Study of Indonesia Logistic Costs

by Posma Sariguna Johnson Kennedy

Submission date: 23-Mar-2020 12:18PM (UTC+0700)
Submission ID: 1280192033
File name: 2019_AKINIK_ChapterBook_Logistik_30-4-19.pdf (753.33K)
Word count: 5992
Character count: 34137

Research Trends in Management

(Recent Trends Opportunities and Challenge)

Volume - 3

Chief Editor

Dr. K. Thriveni Kumari

HOD and Professor in MBA Department at Don Bosco Institute of Management Studies and Computer Applications, Bangalore, Karnataka, India

AkiNik Publications

New Delhi

Published By: *AkiNik Publications*

AkiNik Publications
169, C-11, Sector - 3,
Rohini, Delhi-110085, India
Toll Free (India) – 18001234070

Chief Editor: *Dr. K. Thriveni Kumari*

Publication Year: *2019*

Pages: *125*

Paperback ISBN: *978-93-5335-394-0*

E-Book ISBN: *978-93-5335-395-7*

Price: *₹575/-*

Contents

Chapter - 6
Study of Indonesia Logistic Costs

Author

Posma Sariguna Johnson Kennedy
Universitas Kristen Indonesia, Jakarta, Indonesia

Chapter - 6

Study of Indonesia Logistic Costs

Posma Sariguna Johnson Kennedy

Abstract

The purpose of this study is to find out the causes of the high logistics costs in Indonesia. This research is qualitative research conducted by discussion and literature review method through secondary information search from various books, journals, and websites. Indonesia continues to make multiple efforts in revamping the domestic logistics sector, but with increasingly fierce global competition the national logistics performance is still not encouraging. The poor logistics performance is reflected in the cost of freight transportation is very expensive, and is one of the obstacles to the competitiveness of Indonesian industry and trade at the international level.

Keywords: Logistics, logistics costs, dwelling time, logistics regulation, transportation

1. Introduction

The increasing industry and digital era 4.0 are closely related to logistics activities. Every product/product produced requires logistics activities in it, from the factory to the final buyer. But related to this, whether the logistics costs in Indonesia can boost import and export activities. Or with high logistics costs, it makes Indonesia unable to deal with dimensional changes and rapid, current and future movements.

Need continuity in the logistics chain. Links that are too long and convoluted make logistics inefficient and effective. If the connection can be made shorter, it can be ascertained that the logistics costs will adjust, even decrease. In this digital era, it is expected that weak and efficient links can be broken. In the current development, many companies that are lazy, unwilling or unable to keep up and develop technology, will gradually go bankrupt. Companies must establish their current level of innovation.

Logistics costs in Indonesia, especially in ports, reach 17% of the total operating expenses of the business. This cost is very high compared to countries in one region, such as Malaysia only needs 8%, Philippines 7% and

Singapore 6% of its operational costs. Seeing other comparisons, the process of loading containers and descending from the ship on the stack at Container Yard (CY) Tanjung Priok Port terminal to exit the port door, takes 4.9 days, where the United States only needs 1.2 days, the Netherlands 1.1 days and Singapore 1.0 day. For this reason, in reducing logistics costs in Indonesia, breakthroughs are required with an integrated logistics system, which can reduce costs, ensure timeliness, increase transaction speeds, and maintain the quality of goods and services. Everything must be integrated from upstream to downstream even though many stakeholders are involved [1].

Based on this background, many questions have arisen, such as why logistics costs in Indonesia are still high, whether the logistics activities have been effective and efficient, and whether there are steps that can be used to alleviate the logistics costs. For this reason, the purpose of the paper is to look at the causes of high logistics costs in Indonesia, as well as the effectiveness of current logistics activities. This chapter is the result of qualitative research, using focus group discussions and literature review method through secondary information retrieval from various books, journals, and websites.

2. Logistics Costs in Indonesia

Logistics contains a series of movement activities of goods from suppliers to factories, factory warehouses to distributors, distributors to retailers, and retailers to end consumers, according to the distribution channels of their respective companies. In logistics activities, in addition to the flow of goods movement, it also includes the flow of information and financial flows. Every logistics activity uses a lot of infrastructure and facilities such as ports, highways, warehouses, railroads, transportation equipment, material handling equipment, and information technology such as the transport management system (TMS), warehouse management system (WMS), fleet management system (FMS), order management system (OMS), and others. In addition to infrastructure and logistics facilities, logistics activities involve a lot of labor, starting from the drivers, operators, supervisors, and managerial workers. (Zaroni, 2017)

Understanding logistics according to experts [2]:

- According to Burg in Lysons (2000), logistics is the integration of procurement of transportation, inventory management, and

[1] https://logistiktmdg8.wordpress.com/2014/04/14/mengapa-sistem-logistik-pelabuhan-sangat-penting/

[2] https://alfianmohammad.wordpress.com/2014/12/10/sekilaslogistik/; and https://www.maxmanroe.com/vid/bisnis/pengertian-logistik.html

warehousing activities in providing cost-effective tools/ways to meet customer needs, both internal and external.

