

Trade Facilitation, Bonded Logistic Centre and Logistic Cost

Agung Budilaksono¹

¹ Customs and Excise Department, Polytechnic of State Finance STAN, Indonesia

Email: budilaksono1000@pknstan.ac.id

ARTICLE INFORMATION

Received date
[22-11-2019]

Revision
[08-12-2019]

Accepted date
[09-12-2019]

ABSTRACT:

This study aims to analyze the extent of benefits obtained by Bonded Logistic Centre (PLB) users in terms of efficiency of time and logistics costs by the harmonization of customs policy in trade facilitation. Method of analysis that used in this research is survey method that combined by descriptive method. The sample data consist of six provinces. There are 20 PLB companies that have good performance that service about 300 companies. The comparison of cost and time is viewed from transportation, inventory and administration aspects obtained from surveys and interviews with companies that already utilizing PLB facilities. The result of the analysis shows that in general PLB gives improvement in logistics cost and time in terms of: delivery of goods to warehouse, delivery of goods from warehouse to industry, and the raw material storage time. Based on the interviews with the PLB users, there are still obstacles in the implementation of the utilization of PLB, especially from the administration or the handling of licensing documents related to the restriction rules including its infrastructure. The analysis shows that PLB is potential to improve the future of logistics performance by the right harmonization of customs policy related to trade facilitation

Keywords: *Bonded Logistics Centre (PLB), Customs Policy, Trade Facilitation*

1. INTRODUCTION

President Joko “Jokowi” Widodo’s vision to develop a modern transport system, known as “maritime highways”, is beginning to materialize in Indonesia. New freight transport services are being introduced and existing services are being intensified and improved. Also the national port system is being improved. The Government’s program for the development of 24 commercial ports, over 1,000 noncommercial ports and the procurement of vessels between 2015 and 2019 requires US\$55.4 billion. The integrated program of the Government is expected to reduce logistics costs from 23.5 percent of the Gross Domestic Product (GDP) in 2014 to 19.2 percent in 2019.

Korinek and Sourdin (2011) conducted research on the impact of logistical quality on trade using the Enabling Trade Index (ETI) indicator of the World Economic Forum, which was built to measure institutions, policies, and services that facilitate the free flow of goods across borders; and the World Bank Logistics Performance Index (LPI). The results show a 10% increase in import ETIs and an average trade increase of 19%, while a 10% increase in the indexes in exporting countries and a 36% increase in trade. Likewise, for every 10% increase in LPI from exporters, the average bilateral imports increased by more than 69%, whereas for every 10% increase in LPI in the importing country, the bilateral imports increased by an average of 54%.

The government of Indonesia has expressed interest in developing Indonesia’s manufacturing capacity. Indonesia in fact is a sizeable market for manufactured goods, and its domestic consumption is a major driver of economic growth. Many of the materials for manufacturing in Indonesia are imported from abroad and stored in outside of Indonesia until the products needed in domestic. It would be more efficient if it uses warehouse of goods in domestic to supply industrial estates and manufacturing centers. So, the question is why the goods must be stored in a neighboring country?

In an effort to support the logistics to run optimally needed trade facilities that can reduce trade costs, prices for consumers and companies that import product inputs so production costs are lower, and in turn can increase company revenue. Empirical evidence suggests that the additional costs of delay, bureaucratic inefficiency and corruption have added the cost component of approximately 15 percent of the price of goods, and caused undermining the competitiveness of products in international trade. National revenues can be increased two or three times more through trade facilities than through the elimination of all tariffs on global manufactured goods (Hoekman and Shepherd, 2013).

To find out the description of the logistics map in Indonesia in the trade arena in Southeast Asia, the following Figure.1 is a logistics index of countries in Southeast Asia which has been released by the World Bank. While the development of Indonesian LPI indicators can be seen in Figure 2 until Figure 8.

