POLICY RECOMMENDATION BY SECTOR
LOGISTICS SERVICES, DISTRIBUTION SERVICES, ENERGY SERVICES, ICT SERVICES & E-COMMERCE

Selasa, 20 Oktober 2015
• LOGISTICS
• SUPPLY CHAINS
• NATIONAL LOGISTICS SYSTEM
• LOGISTICS SERVICES AND
• LOGISTICS SERVICES PROVIDER
Logistics is part of the supply chain process that plans, implements, and controls the efficient, effective flow and storage of goods, services, and related information from the point-of-origin to the point of consumption in order to meet customers' requirements.”
WHAT ARE SUPPLY CHAINS?

Supply Chains are complex interdependent systems and involve:

- Whole of Chain Thinking
- Labour
- Oil and alternative energy
- Transport
- Logistics
- Finance
- Business Processes
- Transaction Systems
- Information Technology
- Procurement
- Supply Chain Management
- Commercial Power
- Legal and Regulatory Systems
- People and Relationships
- Strategic Asset Investment
- Geo-Political Economy

The system of suppliers, manufacturers, transporters, distributors, and vendors that exists to transform raw materials to final products and supply those products to customers.
WHAT IS NATIONAL LOGISTICS SYSTEM

KEY DRIVER
- Key Commodities
- Logistics Infrastructure Development
- Players and Logistics Service Providers Enhancement
- Human Resources Development
- Implementation of Information and Communication Technology
- Harmonisation of Regulation and Policy

Locally Integrated, Globally Connected for National Competitiveness and Social Welfare

L&R - Laws & Regulations
HRM - Human Resources & Management
ICT - Information, Communication & Technology
LSP - Logistics Service Providers
KCF - Key Commodity Focus
WWI - What & Where Infrastructure

BLUE PRINT

Competitiveness
Social Welfare

Indonesia Logistics Vision

“Presidential Regulation No.26/2012 on the Blueprint of the Development of the National Logistics System, signed and entry into force on 5 March 2012”

Paradigm: Ship follows the trade & Ship promotes the trade
Based on Supply Chain Management
I. Core Freight Logistics Services

- Cargo handling services:
  - Container handling services (CPC 7411) and other cargo handling (CPC 7419):
- Storage and warehousing services (CPC 742)
  - Distribution centre services and material handling and equipment services such as container station depot.
- Transport agency services (CPC 748), including customs agency services and load scheduling,
- Other auxiliary services (CPC 749), including through-chain logistics services, reverse logistics, container leasing and rental services.

II. Related Freight Logistics Services

1. Freight Transport Services

- Maritime transport services,
- Internal waterways transport services,
- Air transport services,
- Rail transport services,
- Freight transport (CPC 7112),
- Road transport services,
- Freight transport (CPC 7123),
- Rental of commercial vehicles with operator (CPC 7124), and without operator (CPC 83102).

2. Other Related Logistics Services

- Technical testing and analysis services (CPC 8676),
- Courier services (CPC 7512),
- Commission agents’ services (CPC 621),
- Wholesale trade services (CPC 622),
- Retailing services (CPC 631, 632, 6111, 6113, 6121),
  - Including inventory management of goods, assembling, sorting and grading of goods, breaking bulk, re-distribution and delivery services)
WHAT ARE LOGISTICS SERVICES?

