

Country Report
IMPACT TRANSPORT NETWORK on TRADE and TOURISM
the 27th Session of the Standing Committee for Economic and Commercial Cooperation
of the Organization of the Islamic Conference (COMCEC)

A. Policy and Future Opportunities Development Infrastructure Transportation in Indonesia

1. Introduction

- a. Indonesia needs to place huge investment in infrastructures over the coming years;
- b. Better infrastructure is essential for sustaining rapid growth, improving competitiveness in an increasingly global environment and improving services for the public;
- c. Due to budget constraint, it is very clear that this massive infrastructure development cannot solely borne by the Government;
- d. Seeking good model of private participation in infrastructure development is then becomes very urgent for Indonesians.

2. Condition Faced On Transportation Sector

- a. Lack of performance;
- b. Decreasing quality and quantity of means and infrastructure services;
- c. Limited levels of safety and services;
- d. Backlog maintenance for vehicles/means and infrastructures;
- e. Limited service coverage to meet the need for inter-island and remote areas;
- f. Shortages of Government of Investment (GoI) funding for infrastructure development.

3. Policies

- a. Promotes private sector participation in the provision of public goods through infrastructure development
- b. Private Sectors share in finance, technology and expertise
- c. Government guarantee for the economic of infrastructure project based on the fairness of Internal Rate of Return through risk sharing scheme
- d. Sustainable development

4. New Transportation Law

- a. Law Number 23 Year 2007 on Railways
- b. Law Number 17 Year 2008 on Shipping

- c. Law Number 1 Year 2009 on Civil Aviation
 - d. Law Number 22 Year 2009 on Road Transport and Traffic
5. Regulatory Reform in Transportation Sector
- a. To give more opportunities for private sectors to invest and involve
 - b. To accommodate regional/local autonomy more proportionally
 - c. To eliminate monopoly
 - d. To promote fair competition among transport operators in order to increase service quality and national efficiency
 - e. To accommodate the development on multimodal transportation
 - f. To improve transparency and accountability on government services
 - g. To accommodate development on technology and international conventions

B. Indonesia's Land Transport Network On Trade And Tourism

1. Overview of the Land Transport Network On Trade and Tourism

Indonesia is one of the developing countries in Southeast Asia, it consists of 17,504 islands therefore the transportation network relies heavily on air, water and land transportation.

Land transportation in Indonesia also has a big impact for the overall Transportation system, because 92% of freight distribution and 84% of passenger movement are take place in land transport. In terms of land transport network, in 2011 Indonesia had 355.856 Kilometers length of roads which consists of 38.569 kilometers of National roads, 48.966 kilometers of Provincial roads, 358.713 kilometers of municipal and city roads and also 741,97 kilometers of Toll roads.

Land transportation system in Indonesia as of 2011 includes 559 bus stations which consist of three types of bus station (117 type A station servicing intercity and inter provincial buses, 246 type B station servicing inter regency in the same province buses and 196 type C stations servicing inter municipal in the same region vehicles), these bus stations served by 20.802 inter-provincial and 11.933 tourist buses. In terms of inland waterways transportation, Indonesia had 214 inland waterway and ferries transport routes with a total navigable length of 35.342 kilometers which serviced by 221 vessels consists of 210 Roll On - Roll Off (RoRo) Transport vessels (Ferries), 8 Landing Craft Tanks (LCT) and 3 motor vessels.

2. Progress and Future Plans

Currently Indonesia has been developing joint projects in Regional and Subregional cooperation with ASEAN member Countries through BIMPEAGA (The Brunei Darussalam Indonesia Malaysia Philippines East ASEAN Growth Area), IMTGT (The Indonesia Malaysia Thailand Growth Triangle) and SOSEK MALINDO (Sosial Ekonomi Malaysia Indonesia). Among of the strategic objective of these cooperations are to accelerate economic (trade) and tourism development.

One of the ongoing projects of those regional and subregional cooperations is the ASEAN Highway Network Projects. For the time being, the development of Asian Highway Network in Indonesia has already started, there are three routes of ASEAN Highway in Indonesia that is AH 2 serving from Denpasar, Indonesia to Singapore through Surabaya-Surakarta-Semarang-Cikampek/Bandung-Jakarta-Merak (1.412,36 Km and 8 Km Ferry), AH 25 serving from Banda Aceh to Merak through Medan-Dumai-Pekanbaru-Jambi-Palembang-Bakauheni (2.505,65 Km and 26 Km Ferry) and the newest project is AH 150 serving from Entikong, Malaysia to Pontianak, Indonesia which started to construct in 2011.