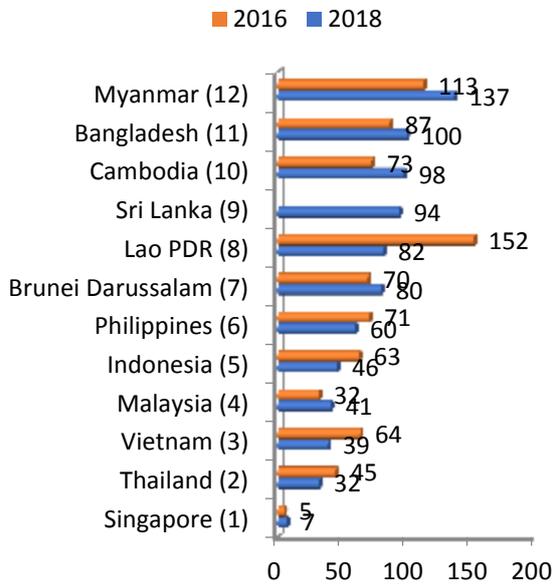


Figure 1 LPI Rank of ASEAN countries 2016, 2018

Source: World Bank

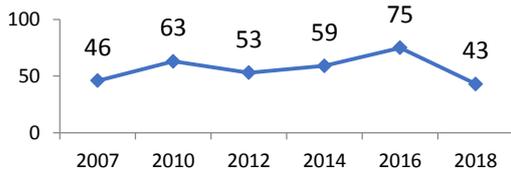


Figure 2 Indonesia LPI Score Rank 2007 – 2018

Source: World Bank

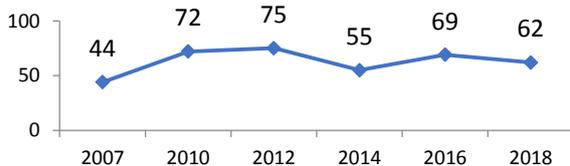


Figure 6 Indonesia Customs Indicator 2007 – 2018

Source: World Bank

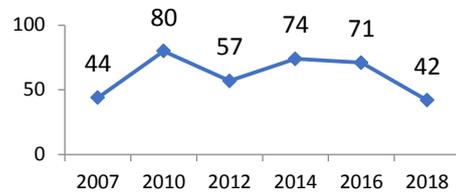


Figure 3 Indonesia International Shipment Indicator Rank, 2007 – 2018

Source: World Bank

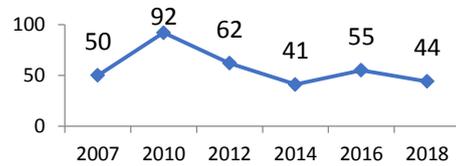


Figure 4. Indonesia Logistic Quality Indicator Rank 2007 – 2018

Source: World Bank

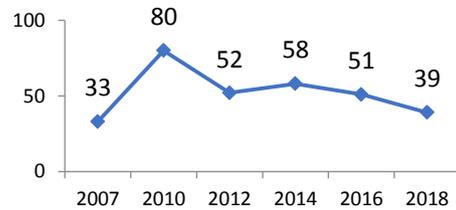


Figure 5. Indonesia Tracking and Tracing Indicator Rank, 2007 – 2018

Source: World Bank

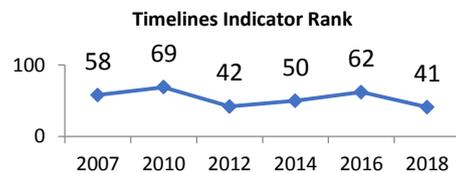


Figure 7. Timelines Indicator Rank, 2007 – 2018

Source: World Bank

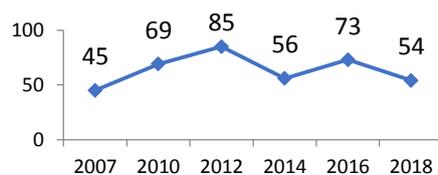


Figure 8. Indonesia Infrastructure Indicator Rank
2007 – 2018

Source: World Bank

The Logistics Performance Index (LPI) is an index that measures how well a country is connected to an international logistics network. This will help the country to identify ways to improve the performance of their trade logistics. Based on surveys conducted around the world on operators in the field - such as global shipping companies and express operators - LPI provides in-depth information and feedback on the logistical "hospitality" of countries where these operators do business and those who trade. This will provide information about the global logistics environment so that it can be utilized for the benefit of governments and trade practitioners.

Indonesia's LPI position among ASEAN countries in years 2018 ranks 5th, while the first position is occupied by the country of Singapore, followed by Thailand in the 2nd position, and continued with Vietnam and Malaysia in the 3rd and 4th positions. When viewed from the development of LPI indicators such as indicators of customs, infrastructure, international trade, quality of logistics, tracing and tracking, and timelines, since years 2007 until years 2018 generally shows an upward trend in a positive direction.

When viewed from the development of LPI indicators such as indicators of customs, infrastructure, international trade, quality of logistics, tracing and tracking, and timelines, since 2007 generally shows an upward trend in a positive direction. Especially this happened to the *LPI indicator* where in 2007 it was still in position 46 increased to position 43 in 2018, *the indicator of international shipments* in 2007 was in position 44 increased to position 42 in 2018, *logistics indicators* in 2007 were in position 50 also increased to 44th in 2018, and finally *the timeliness indicator* which in 2007 occupies 58th position increased to 41st in 2018. These indicators show an improvement from 2007 to 2018. Although the 4 indicators are experiencing an upward trend, the government must continue to improve its performance so that the logistics performance in Indonesia can continue to be improved and can continue to compete with other countries in the world, especially with ASEAN member countries.

However, there are still other LPI indicators that still show a declining trend, such as *customs indicators* which in the 44th position decreased to 62nd position in 2018, while *infrastructure indicators* which in the 45th position in 2007 declined to 54th position, and finally is *the tracking and tracking indicator* which in 2007 occupies the 33rd position decreased to 39th position in 2018. These 3 indicators show the need for more attention from the government, so that these 3 indicators can experience more improvements compared to those made in other countries, especially in ASEAN countries so that they can improve the position of these 3 indicators to a better position, in an effort to improve the logistics aspects in Indonesia in trade. The commitment to infrastructure development is reflected in the increased budget allocation of the government. In 2016 the government increased infrastructure spending from Rp290.3 trillion to Rp317.1 trillion. In 2017, the allocation of infrastructure development will be increased to Rp346.6 trillion. From this infrastructure development, the government targets three main impacts that will be felt by the community, namely lower transportation and logistics costs, more efficient exchange of goods and services, and national products that are more competitive with foreigners. The infrastructure projects are scattered in the following projects, namely 13 port projects, 17 airport airports, 19 railroad projects, and 52 toll road projects.¹

President Joko Widodo has also inaugurated 11 bonded logistics centers as part of the second economic stimulus policy package launched on September 30, 2015. The bonded logistics center (PLB) aims to reduce the high logistics costs in Indonesia which make businesses in Indonesia less competitive and which causing the general business climate in Southeast Asia to be less attractive.

At this bonded logistics center, imported goods - which may be subject to certain tax incentives - are stored and then distributed to industries. However, at present, most of the goods imported by Indonesian companies are stored in Singapore or Malaysia. This caused logistics costs to rise sharply because storage costs in Singapore and Malaysia were high.