- According to Christopher (2005), logistics is a process that strategically manages the procurement of movements, and the storage of materials, parts and finished goods along with the relevant information flow through the organization and its marketing channels, in the manner in which the company benefits, both now and at times what will come, can be maximized by fulfilling orders that are cost effective.
- According to Donald Walters (2003), logistics is a function that involves moving, regulating the movement of goods, and storing material on its journey from the initial sender, through the supply chain and to the final customer.

From the above understanding, it can be concluded that logistics activities are carried out to accelerate the delivery of goods from the sender's location to the recipient's place in the most efficient manner and cost.

Logistical performance is always measured, and results are periodically evaluated so that performance improvements can be carried out continuously. Generally, logistics performance is measured based on (1) logistics cost indicators and (2) logistics service quality indicators. The logistics cost indicator shows the total logistics costs for running all of the company's logistical activities in the supply chain process. While the logistics service quality indicators show service performance resulting from logistics activities. Logistics service performance is generally measured in the form of on-time performance, lead time, security, damage level, tracking & tracing, and others. (Zaroni, 2017).

In general, logistics costs are grouped into three classification costs for logistics: (1) transportation costs, (2) goods storage costs, and (3) administrative costs. Based on the logistic cost grouping, the logistics costs cover all cost components as follows: Transportation costs for each transportation mode; Storage costs for each warehousing activity; Cost of working capital investment for inventory; The cost of marking goods and packaging, identifying goods, and recording goods; Cost of stacking/unstacking activities; Packing costs; The cost of activities for consolidation/deconsolidation; Information and communication system (ICT) application costs and integration; Logistics management system costs; Costs that occur due to the absence of stock items. (Zaroni, 2017).

In calculating logistics costs, the component of transportation costs includes initial transportation costs and secondary transportation costs.

Primary transportation is transportation for the movement of finished products from factories and suppliers to warehouses. Primary transportation costs include the cost of moving goods from factories or distribution centers to factories or other distribution centers, or inbound transportation for purchasing goods from factories or distributors for resale. While secondary transportation is the distribution or delivery of finished products to end consumers. Secondary transportation costs include pickup fees, distribution transportation costs, loading and unloading operational costs, and distribution administration costs. Transportation costs cover all transportation costs for each transportation mode used for the movement of goods in a series of supply chain processes and distribution channels. The modes of transportation include trucking, trains, water transportation, pipelines, air transportation, both domestic and international. In calculating transportation costs, this also includes the use of logistics facilities and services at ports, stations, and terminals. The basic principle in calculating logistics costs from the component of transportation costs is the use of resources in every transportation activity, which includes all modes of transportation, infrastructure, and transportation facilities. Each company or supply chain is different in its supply chain process. Therefore it is necessary to identify supply chain activity processes for each commodity, company, industry, and economic sector, so that logistical costs can be calculated accurately, completely, and comprehensively. (Zaroni, 2017).

The cost of goods storage (inventory carrying costs) includes the cost of storage activities in the warehouse, the cost of using working capital for the purchase and storage of goods (opportunity or interest), taxes, insurance, and risk shrinkage costs. In calculating logistics costs from the components of the cost of storing goods, they are grouped into (1) capital costs, (2) inventory service costs, (3) storage space costs, and (4) inventory risk costs. The third component in logistics costs is administrative costs. Included in administrative costs are the costs of salaries of head office and branch staff, employee salaries in the distribution center, salaries of analyst employees and inventory planning, and traffic; ICT fees, and overhead costs at headquarters and support units. (Zaroni, 2017).

The main trigger for the high cost of logistics in Indonesia is the logistics and infrastructure systems that are still inadequate. Infrastructure that is directly related to logistics is the transportation sector, especially port infrastructure, roads, and intermodal relations. The high cost of logistics in Indonesia is due to three main factors. The first logistics system in Indonesia is still not good because of the lack of adequate human resources. The amount of supply of goods is still not evenly distributed; this is due to

differences in logistics costs which are far between the western and eastern parts of Indonesia. Also, a two-way system must be implemented so that ships carrying regional transportation must bring back the cargo from the intended area to be more efficient (Reiy Schreiben, 2013).