Land transportation system in Indonesia is also servicing cross border routes from Pontianak (Indonesia) to Kuching (Malaysia) and also from Pontianak (Indonesia) to Bandar Sri Begawan (Brunei Darussalam) via Kuching (Malaysia). These routes are serviced by 20 executive buses (Indonesia), 20 executive buses (Malaysia), 10 unit buses (Indonesia) and 4 unit buses (Brunei Darussalam). In the future for cross border transport between Indonesia to Papua New Guinea, there will be two routes from Jayapura (Indonesia) to Vanimo (Papua New Guinea) and there will be a joint route between Indonesia and Timor Leste, to enhance the trading (economic) and social relationship between the two countries.

The agreements of cross border transport between Indonesia and Timor Leste are still under construction.

ASEAN HIGHWAY CONDITION



6/19

C. Indonesia's Railway Network On Trade And Tourism

1. Railway Network

Compared to other road transportation, railways have more advantages, for instances: its mass capacity, fast, safe, less energy consumption, eco-friendly, and relatively require less land use. With the increasing concern towards environmental issue, therefore the added values of railways can be one of the main reasons to develop railways sector to achieve an effective, efficient, and eco-friendly transportation.

For the time being, Indonesia Railways for passengers and freight only exist in Java and Sumatera, and there have not been any railways network in Kalimantan, Sulawesi, Bali and Papua. There are three main lines in Java, which are: Jakarta – Bandung, Jakarta – Semarang – Surabaya (known as the Northern line), Jakarta – Jogja – Surabaya (Southern line), Surabaya – Banyuwangi and Surabaya – Malang – Blitar – Kertosono. Unfortunately, the railways network in Sumatera has not been interconnected yet. They are North Sumatera, West Sumatera and South Sumatera line.

There are also some railways services for supporting tourism:

a. Railway for Tourism in Padang

Railway for tourism in Padang covers the routes from with its 80 kms in distances. Those routes passing Singkarak Lake and Anai Valley which famous for its remarkable scenery. These services only available on Sundays and holidays for twice a day trip.

b. Railway for Tourism in Ambarawa

Railway for Tourism in Ambarawa makes the most of steam railway as the route between Jambu station – Bedono station lies 711 m above sea level. Ambarawa – Jambu – Bedono can be reached within 1 hour.

This service using the 1902 Dutch locomotive and two of its train made in 1907 have their wall and seats made from wood. Besides, there is also motor lorry from Ambarawa Railway Museum to Tuntang station. Though it is small in its size, it has quite a lot passengers. During holiday seasons, the trip frequency of this lorry can reach up to 4 times a day.

c. Railway for Tourism, Bandung – Lampegan Station

Bandung – Lampegan Station stretching for 65 km. this line becomes the first and the eldest West Java railway line dates back in 1884. This line, at first, connected

Bandung – Cianjur – Sukabumi - Bogor – Jakarta. Bandung – Lampegan Station has a promising tourism attraction. It has an awesome nature and wonderful scenery. to say the least, near Lampegan Station there is a precious historical heritage namely Gunung Padang Site as the biggest megalithic site in South East Asia which unfortunately, just few of our citizen knows about it.

In accordance with the National Railways Masterplan, the development of Indonesia Railways will hopefully covers from Sumatera to Papua. In achieving the goal, here are the outline:

a. Sumatra Railways Development

1) Inter-city railway network development

a) Main line with high priority:

Banda Aceh-Besitang, Duri-Pekanbaru-Muaro, Teluk Kuantan-Muaro Bungo, Betung-Simpang, Simpang-Tanjung Api Api, KM3-Bakauheni, Teluk Kuantan-Muaro Bungo-Jambi, including Sei Mangke-Bandar Tinggi-Kuala Tanjung, Sukacinta Station-Kertapati Station, Tanjung Enim-shortcut Baturaja, Rejosari shortcut – Tarahan, Solok shortcut-Padang.

b) Main line with medium priority:

Rantau-Prapat Duri-Dumai, Jambi- Betung

c) Main line with low priority:

Kota Padang-Bengkulu, Sibolga-Padang-Rantau Parapat, Pekanbaru-Jambi and Muaro-Teluk Kuantan-Rengat-Kuala Enok.