The flow of goods in these bonded logistics centers will be closely monitored by the Indonesian tax authorities to combat illegal activities. However, these logistic centers will be given tax incentives such as a moratorium (delay) for payment of taxes and import duties (this is paid when goods are moved outside the center, not - as is the case now - when goods enter the center).

¹ Source: Committee for the Acceleration of Priority Infrastructure Provision (KPPIP), 2016

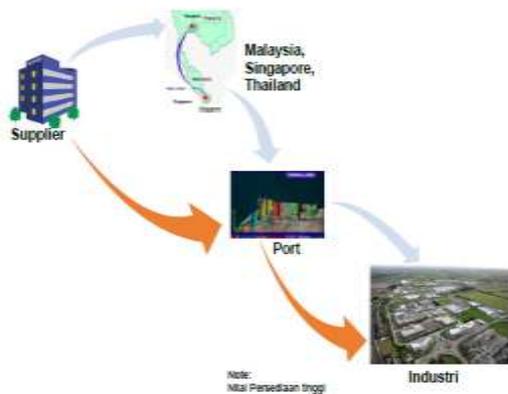


Figure 1. Trading Before Utilizing PLB

Source: Ministry of Trade

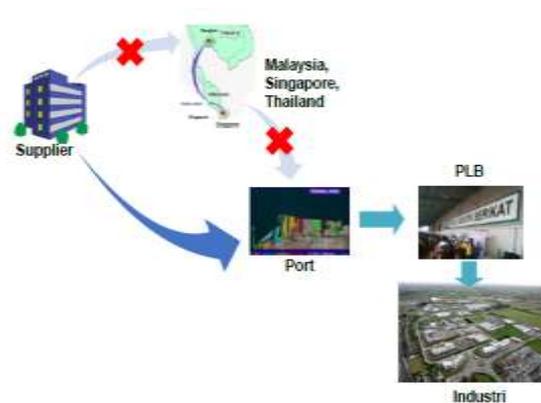


Figure 2. Trading After Utilizing PLB

Source: Ministry of Trade

Commodities currently stored in the PLB include cotton to support the textile and textile products industry, supporting products for the oil and gas and mining industries, chemicals, automotive components, and raw materials for the food and beverage industry. In addition, PLB also can be developed to support the aviation industry, the food sector, the fisheries sector, as well as other sectors deemed important to improve Indonesia's competitiveness.

Indonesia's position is very strategic and still has ample room to build ports. However, Indonesia's logistics performance is still low so it is not yet attractive in world logistical competition. In addition, good logistics management will reduce transportation costs that shape prices, especially prices of basic commodities. The formation of PLB will streamline national logistics and bring the availability of industrial goods in the country closer. Not only that, the existence of PLB can also increase investment and make Indonesia a regional and global logistics hub.

In the concept of supply chain management (SCM), there is postponement strategy that is one strategy that has a real impact on corporate competitive advantage and organizational performance (Cheng, Li, Wan, & Wang, 2010). With facilities for deferring the imposition of import duties, excise and / or taxes, PLB entrepreneurs can store raw materials or rescue goods more closely with the domestic user industry and cheaper because the import duty, excise and / or tax has not been collected. From the user industry side, the location of raw material supply closer to the downstream side will simplify production planning, minimize lead time ordering and will ultimately reduce the holding cost because the raw material stock can be lowered.

The role of trade facilitation in international trade is also very important besides logistic factor. In fact, trade facilitation is valued as a 'plumbing of international trade'.² This indicates the important role of trade facilitation in ensuring the smooth flow of goods. The implementation of trade facilitation is very influential on increasing the trade competitiveness of developing countries. Access to regional and international logistics networks that is fast and reliable is needed in international trade. As a result, the implementation of exports, imports and import duty procedures will be more efficient.³

From the description above it can be raised the problem of research how to do the harmonization of customs policy on trading facilities in the bonded logistics center to improve the efficiency of trade?

2. LITERATURE REVIEW

Logistics is an advanced organization and management technology and is widely expected to be another important source of profits along with reducing consumption of materials and increasing labor productivity. Thus it can be seen that logistics plays a key role in local economy and social development. A large amount of data indicates that logistics output is a major player in economic assessment.

Modern logistics can reduce both cost of circulation and logistics consumption through the method of rational logistics management. Most developed countries regard cutting down logistics cost as an important step to improve the national economy. The butterfly effect caused by high logistic cost is far-reaching; specifically, a small change on logistics cost may have a ripple effect has dramatic effects on the local economy.

Failure to improve logistical infrastructure will hinder economic development and leave lasting negative effects. Increasing oil prices, labor costs, management expenses, and logistics equipment maintenance expenditures are all responsible for rising logistics costs. Countries are raising taxes and especially road taxes to finance the government. This tax burden is directly transferred to the logistics industry which is forced diffuse the financial pressures by increasing costs.

Logistics can be easily understood as a transshipment route for the manufacturing industries and sales industries. The cost will directly dictate demands in downstream market. It will cause at least two negative effects, if the logistics cost is excessively high (Prajogo & Olhager, 2001), those are (i) The logistics demand will be compressed and thus

² Andrew Grainger, *Trade Facilitation: A Conceptual Review*, *Journal of World Trade*, 45:1, page.40.

³ *Unites Nations, Trade Facilitation Rules as A Trade Enabler: Options and Requirements*, No.TD/B/C.I/MEM.7/5 paragraph 1.

hindering economic development because of excessive logistics cost, and (ii) The local government has to make concessions on profits margins to balance out the increased logistics cost, which then decreases the funding available to improve logistics layouts.

