export commodities such as Crude Palm Oil (CPO) due to the increase in CPO import taxes in India, the imposition of restrictions on CPO imports in European Union countries related to environmental issues, overseas industries still have stocks and economic activity in destination countries. still low in both production and consumption. In addition, coal exports experienced a decline in exports due to falling commodity prices on a monthly or annual basis, in addition to falling demand in some of the largest export destination countries such as China and its partner countries due to reduced manufacturing activity in these countries<sup>25</sup>.

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<sup>22</sup> Kompas, "Masalah Lemahnya Ekspor Indonesia Sudah Terjadi Puluhan Tahun Lalu," *Kompas*, September 26, 2018.

<sup>23</sup> Merdeka, "Tingginya Impor, Jadi Penyebab Tekanan Pada Rupiah," *Merdeka*, July 3, 2018.

<sup>24</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II" (Jakarta, 2020).

<sup>25</sup> PT. Pelabuhan Indonesia.

## Development of Loading & Unloading Containers at Tanjung Priok Port in 1989-2020

Based on the Regulation of the Minister of Transportation of the Republic of Indonesia Number PM 59 of 2021 concerning the Implementation of Business Services Related to Transportation in Waters, Chapter III of the Implementation of Loading and Unloading of Goods from and to Ships in article 3 reads: (1) Business activities of loading and unloading of goods containers as referred to in article 2 letter a is a business activity engaged in the loading and unloading of goods from and to ships at the port, (2) the loading and unloading of goods container business activities as referred to in paragraph [1] is carried out from ship to ship (ship to ship transfer), (3) The business activities of loading and unloading goods containers as referred to in paragraph [1] are carried out by the operator of loading and unloading of goods containers consisting of: a. Container loading and unloading companies, b. National sea transportation company, c. Port Business Entities that have obtained concessions, (4) Business entities as referred to in paragraph [3] letter a. Must cooperate with: a. port operator, b. Port Business Entities that have obtained concessions, (5) The loading and unloading company of goods containers as referred to in paragraph [3] letter a can carry out loading and unloading activities of goods containers at Multipurpose and conventional Terminals, (6) Loading and unloading activities of goods containers as referred to in paragraph [5] carried out using container loading and unloading equipment or TKBM, (7) TKBM as referred to in paragraph [6] must have competence in the field of loading and unloading as evidenced by a container loading and unloading competency certificate, (8) TKBM implementation is carried out in accordance with the provisions of regulations legislation in the field of manpower<sup>26</sup>.

Article 4 reads: (1) The activities of loading and unloading containers of goods by the national sea transportation company as referred to in Article 3 paragraph [3] letter b, are only for loading and unloading activities of certain goods containers for the ship it operates, (2) Certain goods as intended in paragraph [1] includes goods: a. Owned by passengers, b. Liquid bulk is unloaded or loaded through pipes, c. Dry bulk is unloaded or loaded via conveyor, c. What is carried on vehicles via Ro-Ro ships, (3) The loading and unloading of containers of goods other than those as referred to in paragraph [2] must be carried out by loading and unloading companies or port business

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<sup>26</sup> Republic of Indonesia, "Regulation of the Minister of Transportation of the Republic of Indonesia Number PM 59 of 2021 Concerning the Implementation of Business Services Related to Transportation in Waters" (2021).

entities, (4) National sea transportation companies can carry out loading and unloading of containers of all types of goods. if there is no container loading and unloading company at the port or a port business entity that has obtained concessions, (5) the national sea transportation company as referred to in paragraph [1] must have a ship equipped with loading and unloading goods containers and experts, (6) The activities of loading and unloading liquid bulk containers that are unloaded or loaded through pipes as referred to in paragraph [2] letter b, are carried out using pipes owned or controlled by national sea transportation companies, (7) Loading and unloading activities of dry bulk containers that are unloaded or loaded through the conveyor as referred to in paragraph [2] letter c, is carried out using conveyor belts owned or controlled by national sea transportation companies.