2) Regional Railway Development

Mebidangro (Medan, Binjai, Deli Serdang, Karo) Patungraya (Palembang, Betung, Indralaya, Kayu Agung).

3) Urban Railway Development

Medan, Pekanbaru, Padang, Palembang, Bandar Lampung

4) Development of rail network connecting town, airport and seaport

Kualanamu (Medan), Minangkabau (Padang), SM Budaruddin (Palembang), Hang Nadim (Batam).

5) Development of rail network connecting mining areas and natural resources

Lhokseumawe (NAD), Belawan (North Sumatera), Tanjung Api Api (south Sumatera), Dumai (Riau), Teluk Bayur (West Sumatera), Panjang (Lampung).

b. Java Railways Development

- 1) Inter-city railway network development including preparing new network by double tracking and preparing shortcut.
- 2) Regional Railway Development
Jabodetabek (Jakarta, Bogor, Depok, Tangerang, Bekasi), Joglosemar (Jogja, Solo, Semarang), Gerbangkertosusilo (Gresik, Bangkalan, Mojokerto, Surabaya, Sidoarjo, Lamongan).
- 3) Urban Railway Development
Jakarta, Bandung, Semarang, Surabaya, Jogjakarta, Malang,
- 4) Development of rail network connecting town, airport and seaport
Soekarno-Hatta (Jakarta), Adi Sucipto (Jogjakarta), Juanda (Surabaya).
- 5) Development of rail network connecting mining areas and natural resources
Tanjung Priok (Jakarta), Cirebon (West Java)
- 6) Development High Speed Train: Merak-Jakarta-Cirebon-Semarang-Surabaya-Banyuwangi.
- 7) Improvement in network capacity by double tracking and electrification: Duri-Tangerang, Serpong-Maja-Rangkasbitung-Merak, Manggarai-Jatinegara-Bekasi-Cikamag, Padalarang-Bandung-Cicalengka. Kutoarjo-Jogja-Solo electrification.
- 8) Railway reactivation and revitalization:
Sukabumi -Cianjur-Padalarang, Cicalengka-Jatinangor-Tanjungsari, Cirebon-Kadipaten, Banjar-Cijulang, Purwokerto-Wonosobo, Semarang-Demak-Juana-Rembang, Kedungajati-Ambarawa, Jombang-Babat-Tuban, Kalisat-Panarukan, etc. There will also be the same railway development in Bali, Kalimantan, Sulawesi, Papua and Batam.

2. Railway Infrastructure

Railways as a unitary system of railways infrastructure, railway facilities, human resources, norm, criteria, requirements and procedures of transportation implementation. Train as a mass transportation facilitates the mobility of people and goods. There are four main pillars of railways, namely: safety, punctuality, service and convenience.

From 6.500 km existing railway network, currently, only 4.700 km that operates. This existing network may serve 190 million passengers and 16 million tons of goods (year 2009). The current existing rail infrastructure generally still in single lane. The new double lane available along Jakarta-Cikampek, Jakarta-Bogor, Padalarang-Bandung and Surabaya-Wonokromo. It has the axle load between 9 to 18 tons, supporting 60-110km/hour speed.

In enhancing Indonesia Railways system, it is required cooperation among the various parties. Currently, Directorate General of Railways has not been cooperating with OIC members. Thus, future cooperation is expected.

3. Railway Safety

According to the Law No 23/2007, Government is obliged to guarantee the railways safety. For doing so, Directorate General of Railways sets an action plan to reduce railway accident by 50% within 5 years, starts from 2010. There are number of ways to improve railways safety: formulating standard operating procedure; improving the human resources' competency; enhancing facilities and infrastructure operation; checking and maintenance; testing, inspection and auditing.

There are also some points to be taken into account in achieving railway safety: natural and geographical condition, sterilization along the rail lane, improving the obedience of passengers and road users.