Modern logistics has been a revolutionary innovation compared to traditional forms of transportation. Modern logistics integrate sea, air, and land transportation in a coherent manner. Consequently, the target customers can acquire optimized transport routes, the shortest transport time, the highest transport efficiency, the safest transport guarantee and the lowest transport cost (Chapman, Soosay & Kandampully, 2002).

Modern logistics has broken the boundaries between transportation and production. The whole production and supply processes are planned and controlled strictly through this supply chain. Based upon advanced information technologies, recent logistics has become a vital union of cargo flows, cash flows and information flows, which greatly reduce the total cost of production and satisfying all members in this supply chain from suppliers, manufacturers, retailers, logistics service providers to final consumers (Chapman, Soosay & Kandampully, 2002).

Modern logistics is deeply committed to meeting the needs of their customers, and constantly focus on customer satisfaction. Logistics companies must be able to address global customer demands when the world marketplace continues to be low-volume production and diversify demands (Chapman, Soosay & Kandampully, 2002).

Last but not least, modern logistics pay more attention on management and instant information during the process of transportation. In contrast, the recent transport operations have more transparency, which is favorable for future production and sales (Derong, 2012).

Bonded Logistics Center

The Directorate General of Customs and Excise (DGCE) has issued regulation number PER-01/BC/2016 concerning Procedures for Bonded Logistic Centers, in order to implement the provisions of Article 45 of Minister of Finance Regulation number 272/PMK.04/2015 concerning Bonded Logistic Centers and Government Regulation Number 85/2015 concerning Bonded Storage.

A Bonded Logistics Center (PLB) is a place for Bonded Storage which may also conduct one or more simple activities that are not processing activities which generate new products that have a different nature, characteristics, and/or function from the original goods, within a certain period of time for later removal. The purpose of the PLB is to

provide flexibility to investors to take their supplies of raw material and/or supporting material.

It is hoped that manufacturing companies can stockpile their commodities in Indonesia so they can be accessed more easily and cost effectively. To register as a PLB entrepreneur, the company shall fulfill the following criteria: (i) Is an Indonesian legal entity (including permanent establishment) and is domiciled in Indonesia (ii) Has proof of ownership or control of a place, or buildings that have clear boundaries following location maps, places, and plan of the layout or plan in the PLB, (iii) Has a business license, and (iv) Has been confirmed as a taxable entrepreneur and has filed an annual income tax return for the most recent tax year. The time limit for stockpiling goods in the bonded logistics center is three years and (for certain goods) can be extended, while at a Bonded Warehouse the stockpiling period is only one year.

The Entrepreneur's Facility in the Bonded Logistics Center (PDPLB) is one of the facilities provided by Directorate General Customs and Excise (DGCE) to the industry who craves fast and flexible logistics needs, with a more lenient tax treatment (delaying tax payments). Through PDPLB, Customs provides timely and targeted facilities to encourage industrial growth, especially those that are export-oriented. Some of the incentives provided are exemption from import tax (PDRI), exemption from excise for companies that want to enter the PLB area, exemption from Value Added Tax (PPN) or Value Added Tax and Sales Tax on Luxury Goods (PPNBM) for the goods moved from one PLB area to another PLB.

The government's policy to provide customs facilities with the ease of establishing a Bonded Logistics Center (PLB) has attracted many entrepreneurs. The number of PLB continues to grow, and also contributes to state revenue from import duties. The Directorate General (Ditjen) of Customs and Excise of the Ministry of Finance (MoF) noted, up to now there are 79 PLB in 118 locations. When it was first inaugurated in 2016, there were only 11 PLB.

At present there are eight types of PLB, namely Large Industrial PLB, IKM PLB, Air Cargo Hub PLB, and E-Commerce PLB. In addition, PLB of Finished Goods, PLB of Basic Material, PLB of Floating Storage, and PLB of Exports of Commodity Goods. The increase in PLB occupancy also occurred in line with the policy of the Ministry of Trade (Ministry of Trade) which requires the import of iron or steel by the General Importer Identification Number (API-U) which does not have cooperation or contracts with manufacturing companies, tire imports by API-U, and beverage imports contain ethyl alcohol, to be

imported through PLB. As a result, PLB occupancy surged to increase DGCE import duty receipts. Data from the Directorate General of Customs and Excise notes that the number of documents on the flow of goods received at PLB in 2016 reached 1,239 documents with a foreign exchange value of US\$527 million. Of that amount, the deferred import duty reached Rp88.8 billion.

Data from DGCE notes that in 2017, the value of deferred import duties increased to Rp1.1 trillion from 25,583 documents with a foreign exchange value of US\$2.1 billion. While in 2018, the deferred import duty of Rp1.6 trillion from 43,911 documents and foreign exchange value of US\$3.9 billion. The postponed import duty is delayed as long as it is still piled up at the PLB. New import duties are paid, when the goods are removed from the PLB. The increase in revenue from import duties shows that there is a shift in the expenditure of imported goods from the port or airport to the PLB. That is, the PLB function has run according to its purpose. Because, one of the PLB functions as an extension (spoke) of the main unloading port (hub).⁴

PLB facilities are very beneficial for entrepreneurs. Especially in terms of working capital which is lighter because there is no need to pay more to store goods and an increase in the speed of arrival of goods. With the PLB, stock of goods can be used according to their needs. PLB can move goods that were originally stockpiled abroad to Indonesia. Thus there is an opportunity for commodities to enter the stock market and commodity auction. During this time our goods cannot enter the stock market and commodity auction because of export regulations, where when export documents are published then the goods must be issued. Even though if you take part in the auction, it takes time to meet the winner.