The second factor is the condition of many ships which are old and inadequate. These conditions make the cargo inefficient because there is a shrinkage of cargo during the trip. Also, these conditions make the maintenance and maintenance costs of ships become large and will affect the flow of logistics distribution. Whereas the third factor is the problem of port infrastructure which is still inadequate. This is because many ports experience siltation. As a result of siltation at the port, it makes long for ships wanting to dock causing high costs. Also, the infrastructure of the road to the port also affects directly, such as the road to the port of Tanjung Priok, Jakarta, which is always jammed every day. (Reiy Schreiben, 2013).

Logistics costs to eastern Indonesia are still expensive due to trade imbalances caused by several factors as follows (Rudy Sangian) [3]:

- Encina the frequency is low, short routes, low payloads, and operational costs are higher than freight that can be obtained.
- Low container turnover, as a result of severe, damaged, high maintenance, empty containers, where the container leases, revenue from container use decreases.
- The port, the condition of the hinterland has not or even does not support; receiving delivery facility between hinterland and port, industry, population, GDP, undeveloped market.
- Infrastructure and human resources, so that dwelling time becomes high, both vessel and cargo dwelling time.

The logistics performance of a country is indicated by the Logistics Performance Index (LPI) released by the World Bank every two years. LPI is a logistics performance index from 160 countries. LPI measures the efficiency of on-the-ground trade supply chains or logistics performance. The supply chain is the backbone of international trade and business. While logistics costs include transportation, warehousing, border clearance, payment systems and other related functions (World Bank, 2014).

The competitiveness of a country is also determined by one of these by the LPI. LPI is measured from the following aspects: (1) Customs efficiency

[3] Rudy Sangian, Kolaborasi Logistik Untuk Menurunkan Biaya Logistik Menggunakan PSO, Supply Chain Indonesia, www.Supply Ch ain Indonesia.com. Diunduh Maret, 2019.

and border management ("Customs"); (2) Quality of trade and transportation infrastructure ("Infrastructure"); (3) Ease of arranging shipments at competitive prices ("Ease of arranging shipments"); (4) Competence and quality of logistics services ("Quality of logistics services"); (5) Ability to track and track shipments ("Tracking and tracing"); (6) Frequency of timely delivery ("Timeliness"). Of the six aspects of LPI assessment, there are at least four aspects of LPI that are determined by the company's logistical performance, both companies as shipper and logistics service companies, namely: ease of arranging shipments at competitive prices, competencies and quality of logistics services, the ability to track and track purchases, and the frequency of delivery on time. The competitiveness of business and the state is at least determined by two main factors: cost and quality of service. Therefore measurement and evaluation of logistics performance are essential to do so that continuous improvement can be carried out. (Zaroni, 2017)

Indonesia's logistical rating rose 17 levels from position 63 in 2016 to 46 in 2018 in the 2018-World Bank Logistics Performance Index (LPI). LPI consists of 6 components, namely customs and excise, infrastructure, international shipments, logistics quality and competence, tracking and tracing, and timelines. Of all these components, the customs aspect obtained the lowest value from other parts, even lower than in 2016. This shows that the customs process in Indonesian logistics has not improved. Meanwhile, the highest component value is the timelines component which is worth 3.67. Improvement of the 2018 Indonesia logistics ranking is mainly driven by a significant increase in profit for the international shipments and infrastructure component, which are from 2.9 and 2.65 in the 2016 LPI to 3.23 and 2.9 in 2018, respectively. In Indonesia. Rising logistics rankings are expected to increase economic growth. The increase in Indonesia's ranking in LPI is supposed to be able to launch goods distribution activities to encourage economic growth. We expect economic growth in 2018 to reach 5.3% you. (Bank Mandiri, 2018).

The increase in Indonesia's logistics rating has not been accompanied by a decrease in logistics costs. Based on data from the Indonesian Logistics and Forwarder Association (ALFI), Indonesia's logistics costs reached 25% of GDP, higher than other countries in ASEAN, including Thailand (13.2%), Malaysia (13%) and Singapore (8, 1%). Improvements in the logistics sector need to be improved, especially with the accelerated development of connectivity structures. Seen from the value of the LPI 2018 component, the amount of infrastructure components is the lowest after customs even though the amount is increasing. Despite improving, Indonesia's logistical rating is

still below ASEAN countries. Compared to ASEAN countries, Indonesia's logistical ranking declined from rank 4 in 2016 to rank 5 in 2018. This is because Vietnam was able to improve its logistics conditions rapidly so that Vietnam's ranking rose 25 levels from 64 in 2016 to 39 in 2018. For information, Indonesia's ranking 46th is still below Singapore (ranked 7th), Thailand (23rd), Vietnam (39th), and Malaysia (41st). However, Indonesia's ranking is better than the Philippines (ranked 51st), Brunei Darussalam (ranked 80th), Laos (ranked 82nd), Cambodia (98th), and Myanmar (137th). Therefore, the improvement of national logistics needs to be carried out consistently so that logistics performance in Indonesia can compete, especially with neighboring countries. (Bank Mandiri, 2018).