Government, railway operator and society as railways stakeholder should have such a solid cooperation. Government as the regulator plays its role to formulate the regulation, conduct test and certification, ensure the law enforcement and hold socialization. Operator should hold regular checking and maintenance, improve its human resources, and provide better service. Public should increase the safety awareness and maintaining safety and security.

a. Railway Infrastructure Improvement

- ❖ test of railway infrastructure (first and periodical test)
- ❖ certification after passed the first and periodic test
- ❖ improvement in train operation facility

b. Rolling Stock Improvement

- ❖ Test of rolling stock (first and periodical test)
- ❖ certification after passed the first and periodic test
- ❖ procurement of economic train
- ❖ completing testing equipment in Balai Yasa: bogie tester, wheel flaw detector, etc.

c. Human Resources Improvement

- ❖ Training for tester, inspector, auditor of railway infrastructure and rollingstock
- ❖ Certification for railway examiners and auditors
- ❖ Accreditation for training institutions

d. Prevention to Train Accident

- ❖ Implementing safety audit on railway infrastructure and rollingstock
- ❖ Implementing random checking and inspection
- ❖ Speed limit monitoring
- ❖ Identifying possible accident areas
- ❖ Minimizing level crossing by building fly over and underpass
- ❖ Investigating and monitoring train accident

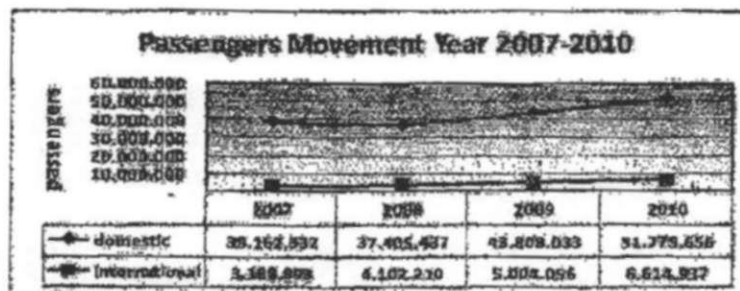
D. Indonesia's Air Transport Network On Trade And Tourism

Transport has always been an indispensable element in any economic activity. Without physical access to resources and markets, economic growth and development is not possible to be achieved.

The function of air transport is significant, particularly where land or water transport is deficient or non-existent. It is based on an extensive domestic airline network where all major cities can be reached by passenger plane. Air transportation serves as a critical means of connecting the thousands of islands throughout the archipelago. An efficient air transport system is, therefore, a fundamental element in enabling sustainable economic development. It facilitates fast transfer and movements of people, goods, services and resources and improves access to local and international markets. Development of modern and efficient air transport infrastructures and services, along with modern laws and regulations governing smooth flows of goods and services within and across countries, are also crucial factors in strengthening regional economic cooperation and integration.

1. Air Transport Movement

In 2010, the number of domestic passenger movement in Indonesia climbed 18.18% to 51,775,656 passengers from 43,808,033 passengers in year 2009. The number in year 2009 climbed 17.12% from year 2008. And for international passengers movement climbed 32.19% to 6,614,937 passengers in 2010 from 5,004,056 passengers in year 2009.



Cargo is also annually climbed. In year 2010, the number of domestic cargo movement climbed 91.28% to 749,203 ton in year 2010 from 391,667 ton in year 2009. International cargo climbed 71.12% to 79,549 ton in year 2010 from 46,485 ton in year 2009.



Based on data from Ministry of Culture and Tourism, in year 2010 the number of foreign visitors arriving to Indonesia using air transport is more less 528,255 passengers. Foreign visitors are majority came from Singapore, Malaysia and Australia. In June 2011, the number of visitors reached 582,911 passengers.

2. Aviation Industries

In year 2010, there are 17 scheduled commercial air transport enterprises to serve 200 domestic routes throughout Indonesian archipelago, connecting 101 cities. There are also 40 unscheduled commercial air transport enterprises. International route is serves by 11 national enterprises and 49 foreign enterprises. National enterprises flight to 13 cities in Indonesia and 25 cities in 14 countries. Foreign enterprises flight to 16 cities in Indonesia and 39 cities in 22 countries. There are 861 aircraft registered consist of 436 unit aircraft registered by AOC 121, 237 unit aircraft registered by

AOC 135 and 188 unit aircraft registered by AOC 137, OC 91, Pilot school. There are also pioneer routes, which include 131 routes in 98 cities and 15 provinces. There are pioneer routes connect to remote area, mostly operated in Eastern of Indonesia.