PLB offers a number of conveniences and benefits for industry players, one of them because of its flexibility. Commodity goods that will be traded before entering are considered to meet export obligations. Within the PLB, industries can also do packaging or other simple activities as long as they are not manufacturing.

Trade Facilitation

Trade facilitation began to be widely discussed at the first ministerial meeting of the World Trade Organization (WTO) held in Singapore in December 1996, where it was agreed to form a working group on trade facilitation (WTO Ministerial, 1996). After several years of exploration work, the theme of trade facilitation was included in the 2004 Doha Development Agenda, whose aim was to find out how the procedures and controls for the

⁴ Business Insight edition April, 5, 2019

movement of goods across national borders could be improved by reducing costs and burdens. Thus the main objective is to create the most efficient flow of trade (WTO, 2011a and 2011b). This concept is increasingly developing and leading to efforts that can facilitate trade transactions and reduce time and costs in the supply chain (UNCTAD, 2006).

Trade facilitation itself includes two categories, namely: the category of 'hard' infrastructure (e.g. Roads, railroads and ports) and 'soft' infrastructure categories e.g. transparency, customs efficiency and institutional reform) (Portugal-Perez & Wilson, 2009). Related to trade facilitation, there are 4 (four) things that are used as indicators. The four indicators include: port efficiency; customs environment; policy environment; and use of electronic transaction devices.⁵

This paper has already made reference to the WTO which defines the term trade facilitation as: 'The simplification and harmonization of international trade procedures' where trade procedures are the 'activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade' (WTO 1998). Many practitioners simply define trade facilitation as the simplification, harmonization, standardization and modernization of trade procedures.

Government Regulation (PP) No. 85 of 2015 concerning Bonded Hoarding, at least provides five types of incentives provided by the government for prospective PLB residents. *First*, companies that store goods into PLB from other places outside the customs area within a certain period of time are entitled to a suspension of import duties. *Second*, the company is not charged import tax (PDRI). *Third*, the Directorate General of Customs and Excise the Ministry of Finance can exempt excise for companies that want to enter the PLB area. *Fourth*, goods that are moved from one PLB area to another PLB are entitled to similar facilities in the form of exemption from Value Added Tax (PPN) or Value Added Tax and Sales Tax on Luxury Goods (PPNBM). *Fifth*, in article 42B paragraph 5 the PP No.85/2015 also states that goods imported from other places in customs areas or from Special Economic Zones (KEK), Free Zones, or other Economic Zones to PLB areas intended for export, will not be levied VAT and PPNBM. Goods that get these facilities are not goods to be consumed in the area of the PLB concerned.

The five fiscal facilities in the PLB aim to reduce the high factory production prices in Indonesia, as well as to smooth the flow of goods effectively and efficiently to ensure the need for raw materials for domestic industries, and to attract inventory activities that have

⁵ John S. Wilson, Catherine L. Mann, dan Tsunehiro Otsuki, "Trade Facilitation and Economic Development: A New Approach to Quantifying the Impact", (The World Bank Economic Review, Vol.17 No.3, 2003), hal.368

been centered overseas, such as Singapore. With the PLB, it is expected that foreign companies can establish a company or open a representative of their company in Indonesia so that there is potential for state revenue from the taxation sector and reduce the burdensome burden and reduce dwelling time at the Port so that goods can go directly out of the port to the PLB and goods do not need to be piled up with long period at the port.

3. RESEARCH METHODS

The research method used in this study using decriptives and survey methods that combined with the study of literature to generate the input of policy solutions. Survey research is one of the most important areas of measurement in applied social research. The broad area of survey research encompasses any measurement procedures that involve asking questions of respondents. The collection of data attained by asking individuals questions either in person, on paper, by phone or online. Conducting surveys is one form of primary research, which is the gathering data first-hand from its source. The information collected may also be accessed subsequently by other parties in secondary research.

Since the inauguration of the first PLB in March 2016 by 11 PLBs in 13 locations, the number of PLB warehouses and location providers has grown from time to time. The number of PLB providers and locations has grown to 34 PLBs in 42 locations spread across various regions of Indonesia with a variety of industry-supported focuses. The survey was conducted in six survey areas. Based on the distribution of existing PLB at the time of the survey, the selected survey areas were in provinces of: (i) Bekasi and Cikarang; (ii) Karawang and Bandung; (iii) Banten; (iv) Bali; (v) East Kalimantan; and (vi) DKI Jakarta. Then PLB companies selected to get the company that has good performance. There are 20 PLB companies that have good performance that services about 300 companies.

4. ANALYSIS AND DISCUSSION

The cost of logistics is an important part for measuring national logistics performance. The components of the logistics cost itself consists of transportation costs, inventory costs and administrative costs. According to Rushton, Croucher, & Baker (2006) and Pishvae, Basiri, & Sajadieh (2009) logistics costs consist of carrying / holding costs, landfill costs, packing costs, consolidation costs, transportation costs, inventory costs, information and monitoring costs. Another opinion says that logistics costs include transportation.

Analyzes on the efficiency of logistics time include logistics activities from the delivery of goods starting from the supplier to the recipient (buyer). This analysis compares

the delivery time of goods from supplier to receiver (buyer) before and after using PLB companies. For the national industry that has implemented just in time production system and the availability of raw materials that is guaranteed is not difficult in searching and processing in the green line category so the existence of PLB less so influential. But for industries that have difficulty in obtaining raw materials and takes a long time for the availability of raw materials so that the raw material stock is high enough so that the inventory value is high enough existence of PLB helps the acquisition of raw materials become shorter and more efficient.