Article 5 reads: (1) The activity of providing and/or loading and unloading goods container services is carried out by the Port Business Entity that has obtained the concession as referred to in Article 3 paragraph [3] letter c. (2) The activities as referred to in paragraph [1] are carried out by the port business entity at the terminal: a. Container, b. Liquid bulk, c. Dry bulk, d. Vehicles that carry vehicles, (3) The activities as referred to in paragraph [1] carried out at multipurpose and conventional terminals can be carried out by business entities that are specially established for loading and unloading of cargo containers at ports through cooperation with port business entities that have obtained concessions, (4) The Port Business Entity as referred to in paragraph [2] which carries out the activities of providing and/or loading and unloading goods container services at the miltipurpose and conventional terminals shall enter into a partnership with a business entity established specifically for loading and unloading of cargo containers at the port in the context of empowering micro-enterprises, small and medium-sized enterprises with due observance of the principles of justice and equality in doing business, (5) HR who carry out activities at the terminal as referred to in paragraph [2] must have basic competencies in accordance with the field they do, proven through certificates.

**TABEL. 3** Container Flow at Tanjung Priok Port in 1989-2020 (in TEU).

Year	Capacity
1989	440.000
1990	580.000
1991	850.000



Year	Capacity
1992	1.250.000
1995	2.100.000
2000	2.400.000
2003	2.500.000
2005	3.000.000
2006	3.400.000
2008	4.100.000
2010	4.800.000
2011	5.800.000
2013	6.200.000
2015	6.800.000
2017	7.000.000
2018	7.500.000
2019	8.000.000
2020	8.500.000

*Source: Tanjung Priok Port Operational Data 1989-2020.*

Container loading and unloading activities at Tanjung Priok Port declined drastically in 1991. At that time there was inefficiency in the speed of service sector which ultimately harmed Tanjung Priok Port's position in competition with competing ports in neighboring countries. On normal days the loading and unloading capacity at Tanjung Priok Port ranges from 770 to 1,000 TEU, but before Eid al-Fitr there is a decrease in capacity to below 100 TEU. Even one day before Lebaran (15 April 1991) the loading and unloading of containers only reached 30 TEU. The speed of service that cannot be maintained due to the reduced number of workers causes complaints from service users, especially the shipping side who are greatly disadvantaged, but on the other hand, if the loading and unloading speed is maintained, the stacking area at Tanjung Priok Port is threatened to stagnate. This is because inputs are not matched by outputs because the transportation from the TPK to the owners' warehouses is determined by a network of various parties who also give their employees a day off<sup>27</sup>.

In 1995-1998 the realization of the flow of containers at Tanjung Priok Port increased from 1,649,713 TEU in 1995 to 2,130,979 TEU in 1998 or 5.89% while the overall container capacity was only able to accommodate 1,800,000 TEU. This increase was due to the operation of the Koja Container

<sup>27</sup> Kompas, “Kapasitas Bongkar Muat Petikemas Di TPK Tanjung Priok Turun Drastis,” *Kompas*, April 18, 1991.

Terminal in 1998 so that the revenue from container terminal services experienced a sharp increase of Rp. 647.56 billion<sup>28</sup>.

However, from the increase in the flow of containers, a number of exporters have complained about the difficulty of getting empty containers due to the decline in the flow of container imports at the Tanjung Priok Port, Jakarta. To meet the needs of empty containers in the country, exporters must import (import) empty containers from abroad and that means an additional burden on the part of the exporter. This condition occurred because the flow of imports fell by around 40% after the value of the rupiah declined against the US dollar<sup>29</sup>.

In 2000-2005 the realization of the flow of containers at Tanjung Priok Port increased from 2,777,295 TEU in 2000 to 3,733,380 TEU in 2005 even though the overall container capacity was only able to accommodate 3,000,000 TEU while operating income from services container terminal was recorded at Rp. 180.8 billion<sup>30</sup>. This increase caused hundreds of cargoes to be left stranded and piled up in several container yards of the Tanjung Priok Port operator terminal in 2005. As a result, the capacity of the port's container yards is getting narrower and loading and unloading activities are getting a bit late. Some of the old goods (longstay cargo) that have piled up at Tanjung Priok Port include various types of heavy vehicles such as trucks, excavators, and tractors. In addition, there are sedans and electronic equipment that are still stored in containers. These goods have been piling up at Tanjung Priok Port for one month to one year. In fact, some of them have not been moved from the container yard since 1980. Because they have been abandoned for a long time and have not been taken by their owners and there has been no settlement effort from the Tanjung Priok Port Customs and Excise Office, the condition of the goods is no longer intact<sup>31</sup>.