3. Airports in Indonesia

Indonesia has 233 general airport and 20 special airports. Among 233 general airports, 25 airports are operated by State Owned Enterprises (PT. Angkasa Pura I and PT Angkasa Pura II), and 162 airports are operated by DGCA. General airports consist of 204 domestic airports and 29 international airports. There are 5 main hub international airports : Soekarno-Hatta in Jakarta, Polonia/Kualanamu in Medan, North Sumatera; Juanda in Surabaya, East Java; Ngurah Rai in Denpasar, Bali and Sultan Hasanuddin in Makassar, South Sulawesi. For ASEAN Open Sky Operation which will be fully implemented in year 2015, the five main hub international airports are being prepared to serve regional flights through bilateral agreement.

There are 7 (seven) airports which already assigned as international cargo airports through bilateral and multilateral agreements : Sepinggan-Balikpapan, Frans Kaisiepo-Biak, Supadio-Pontianak, Sultan Mahmud Badaruddin II-Palembang, Hasanuddin-Makassar, Sam Ratulangi-Manado, Hang Nadim-Batam.

4. Air Transport Network

Indonesia has an extensive system of air transport services and airport network, which covers majority of population with reasonable access time to airports. Currently major airport development to support trade and tourism is undertaken in Bali, Medan, Riau, Riau Islands, Banten, East Kalimantan, and Lombok.

5. Government Policies

The Indonesian Government has taken major steps to develop Indonesian Aviation by building an aviation system which focuses on the improvement of safety, security and service aspects by referring to Aviation Law No. 1 year 2009 concerning Aviation with the implementation regulation of the law which complies with ICAO standards and other provisions. Furthermore, Aviation Law No. 1 year 2009 aims to create a more orderly, regular, safe, secure, comfortable air transportation system with affordable prices and to avoid unhealthy business competition practices.

Enhancing private sector participation is one of the concerns of this law to accelerate national economic activities, developing the aeronautical spirits, respecting state owned autonomy and creating competitiveness.

The law is also provides consumer protection without sacrificing sustainability of civil aviation transportation service enterprises and extends more opportunities for the

region to develop commercial business at the airport which are not directly related to aviation safety.

E. CURRENT DEVELOPMENT OF SHIPPING INDUSTRY IN INDONESIA

I. OVERVIEW OF INDONESIAN SHIPPING

Indonesia is the largest archipelago in the world. It stretches from west to the east for a distance comparable to the width of the United States or Europe. As the largest archipelago country in the world, Indonesia has a total number of 17,508 islands, five of which are major islands. The five main islands are Sumatera, which is about 473,606 sq. km in size; the most fertile and densely populated islands Java/ Madura 132,107 sq. km; Kalimantan with the size of 539,460 sq. km; Sulawesi 189,216 sq. km; and Irian Jaya/ Papua 421,981 sq. km, while Indonesia's other islands are smaller in size.

Geographically Indonesia located in the crossroad of East-West and North-South shipping routes. This strategic position has always influenced the cultural, social, political and economic life of the country. The Indonesian sea area is about 7.9 million sq. km including an exclusive economic zone, four times greater than its land area, which is about 1.9 million sq. km. Indonesia currently is the fourth most populous country in the world and has a total population of more than 210 million people, about 60 % of which live in Java/Madura, 20 % live in Sumatera, 7 % live in Sulawesi, 5 % live in Kalimantan, about 1 % live in Irian Jaya and the rest live in Nusa Tenggara, Maluku and other smaller islands.

As the largest archipelago in which people live in scattered islands, sea transportation plays very important role in this country and functions as the artery of nation's life, to serve people and cargo mobility either domestically or internationally including plays crucial role in special circumstances such as social unrest and national disaster/earthquake. In terms of development, the role of sea transportation could be divided into two main roles, i.e.: as a means to stimulate / to promote the regional economic development for less-developed/developing regions (*ship promotes the trade principle*) and as a means to serve/to support other sectors such as trade, tourism, economic and other sectors (*ship follows the trade principle*). Besides that, sea transportation also functions as a means to increase and equalize people prosperity and as a means to increase the national product competitiveness. But the most important role of

sea transportation in Indonesia is as the bridge to strengthen the national integration and unity.

1. Shipping Companies

In the year 2010, the number of shipping companies was 1,885, the number of special-shipping companies was 388.