The domestic logistics sector is not ready to face the economic liberalism of the ASEAN community, including because intermodal transportation is not connected. However, in the industrial era, 4.0 Indonesia can no longer wait for the system to be ready, ready or not industry 4.0 will continue to run. However, is Indonesia capable of becoming a competitive country and still developing in the digital world? Therefore we need fast continuous movement and effective goals. (Widayatin, 2011).

Dwelling Time

To discuss national logistics, it is directly related to dwelling time. Dwelling time is how long the container (imported goods) is piled up at a temporary landfill (TPS) at the port, unloaded from the ship until the imported goods leave the TPS. To support government programs in facilitating the flow of goods and reducing logistics costs, integrated and directed efforts need to be made. To measure the success of the government program, "dwelling time" has been used as one measure of success by the government.

The process that determines the dwelling time in the port is pre-clearance, customs clearance, and post-clearance, as can be seen in the chart below (Nuyanto, 2018):

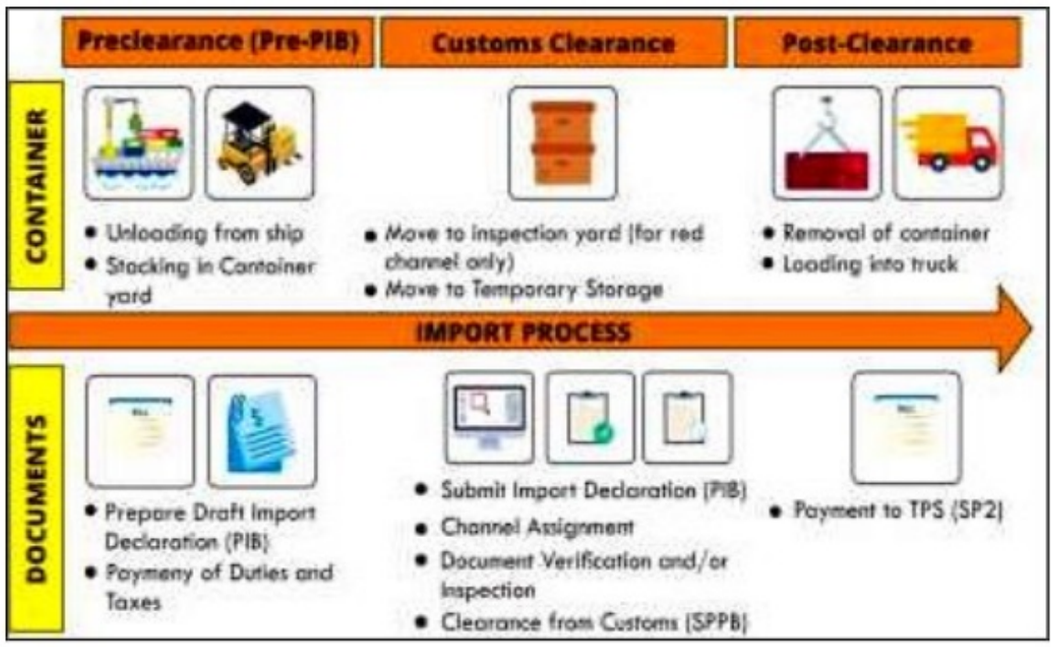

Fig 1: Dwelling time process at the port (Hanafi, 2018)

Explanation (Nuyanto, 2018):

1) Pre-Custome Clearance is the time required since the container is unloaded from the ship until the importer submits Import Goods Notification (PIB) to Customs. This activity includes two processes, namely:

- Container Process: Decreases the container from the ship (stevedore unloading) then piles up the container in the Container Yard (CY). Then stacking in Container Yard (CY).
- Document Process: includes preparing the Goods Import Notification document (PIB), to pay Import Duty and tax in the framework of import.