Some sedans imported from Japan and Korea, for example, most of the spare parts such as tires, engines, and accessories have disappeared, some even have only a frame. However, the vehicle is still piling up along with other items in the container yard of Tanjung Priok Port. As a result of the accumulation of cargo, PT Pelindo II was greatly harmed because the capacity of the container field was decreasing and the cost of stockpiling the cargo was also not paid because the owner had not taken the goods and even abandoned them. Actually, the function of the port is only a place for transit of goods, not as a place to store goods. The build-up of containers and goods will gradually

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<sup>28</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II," 1998.

<sup>29</sup> Kompas, "Eksporir Kekurangan Petikemas Kosong," *Kompas*, 1998.

<sup>30</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II" (Jakarta, 2005).

<sup>31</sup> Kompas, "Ratusan Kargo Menumpuk Di Pelabuhan Tanjung Priok," *Kompas*, April 12, 2005.

cause congestion at Tanjung Priok Port. According to the provisions, the tolerance for stacking of goods in each container terminal field is 70% of the capacity of the field. According to data from PT Pelindo II, the capacity of most TPKs has reached 57%<sup>32</sup>.

In 2006-2010 the realization of container flows at Tanjung Priok Port increased from 3,849,759 TEUs in 2006 to 5,109,009 TEUs in 2010 even though the overall capacity was only able to accommodate 4,500,000 TEUs while operating revenues from container terminal services recorded at Rp. 256.41 billion<sup>33</sup>.

As a result of the increase in containers, the government has surveyed seven prospective ports or supporting terminals for Tanjung Priok Port. Supporting ports are needed because the capacity of Tanjung Priok Port is predicted to be saturated in 2013. There are about seven locations surveyed, including Kalibaru, Marunda, Cilmalaya, Muara, Gembong and the coast of Subang. Maintaining the Port of Tanjung Priok Port is difficult to do in the next 3-4 years because the Tanjung Priok Port area is narrow and loading and unloading activities will be increasingly difficult to carry out. Traffic to Tanjung Priok Port is also increasingly congested so that logistics transportation becomes inefficient<sup>34</sup>.

The expansion of Tanjung Priok Port was carried out to prevent the accumulation of goods. This is because in 2011 the realization of the flow of goods at the Port of Tanjung Priok has reached 5,930,000 TEU even though the overall capacity is only 5,000,000 TEU<sup>35</sup>. When compared to the Port of Singapore, the Port of Tanjung Priok is far behind. The port of Singapore has the capacity to serve 40,300,000 TEU in 2005 with 7000 employees and more than 100,000 containers only held for less than 24 hours at its stockpile location. This is possible because there are 8000 container trucks that load and unload every day. Between one truck and another is scheduled to differ by 25 seconds. In one trip, one truck only takes 30 minutes to transport or unload containers<sup>36</sup>.

Meanwhile, at Tanjung Priok Port, one truck transporting export-import goods takes at least two days. There is a term "half a day a day" among truck drivers. In a day they can only serve one-way transportation to or from home. This happened because trucks transporting export goods from the Cikarang Bekasi industrial area had to take empty containers to Tanjung Priok Port and

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<sup>32</sup> Kompas.

<sup>33</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II" (Jakarta, 2010).

<sup>34</sup> Kompas, "Tanjung Priok Akan Jenuh 2013: Angkutan Kargo Tumbuh Pesat," *Kompas*, May 22, 2010.

<sup>35</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II," 2011.

<sup>36</sup> Kompas, "Tanjung Priok Dan 5 Juta Kontainer," *Kompas*, August 31, 2010.

then bring them to Cikarang, so it took one day and only the next day they transported containers containing export goods from Cikarang to Tanjung Priok Port or in total. be two days. This happened because apart from the location of the empty container storage, it was far from the industrial area, and the transportation route was notorious for having severe traffic jams, especially the Cakung-Cilincing route. When compared to the Port of Singapore with cross-docking facilities, the transfer of containers with one ship, for example, an international ship to a ship to domestic or Indonesian destinations, only takes 30 minutes. With the speed and completeness of the service, the Port of Singapore is able to serve 250 shipping companies from 600 world ports. Therefore, Singapore is a trusted port that manages 17 ports in 11 countries around the world<sup>37</sup>.