This time logistic analysis to get an idea that with the existence of PLB there is efficiency of logistics time which include among others: the arrival time of goods ordered and then sent by the supplier until received by the buyer, delivery time or expenditure of goods from the port to the PLB, delivery time of goods from the PLB to the buyer and the storage time of goods in the PLB compared to before the PLB. This analysis cannot obtain optimal results if the information or data obtained is incomplete or inadequate, so the difference or occurrence of changes associated with logistic time efficiency between before and after exist PLB is not clearly visible. However, the results of this analysis can be a temporary reference that needs to be followed up, so that the efficiency of logistics time can be realized in accordance with expectations with the PLB.

Analysis of logistic cost efficiency includes logistics activities from delivery of goods starting from supplier to receiver (buyer). The logistics cost analysis includes the costs incurred when disposing of goods from customs prior to use. This analysis compares the logistics costs of delivery of goods from suppliers to receivers (buyers) prior to the existence of PLB and after the existence of PLB, as well as costs for inventory to be issued.

For the national industry that has implemented just in time production system and the availability of raw materials is guaranteed or not difficult in its search and in the green line category so the existence of PLB less so influential, because the value of the inventory is small, and the supplier is ready to supply his goods on time. While industries that have difficulty in obtaining raw materials and takes a long time for the availability of raw materials so that the stock of raw materials is high enough so that the inventory value is high enough and the cost of raw material and inventory value will become smaller and more efficient by using PLB.

This logistic cost analysis can conclude that by using the PLB there is a logistic cost efficiency including like shipping cost from supplier to customer, shipping cost from port to PLB, shipping cost from PLB to customer and storage cost of goods in PLB compared to

before using PLB. This analysis cannot obtain optimal results if the information or data obtained is incomplete or inadequate, so the difference or the occurrence of changes related to logistic cost efficiency between before and after using PLB is not clearly visible. However, the results of this analysis can be a temporary reference that needs to be followed up, for the efficiency of logistics costs can be realized in accordance with expectations to the PLB.

On September 29, 2015, the government issued a package of economic policy volume II with Government Regulation No. 85 of 2015 on Amendment to Government Regulation Number 32 Year 2009 on Bonded Piling and Regulation of the Minister of Finance No. 272/2015 on PLB. This policy is an increase of customs system from Bonded Warehouse to PLB, this step is carried out by the government because Bonded Warehouse is still considered to have weaknesses and limitations so that logistics costs remain high i.e. up to 27% of total production costs or 23% to 27% of Bonded Logistics Centre (PLB).

Since the launch of PLB on March 10, 2016, start from 11 PLB, within 1 year the number of PLB to 34 PLB which serves different types of stacking goods. From the survey results also shows the existence of PLB has increased the amount of the warehouse that change its function to be PLB that serve its clients need. Of the 34 PLB/ Enterprises in Bonded Logistic Center (PDPLB) that existed until 2017, the growth of imported goods entering the PLB/PDPLB has improved quite well, thus the interest of clients also become higher. Improvement and development of PLB/ PDPLB also have increased number of goods import as showed by 20 most developed PLB/ PDPLB.

Based on the survey data, there is a very good change, where for 10 months since the launch of PLB in 2016 the number of companies that submitting import declaration notification (PIB) as many as 14 companies with a total of 2,704 PIB documents while in 2017 although only 4 months have as many as 20 companies with a total PIB documents as much as 8,554 documents.

Table 1 Performance of number of goods import of PLB Companies

No	PLB/Entrepreneur in PLB	Number of Import based on number of Import Declaration Notification (PIB)	
		2016 (10 months/ Mar -Des)	2017 (4 months/ Jan -April)
1	PT, United Traktor		3.698
2	PT, Cipta Krida Bahari	983	1.447
3	PT. Agility International	771	1.945
4	PT. Vopak Terminal Merak	238	71
5	PT. Petrosea Tbk	181	352
6	PT. Sumitronics Indonesia		301

No	PLB/Entrepreneur in PLB	Number of Import based on number of Import Declaration Notification (PIB)	
		2016 (10 months/ Mar -Des)	2017 (4 months/ Jan -April)
7	PT. Indra Jaya Swastika	97	212
8	PT. Indo Cafco	95	38
9	PT. Dahana (Persero)	82	22
10	PT. Pelabuhan Penajam Banua Taka	82	68
11	PT. Kamadjaja Logistics		59
12	PT. Gerbang Teknologi Cikarang	60	22
13	PT. Dunia Express Transindo	40	106
14	PT. Bima Sinar Aminity		89
15	PT. Toyota Motor Manufacturing Indonesia	34	19
16	PT. Dowell Anadrill Schlumberger	32	46
17	PT. Lautan Luas, Tbk	5	54
18	PT. Pertamina Drilling Service Indonesia	4	2
19	PT. Taruna Bina Sarana		2
20	PT. Sumisho Global Logistics Indonesia		1
		2.704/1.082	8.554

Source: Direktorat General Customs and Excise (DGCE)

When viewed from the state revenue from taxes, Year 2017 that only runs for 4 months, the value charged much higher than the year 2016 for a period of 10 months. In 2017 the value to be taxed is US\$62,658,343,717 and in 2016 is US\$5,780,345,642. this indicates a potential increase in state tax revenues from the existence of bonded logistics center.