The preclearance determinants are:

- Discharge-stacking speed
- The speed of quarantine action
- Speed of notification
- Original B/L retrieval speed
- Fulfillment of obligations and restrictions (parts)
- The rate of completion of the Certificate of Origin (COO) or Certificate of Origin (SKA).
- Motivation to hold items and not hasten goods to be released

2) Customs Clearance is the time taken from the time the PIB is

received until the issuance of the Goods Expenditure Letter (SPPB) by Customs. This activity includes two processes, namely:

1) Container process, including carrying a container from CY to the Inspection Field (Especially the Red Line), then being taken to a temporary stockpile, if the condition of container Less Container Load (LCL - in one container contains more than one sender and more than one receiver).

2) Document Process, including:

- Submit the Goods Import Notification document (PIB).
- Determination of paths: Red, yellow, hi (specifically Red Line) or priority lane.
- Physical and paper inspection (if it is hit by a red line), or just checking the document (if it is run by a green line or priority line).
- When 'clear,' the Customs and Excise Approval Letter (SPPB) is issued by Customs and Excise.

The determinants of Customs Clearance, namely:

- Hardcopy submission speed for the Red and Yellow Paths.
- The speed of item preparation to check physical.
- The speed of physical examination.
- The speed of delivery of physical examination results.
- The speed of document checking.

3) Pre-Customs Clearance is the time required from the container to be transported out of the port and payment or Temporary Hoarding Place to the Port Operator, SPPB has been issued. This activity includes two processes, namely:

1) Container Process: covering the container from the checkpoint and then being put on the truck.

2) Document Process: pay the cost of borrowing a place to a Temporary Landfill (TPS).

The post clearance determinants are:

- Delivery Order speed of taking.
- The rate of the service process for approving goods by the terminal operator (port e-billing).

- The rate at which the products are exported by the importer.
- The speed of trucking access to and out of the port.
- Supporting infrastructure (trains, road systems, etc.)

The Public Service Supervisory Agency, the Ombudsman of the Republic of Indonesia, discloses a list of causes of Dwelling Time in ports, as follows (Nuyanto, 2018 and Waty, 2017):

a) The Pre Clearance process is still long. The licensing process has not all related institutions integrated into one system from various institutions issuing licenses not yet optimal. As a result, import clearance and quarantine processes cannot run, waiting for other permits (waiting for complete documents). The Shipping Party has not served optimally in the Bill of lading (BL), delivery order (DO) and BC 1.1 documents due to constraints on holidays.

b) The duration of the management of permit prohibitions and restrictions (parts) from the relevant agencies. The issuance of a Survey Report (LS) from Sucofindo appointed by the Minister of Trade. Cartas licensing arrangements that sometimes overlap with several Ministries and weak coordination between Ministries. The length of the processing process at the POM Agency, in the range of the process of issuing Customs Registration Number (NIK).

c) Not all parties (Importers/Exporters, Shipping, Banks and other parties) to implement 24/7 Services and services are not optimal. An increase in the number of costs especially for overhead expenses. Not all banks provide 24/7 services (24 hours in 7 days), such as in Tanjung Port. Priok. Importers do not withdraw/collect containers on Sunday.

d) Determination of the inspection schedule of the container and examiner staff in a system and information on the place of physical inspection in the Place for Physical Inspection of Imported Goods (TPFT) itself (Long room/in the field). This resulted in increasing the length of time the Physical Examination of the Red Line container. This is because there are no regulations governing and the system is not yet available.

e) Cargo Manifest data received by the Directorate General of Customs and Excise is not informed to other agencies concerned. The system that has not yet supported both Information Technology and policies that have resulted in the implementation of the duties of other agencies such as the Quarantine Agency and the National

Agency for Drug and Food Control cannot work correctly, has difficulty obtaining Cargo Manifest in its entirety.

f) The number of redline importers is quite high. The number of redline importers as much as 25% of the total PIB is considered to be quite high.

g) Some possible efforts can be made to improve the dwelling time in each process. In the preclearance process, including the need to seek the use of prenotification facilities for priority lines, the importer departing to accelerate the delivery of import goods notifications (PIB), the need for stakeholder mini-lab strategic initiatives, also need to be periodically coordinated with the publisher and the need for system improvements Indonesia National Single Window (INSW).

h) In the customs clearance process, the hardcopy PIB submission can be accelerated, mandatory online program, encourage the acceleration of temporary landfill zoning (TPS) and the issuance of field officers for customs service management companies (PPJK).

i) Efforts that can be made in the post-clearance process include pushing temporary stockpiles (TPS), shipping lines, trucking and container depots utilizing services 24 hours a day and 7 days a week (24/7), needing to implement Delivery Order (DO) online on the Shipping line and the need for regulations that regulate the expenditure of goods can be by TPS if the owner of the products has not issued the products within 1x24 hours.