In 2014 the realization of container flow at Tanjung Priok Port reached 41%, reaching 6,442,968 TEU although it experienced a slight decrease compared to 2013 which reached 6,598,982 TEU even though the overall capacity was only able to accommodate 6,200,000 TEU. The largest flow of containers entering the JICT terminal is 2,400,000 TEU and the conventional terminal is 2,500,000 TEU. In the first semester of 2014 the flow of containers at Tanjung Priok Port reached 2,600,000 TEU. The volume of containers at Tanjung Priok Port is also higher than the volume of loading and unloading of bulk and cargo. In 2014 the volume of loading and unloading at Tanjung Priok Port reached 52,600,000 tons consisting of a container volume of 20,700,000 tons, dry bulk volume of 12,700,000 tons, liquid cargo 8,500,000 tons, bag cargo 1,900,000 tons, and general cargo. 8,800,000 tons. During 2010-2014 the volume of general cargo at the Port of Tanjung Priok decreased while the volume of containers experienced a significant increase of 11.6% per year on average. The decrease was due to a decrease in the flow of domestic and foreign container ships, especially for export-import activities as well as the business world taking wait and see actions because Indonesia was holding legislative and presidential elections, while operating revenues from container terminal services were recorded at Rp. . 990.38 billion<sup>38</sup>.

The year 2017 was a very important year for PT Pelindo II because it recorded an important history such as the first time after 160 years of operation Tanjung Priok Port was able to serve container ships with a capacity of 10,000 TEU which is the largest ship ever to dock in Indonesia. This large ship serves a fast direct call service route via the Java Sea "Java Sea Express Services (JAX Services)" which sails regularly every week from Tanjung Priok Port to the West Coast (Los Angeles and Oakland) in the United States<sup>39</sup>. In 2017 the

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<sup>37</sup> Kompas.

<sup>38</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II," 2014.

<sup>39</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II," 2017.

flow of containers served at Tanjung Priok Port was mostly foreign traffic, namely 65.81% or equivalent to 4,557,610 TEU per year while for domestic container flows it was only 34.19% or 2,367,436. TEU per year. This shows that Tanjung Priok Port contributes to export-import activities that encourage national economic growth. Overall in 2017 the flow of containers at Tanjung Priok Port grew positively compared to 2016 reaching 7,025,046 TEUs or an increase of 11.29% compared to the previous year. This positive achievement was influenced by the increase in container loading and unloading activities for Intra Asia captive cargo and export-import transshipment through Tanjung Priok Port<sup>40</sup>.

In 2019-2020 the total container flow of Tanjung Priok Port reached 6,940,000 TEU although it experienced a slight decrease compared to 2019 which reached 7,660,000 TEU. This was due to a decrease in the flow of containers at KSO TPK Koja, JICT, Multipurpose and PT IPC TPK which was affected by the decline in export-import activities and visits to foreign container ships such as exports of rubber, CPO, Consumer Goods and other construction goods. The COVID-19 pandemic also had a tremendous impact on the dynamics of the world economy and Indonesia in 2020. COVID-19 spread to almost 178 countries in the world and infected more than 85 million people, bringing more than 1.8 million people to death. This condition then not only caused a health and humanitarian crisis but also resulted in an economic crisis and increased poverty in various countries. This unfavorable development to the global economy cannot be avoided as a result of the implementation of mobility restriction policies to reduce the spread of COVID-19. Various indicators show that consumption, investment and production activities in many countries are under sharp pressure, resulting in a decline in trade. This directly has a very large impact on the port business world, decreasing logistics traffic because various operational activities of the busiest and most important ports in the world are limited<sup>41</sup>.

For example, the impact of COVID-19 can be seen in the Twin Ports on the west coast of the United States (USA), namely the Port of Los Angeles and Long Beach which experienced a year on year (YOY) traffic decline in January 2020, both ports are the best ports in the USA and have an important role in which is very important in the US trade with China. Previously, Fitch Ratings, the world credit rating agency (International Credit Rating Agency) based in New York, USA, warned that world trade would be affected if COVID-19 was not addressed. Meanwhile, in Asia, especially Indonesia, the COVID-19 pandemic has also hit the performance of ports in Indonesia. The

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<sup>40</sup> PT. Pelabuhan Indonesia.