From import declaration notification (PIB) data above the value of CIF of companies that utilizing PLB/EIPLB as the following :

Table 2 Value of CIF of PLB/EIPLB Companies

No	PLB/EIPLB	Value of CIF in \$	
		2016 (10 months/ Mar-Dec)	2017 (4 months/Jan-April)
1	PT, United Traktor		53.460.793.408
2	PT, Cipta Krida Bahari	2.573.015.836	3.687.662.939
3	PT. Agility International	43.958.080	97.820.423
4	PT. Vopak Terminal Merak	396.650.002	202.375.169
5	PT. Petrosea Tbk	37.888.621	650.877.018
6	PT. Sumitronics Indonesia		3.413.789.326
7	PT. Indra Jaya Swastika	8.164.997	72.133.000
8	PT. Indo Cafco	22.177.129	11.965.556
9	PT. Dahana (Persero)	2.535.262.418	889.657.931
10	PT. Pelabuhan Penajam Banua Taka	120.557.158	6.883.452
11	PT. Kamadjaja Logistics		1.437.938

No	PLB/EIPLB	Value of CIF in \$	
		2016 (10 months/ Mar-Dec)	2017 (4 months/Jan-April)
12	PT. Gerbang Teknologi Cikarang	17.290.138	25.053.994
13	PT. Dunia Express Transindo	9.272.793	61.272.224
14	PT. Bima Sinar Aminity		36.512.187
15	PT. Toyota Motor Manufacturing	8.070.116	71.400
16	PT. Dowell Anadrill Schlumberger	4.348.436	9.430.177
17	PT. Lautan Luas, Tbk	1.135.554	10.965.000
18	PT. Pertamina Drilling Service Indonesia	2.554.363	12.720.000
19	PT. Taruna Bina Sarana		6.849.097
20	PT. Sumisho Global Logistics Indonesia		93.477
		5.780.345.642	62.658.343.717

Source: DGCE

To find out more details of what the indicators that causes an increase in the amount of imports and the value of CIF from companies utilizing PLB, there is the changes that occur in trading activities.

Table 3 The results of the survey conducted on PLB / EIPLB and PLB users

Indicators	Before utilizing PLB	After utilizing PLB	Unit
Product Delivery Time Duration of Supplier to Storage of Goods	23.87	17.29	Days
Length of Product Transport Time from Port to Storage Product	3.06	3.50	Days
Estimated Shipping Cost of Supplier to Storage Products	9,981,659	8,963,650	Rupiahs
Number of products shipped Suppliers	93,750	78,541	Kg
Product Delivery Time Duration Storage to Industry / Consumer	7.28	5.00	Days
Shipping Cost Estimation Storage-Industry / Consumer	2,203,889	2,016,667	Rupiahs
Area of Storage Area	1,100	2,075	m ²
Product Storage Time Duration	47.00	11.43	Days
Product Value	1,099,158,273	1,759,172,300	Rupiahs
Estimated Storage Cost of the Product	15,000,000	2,800,000	Rupiahs
Cost Estimate Obtaining Suppliers and Communications with Suppliers	1,117,443	250,000	Rupiahs
Import Duty (Rp)	230,100,000	100,000,000	Rupiahs
Import Duty (%)	7.92%	5.00%	Persen
Tax Imposition on import (Rp)	310,500,000	137,000,000	Rupiahs
Tax Imposition on import (%)	2.50%	2.50%	Persen

Indicators	Before utilizing PLB	After utilizing PLB	Unit
Value added tax (%)	10.00%	7.50%	Persen
Estimated Value of Product Inspection (by the Authority)	7,555,417	5,400,000	Rupiahs

Source: DGCE

Thus the PLB has provided benefits to the industry in the presence increase of goods import document filing as well as CIF value. Benefits of PLB that has been perceived by the company of PLB users can certainly make a trigger for other companies that import raw materials to utilize the PLB.

Within 1 year since the inauguration of PLB until now there have been 34 PLB companies, which at the time of the newly inaugurated there are 11. Such conditions indicate that the potential PLB utilization by industry / company will continue to be in demand in the future because it can provide benefits for industries / companies that import raw materials and / or the auxiliary material to produce the product.

Until now the registered companies become PLB a total of 34 PLB within a year and the company registered to utilize PLB facilities to support smooth operation of more than 300 companies. With the number of listed industries / companies will utilize PLB, because it is believed to be able to provide benefits against the industry / company both to the cost and time of acquisition of imported raw materials and / or auxiliary materials.

So the purpose of moving the material temporary storage raw and / or auxiliary materials in other countries such as; Singapore, Thailand, Malaysia or Vietnam, can be transferred to the PLBs are in Indonesia.

Based on the evaluation conducted related to the benefits of PLB for the competitiveness of national industries in related logistics activities with time and logistic costs, it can be submitted that:

- Long time delivery of products from supplier to place product storage (temporary storage), on average are: before any PLB is 24 days and after PLB is 17 days. Decreased by 29%;
- Estimated Costs of Supplier Delivery to Storage Products are: before any PLB is Rp9,981,659 and after any PLB is Rp8,963,650 There was a 10.2% decline.;
- Duration of product delivery from temporary storage (PLB warehouse) to industry or consumer: before any PLB is 7 days and after any PLB is 5 day. Decreased by 29%
- Estimated Shipping Costs from storage warehouse to industry / consumer: before any PLB is Rp2,203,889 and after any PLB is Rp2,016,667. Decline of 8.5%

- Duration of product storage time: before any PLB is 47 days and after any PLB is 11 days. A decline of 77%;
- Estimated value of product inspection (by authorized party): before any PLB is Rp.7,555,417 and after any PLB is Rp5,400,000. A decline of 29%

Thus it can be concluded that PLB can provide benefits to lower cost and logistics time so it can help improve the competitiveness of the structure product prices are based on a decrease in logistics costs. Companies that have the priority of imported green lines have not felt the impact on the use of PLB facilities from efficiency time and logistics costs.