From the pattern that has been used at the port for importing goods, it clearly shows that ineffectiveness and efficiency have occurred, so the facts prove that logistics costs in Indonesia are high compared to other countries. Therefore it is recommended to use a new pattern/pattern that is in line with current developments. If you continue to use old patterns and procedures that are inefficient and economically effective that is not in line with the times, logistics costs will remain high. Investors will be more difficult to come to Indonesia because in neighboring countries, namely Malaysia, Singapore logistics costs are stated to be lower than Indonesia. Dwelling time in both countries is meager compared to Indonesia.

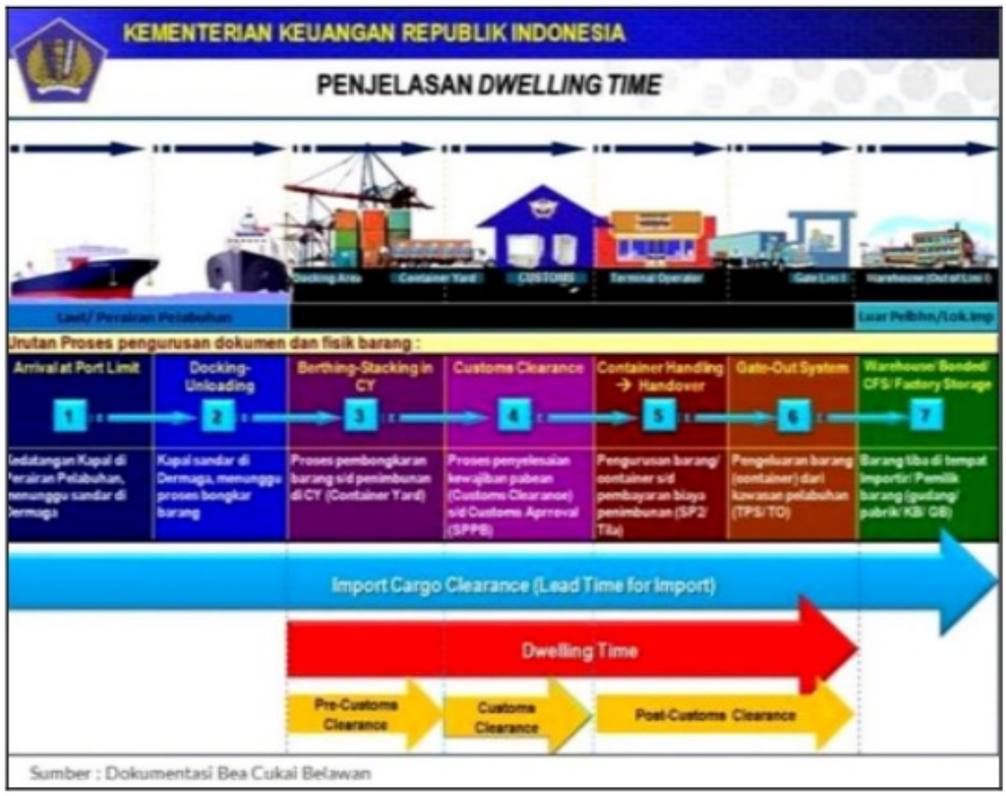

Fig 1: Explanation of Dwelling Time (Director General of Customs and Excise, 2018)

From the picture above, dwelling time can be seen in the processes related to the port party, customs, Sea Freight Expedition (EMKL) and goods owners. Therefore it is highly recommended to overcome the dwelling time problem in the following ways:

1) Changing the unloading pattern of imported containers that have piled up in container yards (CY) to speed up the process so that export/reposition containers can enter by immediately removing the containers to the nearest TPS depot from the Port, by using trucks in the shade association or with a truck that has been owned by the Port. So that it can reduce the number of containers inside the port

Current Process

Ship ⟶ Container Yard steamer port⟶Pick up Truck

Recommended procedure:

Ship ⟶ Pick up Truck ⟶ Stacked at TPS

The core of this concept is the simplification of container loading activities at the port [4]

[4] Muslan, Ketua Umum ASDEKI wawancara dengan OCEAN WEAK, 02 December 2018. https://youtu.be/2fmBWQDVay4

2) Carrying out the addition and rejuvenation of container loading and unloading equipment at the Port. So that loading and unloading can be done faster.

3) Processes related to customs can be shortened, namely by using a web system, considering that this is the millennial 4.0 era. With the internet and an integrated system, it can quickly reduce and shorten the supply chain, so that goods/products can reach the user's place/destination quickly. At present, what happens is for import/export/ repositioning of containers, document management takes 4 (four) to 5 (five) hours. This time is too long and convoluted the process, therefore to shorten the process of all activities related to the problem of documents can be submitted through the web/system. This will automatically speed up export/import/ repositioning of containers.