<sup>41</sup> PT. Pelabuhan Indonesia, "Annual Audit Management Report of PT Pelabuhan Indonesia II" (Jakarta, 2020).

implementation of large-scale social restrictions in several areas has a significant impact on port operations. Until March 2020, there was a decrease in cargo volume, both exports and imports, from 14-18 percent. Tanjung Priok Port recorded a decrease in operational performance, the flow of goods was 38.91 million tons, down 11.36 percent from the RKAP target of 43.8 million tons, while the realization of the flow of goods in 2019 was 43.3 million tons, the flow of goods in 2020 decreased by 10.15 percent<sup>42</sup>.

In order to support performance improvements in 2020, Tanjung Priok Port uses a planning and control-based operational pattern so that business activities are carried out effectively and efficiently according to customer needs by utilizing technology. Tanjung Priok Port also strives to meet baseline and project charters, increase productivity in implementing the work from home (WFH) system, operational transformation, terminal arrangement, data improvement and commercialization. Through this, Tanjung Priok Port is optimistic that it can improve performance in 2020 as well as prepare for 2021 considering the pandemic situation due to COVID-19 has not been resolved<sup>43</sup>.

In the period from the 1990s to the early 2010s, the growth of the flow of container goods at Tanjung Priok Port increased rapidly every year so that the capacity of Tanjung Priok Port was increasing, which was only able to accommodate 440,000 TEUs per year in 1989 due to terminal configuration, additional equipment and structuring of operating patterns. long term to 8,500,000 TEU per year in 2020. This capacity increase is due to fierce competition from neighboring countries such as the ports of Singapore, Malaysia, Thailand and Vietnam, which have built new innovations and port facilities that support competitiveness. Therefore, PT Pelindo II has prepared the construction of a new container terminal as an expansion of the Tanjung Priok Port which became known as the Kalibaru Terminal. As a port operator that plays an important role in Indonesia's logistics chain, Tanjung Priok Port continues to move more quickly, effectively, and efficiently in serving the needs of port service users. With modernization in accordance with international standards, it can strengthen the capabilities of Indonesian ports that can accelerate the development of an integrated national logistics system to support domestic and regional economic growth. Of course, good port services can increase the interest of large ships to come directly to Indonesian ports<sup>44</sup>.

In accordance with the Master Plan for the Acceleration and Expansion of Indonesian Economic Development (MP3EI), the construction of the Kalibaru Terminal is expected to be able to encourage the strengthening and

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<sup>42</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II," 2020.

<sup>43</sup> PT. Pelabuhan Indonesia.

<sup>44</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II" (Jakarta, 2013).

efficiency of national logistics which in the future will certainly provide benefits for the Indonesian people and increase the ability to compete globally. This project is projected to bring Tanjung Priok Port into a world-class port so that it can significantly strengthen the logistics chain in Indonesia, especially in a conducive climate for other businesses. In addition, the construction of the Kalibaru Terminal is a positive initiative that will further stimulate national economic growth and increase trade flows. For PT Pelindo II, this project is a monumental project and is one of the largest port development projects in Indonesia<sup>45</sup>.

## **Construction of Kalibaru Container Terminal: A Solution to Overcome Container Loading and Unloading Congestion at Tanjung Priok Port**

### *Kalibaru Terminal Development Planning Phase I*

Based on the Regulation of the Minister of Transportation Number: PM 3 of 2013 concerning Policies, Norms, Standards, and Procedures for the Implementation of the Authority in the Sea Transportation Sector Delegated to the Sabang Area Council in Chapter II of Port Development and Operation in Article 4, it reads: Port development can only be carried out based on the Master Plan National Port and Port Master Plan, Article 5 reads: (1) The construction of a seaport by BPKS is carried out after obtaining a permit, (2) The permit as referred to in paragraph [1] is submitted by BPKS to the chairman of DKS, (3) Application for a permit as referred to in paragraph [1] paragraph [2] must meet the technical requirements of the port and environmental sustainability, Article 6 reads: (1) The technical requirements of the port as referred to in article 5 paragraph [3] include a. Technical feasibility of dam b. Economic and financial feasibility, (3) The technical design as referred to in paragraph [1] letter b contains at least: a. Soil conditions, b. Construction, c. Hydrooceanographic conditions, d. Topography, e. Placement and construction of Shipping Navigation Assistance Facilities, shipping lanes, and port pools as well as the layout and capacity of equipment at the port, Article 8 reads: In submitting the application as referred to in Article 5 paragraph [3] must be accompanied by documents consisting of: a. Port Master Plan, b. Eligibility documents, c. Technical design documents, d. The environmental document, Article 9