### ASEAN Roadmap for the Integration of Logistics Services

<table>
<thead>
<tr>
<th>No.</th>
<th>Logistics Services</th>
<th>No.CPC</th>
<th>10th AFAS Commitment on FEP (as of Sept 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Maritime Cargo Handling Services</td>
<td>CPC 741</td>
<td>70%</td>
</tr>
<tr>
<td>2</td>
<td>Storage &amp; Warehousing Services</td>
<td>CPC 742</td>
<td>51%</td>
</tr>
<tr>
<td>3</td>
<td>Freight Transport Agency Services</td>
<td>CPC 748</td>
<td>49%</td>
</tr>
<tr>
<td>4</td>
<td>Other Auxiliary Services : Bill Auditing; Freight Brokerage; Freight Inspection; Weighing and Sampling; Freight receiving and Acceptance; Transportation Document Preparation; cargo condition survey</td>
<td>CPC 749</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Courier Services - Express Delivery Services;</td>
<td>CPC 7512</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Packaging Services</td>
<td>CPC 876</td>
<td>70%</td>
</tr>
<tr>
<td>7</td>
<td><strong>Custom Clearance Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>International Freight Transportation excluding Cabotage</td>
<td>CPC 7212</td>
<td>70%</td>
</tr>
<tr>
<td>10</td>
<td>International Rail Freight Transport Services</td>
<td>CPC 7112</td>
<td>70%</td>
</tr>
<tr>
<td>11</td>
<td>International Road Freight Transport Services</td>
<td>CPC 7123</td>
<td>70%</td>
</tr>
</tbody>
</table>

- Logistics Service Providers (LSP) from other ASEAN countries, can set up its business in Indonesia through a joint venture with a local company, with foreign equity ownership of up to 70%.
- Domestic Logistics Service Providers (LSP) get benefit in the supply chain collaboration with partners in other ASEAN countries.
- **The key factors**: increasing the competitiveness of the LSP, the competence of human resources, better service and cost efficiency.
THE EVOLUTION OF LOGISTICS SERVICES PROVIDER BUSINESS MODEL

### SERVICE OFFERINGS

- **Synchronized Supply Chains**
- **Lead Logistics**
- **Value-Added**
- **Foundation Services**

### OUTSOURCING MODELS

- **Supply Chain Integrator (SCI) or Lead Logistics Manager (LLM) or Global Trade Orchestrator**
- **Lead Logistics Provider (LLP)**
- **Third-Party Logistics Provider (3PL)**
- **Freight Forwarders**

### INCREMENTAL ATTRIBUTES

- **Foundation Services**
  - Transport, Warehousing, Customs broking
  - Focused cost reduction
  - Niche services

- **Value-Added**
  - Integration limited to transport with warehousing
  - Limited geographical reach

- **Lead Logistics**
  - Total transport planning
  - Operate and buy logistics services
  - Project manage network improvements
  - Single point of contact: total wallet
  - Limited technology integration with client

- **Synchronized Supply Chains**
  - Broad supply chain expertise
  - Knowledge and information-based
  - Inventory minimization
  - End-to-end network optimization
  - Advanced integrated technology
  - Adaptive, flexible and collaborative

### RELATIONSHIP

- **Contractual**

### PRICING

- **Fixed and variable with some risk sharing**
- **Fixed and Variable**
- **Transactional**

Source: Adapted from "Third-Party Logistics Results and Findings of the 2004 Ninth Annual Study". Authors are C. J. Langley, Georgia Institute of Technology, G. R. Allen, Capgemini, and T. A. Dale, FedEx Supply Chain Services, Inc.
THE PATTERN OF LOGISTICS SERVICE PROVIDERS (LSP) DEVELOPMENT

THE SPEED OF CHANGES IN DEVELOPMENT OF BUSINESS PATTERN IN LOGISTICS SERVICES, NOT SUPPORTED BY THE CHANGES OF REGULATORY

LSP Management Framework

Core Business

Plan

Manage

Execute


Logistics

Logistics

Logistics

Logistics

Other (1)

* Source: BCG

Source: BCG analysis

* Source: BCG
WHAT STRATEGIES TO THE LIBERALISATION OF SERVICES SECTOR

PROBLEM IDENTIFIED

- Almost all services sub-sectors request protected, but unable to identify the length of protection is needed;
- Unable to identify what services really need to be opened or protected;
- Unable to see clearly what economic value added to be obtained from liberalization.

DEFENSIVE:
Closing market access to the entry of foreign players for the services sub-sectors that are deemed not able to compete, with a longer period of time.

OFFENSIVE:
Opening up a broad market access for services that provide great added value to the economy of Indonesia.
...... bangunlah jiwanya, bangunlah badannya
untuk Indonesia Raya ............

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