4) High costs are also due to guarantee fees on shipping which range in the amount of USD 100 per container unit. After further investigation, this cost is also a matter that makes the charge of logistics high, because this is directly an additional cost that must be borne by the goods owner/importer when using containers.

5) The need for coordination in the logistics chain between transportation, port, customs, and associations related to the logistics process (ALFI, GINSI, APTRINDO, ASDEKI)

Criticism: Problems with Indonesian Logistics are Not Just a Dwelling Time Problem

For some logistical circles, dwelling time is not too worrying because it does not correlate directly with logistics costs. The capacity of container stockpiling in the company's managed port is still extensive. The yard occupancy ratio (YOR) is still at the level of 40%. With the use of fields that are still tenuous, the time to stay in containers for more than three days is not a significant problem. However, each port or terminal cannot be equated because of its different character and infrastructure. Some even considered that the decline in dwelling time as an effort to reduce logistics costs was wrong. Restrictions on container stays can increase logistics costs because the owner of the goods must pay for the handling and storage of containers outside the port. Another opinion is that there is a need to regulate the expenditure of container movements after exiting the port. So far, container transportation still relies on truck mode; it needs to be realized alternative container transportation modes besides land modes such as inland access

waterway. The contribution of sea transportation and loading and unloading at ports is only 1% of the total logistics costs; so-called dwelling time does not significantly impact the decline in cost logistics. The cause of logistics prices in Indonesia is also expensive because there are many illegal levies at the port. (Rivki Maulana, 2018).

High logistics costs are a result of weak enforcement of regulations, high road levies, and costs associated with poor infrastructure. The high cost of domestic logistics in Indonesia is not only due to the high factor of land and sea transportation costs. But also related to regulatory elements, Human Resources, processes and logistics management that have not been efficient and the lack of professionalism of actors and providers of national logistics services. So that causes inefficient domestic freight forwarding services companies (Yuliarahmah, 2018).

The logistical problems currently experienced by Indonesia in general are (Yuliarahmah, 2013):

- Key commodity factors as drivers of logistics activity have not been effectively coordinated, there is no focus on commodities that are defined as national commitments, and the volume of exports and imports is not optimal.
- In international trade, companies have not had adequate training positions to participate in controlling the trading system. Indonesian ships are still helpful.
- Transportation infrastructure is inadequate both in terms of quantity and quality, among others due to the absence of hub ports, not yet integrated, effective and efficient management, as well as ineffective intermodal transportation and interconnection between port infrastructure, warehousing, transportation, and the hinterland region. The current condition of infrastructure is still considered inadequate to support the smooth flow of logistics traffic. Poor road infrastructure conditions significantly hamper the development of the goods transport industry in Indonesia and limit the ability of small business owners to reach a profitable target market.
- Likewise with intermodal or multimodal transportation systems that have not been able to work correctly, because access to transportation from production centers to ports and airports or vice versa has not been able to run smoothly because the port and airport infrastructure is not optimal. This causes service quality to be low and service rates to be expensive.

- Actors and providers of logistics services are still of low competitiveness due to the limited business network of local logistics providers and providers so that multinational actors are more dominant and the quality and capabilities of National Logistics Service Providers and providers are limited.
- In Indonesia it is still dominated by multinational companies, while logistics services handled are fragmented in the distribution of transportation, warehousing, freight forwarding, cargo, courier, shipping, consulting and so on. So that no national company dominates the market dominantly. The ability of Indonesian logistics service providers is still limited both in the international network and capital.
- Information and Communication Technology has not been supported by the availability of reliable infrastructure and networks, limited coverage of non-cellular service networks, and still the usual use of manual systems (paper-based systems) in logistics transactions.
- Human resources in the logistics sector still have low competence accompanied by inadequate Logistical Education and Training Institutions. The fact shows that Indonesia is again faced with the scarcity of experts, specialists, and professionals in the field of logistics both at the management and operational levels both in the private sector and the government. HR in the logistics sector in Indonesia is faced with two challenges namely increasing the number of workers and improving the quality and competence of existing resources. To overcome this, the role of education and training institutions is essential, but in the meantime, it is still constrained because formally there is no recognition from the government c.q the Ministry of National Education, both related to science and expertise in the field of logistics.
- Regulations and policies are still partial and sectoral, accompanied by still low law enforcement, ineffective Cross-Sector Coordination, and the absence of institutions that become integrators of National logistics activities. In Indonesia, regional regulations often conflict with regulations from the center which ultimately confuse and cause an increase in fees for managing route permits and restitution across regions.