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<sup>45</sup> PT. Pelabuhan Indonesia.

reads: (1) Based on the application as referred to in Article 8, the chairman of DKS conducts research on the requirements for the application for port development within a maximum period of 30 working days from the receipt of the complete application, (2) In the event that based on the results of the examination the requirements as referred to in Article 9 referred to in articles 6 and 7 have not been fulfilled, the DKS chairman returns the application to BPKS to complete the requirements, (3) The returned application as referred to in paragraph [2] can be submitted to the DKS chairman after fulfilling the requirements, (4) In the event that based on the results of the research the requirements, as referred to in paragraphs [1] and [3] have been fulfilled, the chairman of DKS stipulates a port development permit.

In May 2011 the government had tendered the Kalibaru Terminal with a project value of Rp 8.8 trillion with an area of 77 hectares and a capacity of 4,500,000 TEU per year<sup>46</sup>. The location for the construction of this new terminal is to the north of Tanjung Priok Port. The Kalibaru Terminal project has attracted world-class companies that are members of a number of consortiums. With an additional capacity of 4,500,000 TEU per year, Tanjung Priok Port can serve export-import. PT Pelindo II, which has chosen to partner in this project since July 2011, has ensured financing of US\$ 1.29 billion or equivalent to 11 trillion from fellow state-owned enterprises, namely Bank Mandiri. Funding support has also been obtained by partners, including the Japanese shipping company Mitsui Lines, which received support from their banking network for the total investment requirement<sup>47</sup>.

In 2011 the rate of return on investment from the Kalibaru Terminal construction project reached 14.3%. The concession period (granting license rights from the government and the private sector) offered is up to 50 years. The government wants investor interest so that the port can be built more quickly. This is because Tanjung Priok Port is only able to survive until 2013 because its container volume reaches 6,200,000 TEU per year. If you make a comparison with other port projects in Asia, the return on investment is not too far off, even quite high<sup>48</sup>.

The Ministry of Transportation provides compensation for PT Pelindo II in the Kalibaru Terminal tender. Compensation is in the form of providing additional value or granting the right to bid or the best offer during the tender. The compensation is stated in the Letter of the Minister of Transportation Number 4L106/2/14Phb-2011 dated June 13, 2011. The compensation was

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<sup>46</sup> Kompas, "Tender Terminal Kalibaru Dimulai Mei: BUMN Boleh Bersinergi Untuk Kalibaru, Tetapi Tetap Harus Tender," *Kompas*, 2011.

<sup>47</sup> Kompas, "Terminal Kalibaru Diperebutkan: Tujuh Konsorsium Bertarung Di Pelabuhan Kalibaru," *Kompas*, 2011.

<sup>48</sup> Kompas, "Konsesi Terminal Kalibaru 50 Tahun," *Kompas*, 2011.



given to PT Pelindo II because of its status as the initiator of the construction of the Kalibaru Terminal. The compensation is regulated in Article 12 and Article 13 of Presidential Regulation Number 67 of 2005 concerning Government Cooperation with Business Entities in the Provision of Infrastructure as amended by Presidential Regulation Number 13 of 2010. In this compensation, PT Pelindo II is given a 10% preference right, to bid on the best offer (right to match), PT Pelindo II can set the same price as the best proposed price given by other bidders to win the tender<sup>49</sup>.

### *Implementation of Kalibaru Terminal Construction Phase I*

Based on the Government Regulation of the Republic of Indonesia Number 31 of 2021 concerning the Implementation of the Shipping Sector, Chapter IV Ports, Article 63 reads: (1) The construction of seaports is carried out by: a. port business entity, b. Central government agencies, c. Regional government agencies, (2) Central government agencies as referred to in paragraph [1] letter b consist of: a. Port Authority and b. Central Government Port Operator Unit, (3) Regional government agencies as referred to in paragraph [1] letter c in the form of Regional Government Port Operator Units, (4) Sea port development carried out by the Port Business Entity as referred to in paragraph [1] letter a must obtain a Business License from a. Regent/mayor for local feeder ports, b. Governor for regional feeder ports, c. Minister for main ports and collecting ports, (5) The construction and operation of seaports carried out by central government agencies or local governments as referred to in paragraph [1] letter b and letter c must obtain approval from the minister. Article 65 reads: (1) Port development as referred to in Article 63 paragraph [1] letter a is carried out based on Concession or other forms of cooperation from the minister, (2) Port business entities, central or regional government agencies as referred to in Article 63 paragraph [1] in building a port, it is obligatory to: a. Carry out port construction work no later than 2 years from the date of entry into force of the port construction business permit, b. Carry out port construction work in accordance with the predetermined port master plan, c. Reporting port development work periodically to the Minister, governor, or regent/mayor in accordance with their respective authorities, d. Responsible for the impacts that arise during the implementation of the construction of the port in question, Article 66 reads: Port development is carried out after obtaining business permits from a. Regent/mayor for local feeder ports, as well as river and lake ports, b. Governor