2. Shipping Fleet

In the year 2010, the number of Indonesian vessels was 10,445 units, consisting of 8,804 units operated by shipping companies with totally GT. are 13,458,001 and 1,641 units operated by special-shipping companies with totally GT. are 598,715.

The number of Indonesian passenger-carrying fleet in 2010 was 733 units. From the total number of 733 units, 26 units were owned and operated by the state-shipping company PT PELNI. Besides that, there was 707 passenger-carrying vessels owned and operated by private companies, out of which 34 units serve long-distance routes and 613 units served short-distance routes. In addition, there were 60 units of pioneer vessels with carrying capacity of 15,700 passengers.

3. Seaborne Cargo and Passenger

The total sea-borne cargo in 2009 reached 837,4 million tons, which is consisted of 286,4 million tons domestic cargo and 551 million tons export/ import cargo. From the total of 286,4 million tons domestic sea-borne cargo in 2009, 258,4 million tons or 90,2 % were carried by Indonesian-flagged vessels while the other 28 million tons or 9,8 % were carried by chartered foreign vessels operated by national shipping lines. From the total of 551 million tons export/ import cargo in 2009, only 49,3 million tons or around 9 % were carried by national shipping lines while the other 501,7 million tons or around 91 % were carried by foreign shipping lines.

4. Port Management in Indonesia

In accordance with Shipping Law No. 17 year 2008, port is managed by :

- a. Port Authority is a government agencies that carry out functions of regulation, control and supervision of port activities

- b. Harbour Master is a government officials at the port which has the highest authority to carry out supervision of compliance with the laws and regulations to ensure the safety and security of shipping
- c. Port Business Entrepreneurship is a semi private company which has authority to operate the terminal and port facilities.

Ports are categorized into two kinds : public ports and special (industrial) ports. Public ports are administrated to serve public/common users while special ports are administrated for the interest of and to support certain industries' own purposes such as manufacturing, forestry, fishery, mining, tourism and other sectors.

There are 614 public ports in Indonesia and 462 special ports. Among the total 614 ports, some 141 ports are open for/ serve international trade.

5. Strategic Ports

Among the public ports, there are 25 ports so-called strategic ports, in which 70 % of total general cargo (excluding oil and gas) and almost all containers are handled. The 25 ports, which are categorized as strategic ports based on volume of cargo handling, location and their role to the region and which are prioritised to be developed, are : Lhokseumawe (Aceh), Belawan (North Sumatera), Dumai, Pekanbaru, Batam, Tanjung Pinang (Riau), Teluk Bayur (West Sumatera), Palembang (South Sumatera), Panjang (Lampung), Banten (West Java), Tanjung Priok (Jakarta), Tanjung Emas (Central Java), Tanjung Perak (East Java), Pontianak (West Kalimantan), Banjarmasin (South Kalimantan), Balikpapan, Samarinda (East Kalimantan), Ujung Pandang (South Sulawesi), Bitung (North Sulawesi), Benoa (Bali), Tena'u (East Nusa Tenggara), Ambon (Maluku), Sorong, Biak, and Jayapura (Irian Jaya/Papua).

II. OVERVIEW OF LEGISLATION ON INDONESIA SEA TRANSPORT

The main piece of principal shipping legislation in Indonesia is Law 17 of 2008 regarding maritime transportation. It is an Act of Parliament. However, most of maritime law in Indonesia is adapted from the Dutch legal system. It was apparent from the explanations provided that the Law is quite archaic and needs major revision to bring it up to the required level of acceptable modern maritime legislation.

1. CABOTAGE (LAW NO 17/ 2008)

- a. Domestic shipping shall be carried by:
 - national shipping company;
 - using Indonesian-flagged vessel;
 - manned by Indonesian seafarers.
- b. Foreign vessels are prohibited to carry passenger and/ or cargo inter-island or between ports within Indonesian waters territory
- c. Foreign vessels which are now operating in Indonesian domestic shipping can continue operating until the latest 3 (three) years after the effectiveness of the Law (until May 7, 2011)
- d. Implementation of Cabotage Based on Ministry of Transportation's Decree Number KM. 71 Year 2005

There are 14 commodities that must be carried by national-flagged. The commodities consist of Oil and Petroleum, General Cargo, Coal, Wood, Rice, CPO, Fertilizer, Cement, Mine and Quarry, Other Grains, Other Liquid, Agri Grain, Fresh Product and one Offshore activity. Each commodity has deadline of the implementation of cabotage as the table below.