5. CONCLUSION

Within 1 year since the launch of PLBs have increased starting from 11 PLB companies to 34 PLB companies. This show that existence of PLBs have helped industries to improve its competitiveness. Such condition shows that the potential utilization of PLB by industry/company will continue to be in demand in the future because it can provide benefits for the industry/company which imports raw materials and/or auxiliary materials to produce their products.

Up to now the listed companies are 34 PLBs within a year and listed companies that utilize PLB facilities to support its operation are over 300 companies. With so many listed industries / companies going to utilize PLB, the PLB is believed to be able to provide benefits to the industry / company both to the cost and time of acquisition of imported raw materials and / or auxiliary materials. So, the purpose of moving the temporary storage of raw materials and / or auxiliary materials in other countries such as; Singapore, Thailand, Malaysia or Vietnam, can be transferred to PLB located in Indonesia.

Based on evaluations made regarding the benefits of PLB for the competitiveness of national industries in logistics activities related to time and logistics costs, it can be said that the length of time the product delivery from the supplier to the product storage (temporary storage) the average was 24 days, whereas after the PLB was 17 days, there was a decrease of 29%.

There are some obstacles that result in the utilization of the Bonded Logistics Center to be less effective in achieving its objectives. The Bonded Logistics Center shall also endeavor to know the needs of its consumers or the industry in its surroundings on the products it needs, from whichever its supply and who the suppliers are.

Required adequate infrastructure in terms of both physical and legality that can cover various things in the export execution of the Bonded Logistics Center. To be able to

increase exports through the Bonded Logistics Center requires sufficient regulation to be able to provide clear procedures for the implementation of such exports. Some of the things that need to be arranged to accommodate the export execution of the Bonded Logistics Center are the arrangement of the Rules of Origin, the regulation of state revenue from exports, technical requirements, the quality of goods, the administration of exports and so forth.

The export rules of the Bonded Logistics Center should facilitate the processing of licenses and export requirements of the Bonded Logistics Center.

SUGGESTIONS

PLB that planned by the government as an international logistics hub should be supported by the implementation of all ministries, both administrative and process side which are as follows:

- Ministry of Finance through Directorate General Customs and Excise, need to make a map of PLB to make structuring of the existence of PLB for the product which are stored in PLB can be optimally utilized by industry / companies around it to optimize costs and time logistics. Structuring and mapping is done for PLB more focus on a particular product that it manages optimal PLB operation;
- Routine evaluation of PLB between Customs, related ministries, associations, entrepreneurs and academics as a step to make improvements to that process occurred in PLB.

ACKNOWLEDGEMENT

Acknowledgment is given for Finance Education and Training Agency – Ministry of Finance Republic of Indonesia and Polytechnic of State Finance STAN which help the research and manuscript writing, so it can be finished well.

REFERENCES

- Chapman, R. L., Soosay, C. and Kandampully, J. (2002). Innovation in logistic service and the new business model: a conceptual framework. *Managing service quality*, Vol. 12, No. 6, 358-371.
- Cheng, T., Li, J., Wan, C., & Wang, S. (2010). *Postponement Strategies in Supply Chain Management*. New York: Springer. doi:10.1007/978-1-4419-5837-2

- Derong, W. (2012). The research of Logistics innovation capability. *Technological Consulting*, Vol. 11, No. 12, 56-58.
- Hoekman BM and Shepherd B (2013). Who profits from trade facilitation initiatives? European University Institute Working Paper No. 2013/49.
- Korinek, J. & P. Sourdin. 2011. To what extent are high-quality logistics services trade facilitating?, OECD Trade Policy Working Papers, No. 108, OECD Publishing.
- Pishvae, Basiri, & Sajadieh, (2009), *Supply Chain and Logistics in National, International and Governmental Environment, Chapter 4: National Logistic Cost* (Springer-Verlag, Berlin, 2009)
- Portugal-Perez, A. & Wilson, J.S. 2009. Why trade facilitation matters to Africa. *World Trade Review*. 8(3):379-416.
- Prajogo, D. and Olhager, J. (2001). Supply chain integration and performance: The effects of long-term relationships, information technology and sharing, and logistics integration. *International Journal of Production Economics*, Vol. 135, No. 1, 514-522.
- Rushton, Croucher, & Baker, (2006), *The Handbook of Logistics & Distribution Management, 5th edition*, The chartered institute of Logistic and Transportation, UK
- UNCTAD. 2006. Trade facilitation handbook Part I – National Facilitation Bodies: Lessons from Experience. Available from: www.unctad.org/en/docs/sdtetlb20051_en.pdf (Accessed 8 December 2019).
- WTO Ministerial, 1996. Singapore Ministerial Declaration adopted on 13 December 1996. Available from: www.wto.org/english/thewto_e/minist_e/min96_e/wtodec_e.htm#trade_facilitation (Accessed 8 December 2019).
- WTO. (1998). "WTO: A Training Package; What is Trade Facilitation?" Retrieved 20 November, 2019, from http://www.wto.org/english/thewto_e/whatis_e/eol/ewto02/wto2_69.htm#note2.
- WTO. 2011a. Understanding the WTO: Cross-cutting and new issues. Available from: www.wto.org/english/thewto_e/whatis_e/tif_e/bey3_e.htm (Accessed 8 December 2019).
- 2011b. The European Union offers EUR180,000 to the WTO development fund for trade facilitation. Available from: http://www.wto.org/english/news_e/pres11_e/pr639_e.htm (Accessed 8 December 2019).