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<sup>49</sup> Kompas, “Kompensasi Pelindo II Di Terminal Kalibaru: Jembatan Rp 2 Triliun Dibangun,” *Kompas*, June 15, 2011.

for regional feeder ports, c. Minister for main ports and collecting ports, Article 67 reads: (1) Business licenses as referred to in Article 66 are granted based on requests from: a. port business entity, b. Central government agencies, c. Regional government agencies, (2) Central government agencies as referred to in paragraph [1] letter b consist of a. port authorities and b. Regional government port operator unit, (3) Regional government agency as referred to in paragraph [1] letter c in the form of regional government port operator unit, (4) Sea port development carried out by central or regional government agencies as referred to in paragraph [1] letter b and c must obtain approval from the Minister<sup>50</sup>.

**TABLE 4** Kalibaru Terminal Development Plan

Stage	Terminal	Type	Capacity (TEU/Year)	Depth	Length (Meters)
Stage 1	Terminal Container 1	Container	1.500.000	16m-20m.LWS	850
	Terminal Container 2	Container	1.500.000	16m-20m.LWS	800
	Terminal Container 3	Container	1.500.000	16m-20m.LWS	800
	Terminal Product 1	Product Petroleum	5.000.000	16m-20m.LWS	800
	Terminal Product 2	Product Petroleum	5.000.000	16m-20m.LWS	800
Stage 2	Terminal Container 4	Container	2.000.000	16m-20m.LWS	1.000
	Terminal Container 5	Container	2.000.000	16m-20m.LWS	1.000
Stage 3	Terminal Container 6	Container	2.000.000	16m-20m.LWS	1.000
	Terminal Container 7	Container	2.000.000	16m-20m.LWS	1.000

*Source: Report of PT. Indonesian Port II 2013-2016.*

<sup>50</sup> Republic of Indonesia, “Government Regulation of the Republic of Indonesia Number 31 of 2021 Concerning the Implementation of the Shipping Sector” (2021).

The construction of the Kalibaru Terminal is a form of PT Pelindo II's commitment to support the progress of the Indonesian nation and contribute to national growth. The Kalibaru terminal will become a more efficient and up-to-date national logistics network to attract more investment to Indonesia. This will increase the level of productivity compared to other major ports around the world so as to increase trade and accelerate Indonesia's economic growth through the development of the Kalibaru Terminal. The construction of the Kalibaru Terminal was also the largest development project in Indonesia at that time which was able to significantly strengthen Indonesia's logistics chain. The inauguration of the Kalibaru Terminal was carried out by the 6th President of the Republic of Indonesia Susilo Bambang Yudhoyono on March 22, 2013. The construction, which is planned to be completed in 2023, is divided into two stages. The first phase completed in 2016 consists of 5 terminals, namely: 3 terminals with a capacity of 4,500,000 TEU per year and 2 liquid bulk terminals with a capacity of 10 million cubic meters/year. While the construction of phase II is planned for 2018–2023, which includes the construction of 4 container terminals with a total capacity of 8,000,000 TEU per year<sup>51</sup>.

The Kalibaru terminal will also increase the capacity and efficiency of Indonesia's national logistics network with a productivity level comparable to that of major ports in the world. This terminal will also increase the ability to serve larger container ships. The Kalibaru terminal allows Triple E class container ships to pass through Indonesia without the need for transshipment at other ports. Triple E ships are the largest class of container ships with the capacity to carry up to 12,000–15,000 TEUs<sup>52</sup>.