Table

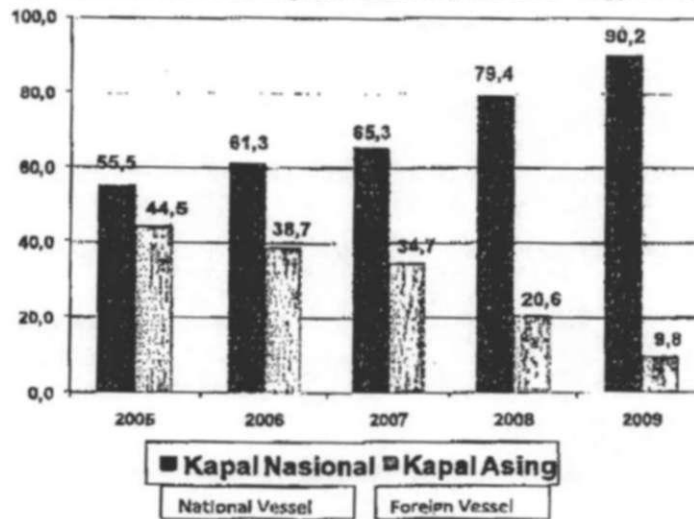
Roadmap for the Implementation of Cabotage

No.	Deadline of the Implementation				
	1 Jan 2006	1 Jan 2008	1 Jan 2009	1 Jan 2010	7 May 2011
1	Wood	Fresh Product	Agri Grain	Coal	Offshore
2	General Cargo	Other Grains	Other Liquid	Oil/Petroleum	
3	Cement	Mine and Quarry			
4	Fertilizer	CPO			
5	Rice				

- e. Achievement After 5 (five) Years of Implementation of The Presidential Instruction Number 5 Year 2005

1). As of 2010 total number of fleet was 10.445 units (14,06 million GT). If compared to number of fleet in March 2005 totalling 6.041 units (5,67 mil GT), there is an increase of 4.404 units of vessels (72,9 %) or in terms of GT was 8,39 million GT (117,3 %).

2). Growth of domestic cargo share carried by Indonesian-flagged vessels



No.	Cargo Carried	2005	2006	2007	2008	2009
1	National-Flagged	114,5	135,3	148,7	192,8	258,4
	(%)	(55,5 %)	(61,3 %)	(65,3 %)	(79,4 %)	(90,2 %)
2	Foreign-Flagged	91,8	85,4	79,2	50,1	28
	(%)	(44,5 %)	(38,7 %)	(34,7 %)	(20,6 %)	(9,8 %)
TOTAL		206,3	220,7	227,9	242,9	286,4

2. SHIPPING FOR LESS-DEVELOPED AND / OR ISOLATED REGIONS

Indonesia has some policies for less-developed and isolated regions which conducted through:

a. Pioneer-Shipping Service (Pelayaran-Perintis)

- Budget provided by government/ regional government;
- Integrated with other related sectors;
- Could be done through long-term contract;
- Through tender process.

Up to 2010 there are 60 Route for pioneer-shipping service.

b. Public Service Obligation/ PSO (Penugasan)

Assigned to national shipping company by giving compensation from government/ regional government as much as the difference between production cost and tariff determined by government/ regional government.

III. INTERNATIONAL COOPERATION ON MARITIME TRANSPORT

Indonesia has some international cooperations on maritime transport with some member states of OIC. The international cooperations have been conducted through bilateral and regional cooperation. These are the list of the member states of OIC which have an international cooperation on maritime transport with Indonesia :

1. Iran (Through bilateral Agreement on Maritime Transport, not ratified yet)
2. Turkey (Through bilateral Agreement on Maritime Transport, not ratified yet)
3. Brunei Darussalam (Within the framework of ASEAN and BIMP EAGA)
4. Malaysia (Within the framework of ASEAN and BIMP EAGA)
5. Maroco (Through bilateral Agreement on Maritime Transport, not signed yet)
6. Egypt (Through bilateral Agreement on Maritime Transport, not signed yet)
7. Yemen (Through bilateral Agreement on Maritime Transport, not signed yet)