### *Operation of the Kalibaru Terminal Phase I*

Based on the Government Regulation of the Republic of Indonesia Number 31 of 2021 concerning the Implementation of the Shipping Sector, Chapter IV Ports, Article 68 reads: (1) Port operations are carried out by: a. port business entity, b. Central government agencies, c. Regional government agencies, (2) Port operations by Port Business Entities as referred to in paragraph [1] letter a are carried out after obtaining business permits from: a. Regent/mayor for local feeder ports and river and lake ports, b. Governor for regional feeder ports, and c. Minister for main ports and collecting ports, Article 69 reads: (1) Central Government Agencies as referred to in Article 68 paragraph [1] letter b above: a. port authorities and b. Central government

<sup>51</sup> PT. Pelabuhan Indonesia, "Annual Report of PT Pelabuhan Indonesia II," 2013.

<sup>52</sup> PT. Pelabuhan Indonesia.

port operator unit, (2) Regional government agency as referred to in Article 68 paragraph [1] letter c in the form of regional government port operator unit, Article 70 reads: (1) Port operation as referred to in Article 97 paragraph [2] Government Regulation Number 61 of 2009 concerning Ports as amended by Government Regulation Number 64 of 2015 concerning Amendments to Government Regulation Number 61 of 2009 concerning Ports is carried out after obtaining a Business Permit, (2) The business permit as referred to in paragraph [1] is submitted by the port operator to : a. Minister for Main Port and Collecting Port, b. Governor for regional Feeder Ports and c. Regent/Mayor for local Feeder Port and River and Lake Port, Article 71 reads: (1) The business permit for the construction and operation of a port can be revoked if the permit holder tries to violate the obligations in the business permit for the construction and operation of the port, (2) The revocation of the business permit as referred to in paragraph [1] is carried out through a written warning process 3 times. successively with a grace period of 1 month each, (3) If the warning as referred to in paragraph [2] has been carried out, the permit holder tries not to make efforts to repair the warning that has been given, the permit for port construction and operation is revoked<sup>53</sup>.

In 2016 President Joko Widodo was accompanied by the Minister of Transportation Budi Karya Sumadi, Coordinating Minister for Maritime Affairs Luhut B. Pandjaitan, and Deputy Governor of DKI Jakarta Djarot Saiful Hidayat inaugurated the operation of the Kalibaru Container Terminal at Tanjung Priok Main Port on Tuesday, 13 September 2016. The Kalibaru Terminal which has a capacity of 4,500,000 TEU per year was commercially operated on August 18, 2016 by the Joint Venture Company, PT Pelindo II and the Mitsui & Co Ltd Consortium, PSA International Pte Ltd and Nippon Yusen Kabushiki Kaisha (NYK Line The operation of the Kalibaru Terminal is expected to increase competitiveness in an era of increasingly fierce competition by increasing port capacity and productivity, modernizing, strengthening capacity and strong synergy with the private sector and state-owned enterprises. In this way, the increase in national logistics efficiency is truly realized and independence can be created in terms of supporting economic infrastructure.

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<sup>53</sup> Republic of Indonesia, Government Regulation of the Republic of Indonesia Number 31 of 2021 concerning the Implementation of the Shipping Sector.

## Conclusion

The benefits of operating the Kalibaru Terminal are as follows: Increasing the capacity of Tanjung Priok Port from 7,000,000-8,000,000 TEU per year (phase I in 2018) and 20,000,000 TEU (phase II year 2023) so as to avoid the risk of congestion due to the high growth of containers at the port. Capable of serving ships above 10,000-15,000 TEU with a draft of 16 MLWS at the terminal. This terminal will provide fast and precise service with modern facilities, of course it will be a "Port of Choice" (port of choice) for international and regional liner ships which in the end the terminal will become a hub port in Indonesia. Availability of a dedicated terminal for Product Terminal (Oil and Gas) with a capacity of 10,000,000 m<sup>3</sup> and this terminal can also be used as a national "buffer stock" for oil and gas supplies for western Indonesia. Encouraging foreign investors to invest in Indonesia in general and in the maritime sector and ports in particular, as well as helping to reduce logistics costs by providing terminals that are supported by equipment and high productivity accompanied by good international standard services. Improving port activities and operations that are balanced with productivity and international service standards which have an impact on increasing port operational cost savings and saving time value (Value of Time). Increase the value of land reclamation around the port corridor and provide a positive image for the operational activities of Tanjung Priok Port. Considering the adequate road access between the port and the industrial area because the Kalibaru Terminal is projected to be better able to meet the needs and desires of customers in the future.

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