Vehicle operating costs in Indonesia are higher and inefficient than prices in other countries in Asia such as costs related to infrastructure,

licensing, and levies on the road. Partly due to the condition of poor road infrastructure and the hilly topography of the area. For example, the level of leakage due to long travel times and road conditions can mean that small businesses cannot achieve greater market access such as supermarket chains. Poor road quality also causes cost overruns and sometimes reduces the availability of inputs for production needs such as fertilizer. Overall, the poor quality of roads in remote areas of Indonesia significantly increases the costs incurred by small businesses, transport companies and consumers. Official and unofficial levies also show a substantial amount. During the trip, drivers are subject to various types of taxes, including retribution fees; official and unofficial levies on weighing stations; and levies by police officers and thugs. The combination of complicated regulations and high domestic transportation costs has hampered Indonesia's trade competitiveness. (Yuliarahmah, 2018).

Indonesia has continued to make various efforts to improve local logistics, but with increasingly fierce global competition the national logistics performance is still not encouraging. The poor logistics performance is reflected in the cost of freight transportation is very expensive, and is one of the obstacles to the competitiveness of Indonesian industry and trade at the international level. (Yuliarahmah, 2013).

Conclusion

The speedy turnaround of goods/products requires a level of speed and accuracy in the logistics world, because the process of shipping goods/products depends on the effectiveness of the logistics chosen for use. The demands of the business world in the future are low costs but with high service (customer service based). Production behavior that is not in line with the current pace of development can hinder Indonesia's overall growth process. The more concise the process/link used in the logistics process can directly reduce logistics costs in Indonesia which have been high. To be able to deal with problems regarding the top charge of logistics, government intervention is needed, in the form of government regulations, to be able to harmonize the logistics chain and reduce links that are less effective in the current 4.0 industrial era.

Reference

1. Bank Mandiri. Daily Economic and Market Review, Office of Chief Economist, Friday, July 27, 2018.
2. Christopher Martin. Logistics & Supply Chain Management, 4th ed. Harlow, UK: Financial Times Prentice Hall, 2011.

3. Direktorat Jenderal Bea dan Cukai Kementerian Keuangan RI, 2018.
4. Hanafi Yukki Nugrahawan. Dwelling Time: Meningkatkan Atau Menurunkan Biaya Logistik? DPP ALFI, 2018.
5. Lysons Kenneth, Farrington Brian. Purchasing and Supply Chain Management, 8th ed. Harlow, Essex; New York: Pearson Financial Times, 2012.
6. Muslan. Interview with Ocean Week, 2, 2018. https://youtu.be/2fmBWQDVay4
7. Nuyanto Ngaijan. Minimalize Dweeling Time: Dapatkah Menurunkan Biaya Logistik di Pelabuhan? Seminar Master, 2018. PPNS, ISSN: 2548-1509 (cetak) | 2548-6527 (onl.)
8. Reiy Schreiben. Tingginya Biaya Logistik dan Solusi untuk Menekan Biaya Logistik di Indonesia, Asosiasi Logistik Indonesia, 2013. http://reiyslbs.wordpress.com/2013/04/25/tingginya-biaya-logistik-dan-solusi-untuk-menekan-biaya-logistik- di-indonesia/
9. Rivki Maulana. Efisiensi Logistik: Tak Sekadar soal Dwelling Time, 04 April 2018, https://www.bisnis.com/topic/1577/logistik.
10. Rudy Sangian. Kolaborasi Logistik untuk Menurunkan Biaya Logistik menggunakan PSO, Supply Chain Indonesia. http://supplychainindonesia.com/
11. The World Bank. Connecting to Compete 2014-Trade Logistics in the Global Economy: The Logistics Performance Index and Its Indicators. Washington: The Worl Bank, 2014. Http://www.worldbank.org/content/dam/Worldbank/document/Trade/LPI2014.pdf.
12. Walters Donald. Logistics, an introduction to supply chain management, Palgrave Mc Milan, 2003.
13. Waty Septi Ambar, Al Musadieq, Mochammad Supriono. Analisis Peranan Bea Cukai dalam Efektivitas Penerapan Dwelling Time pada Kegiatan Ekspor Impor, Jurnal Administrasi Bisnis, 2017, 51(1). administrasibisnis.studentjournal.ub.ac.id.
14. Widayatin, Sumaryanto, 2011. https://id.beritasatu.com/macroeconomics/16-bumn-sinergi-tingkatkan-konektivitas-nasional/19979
15. Yuliarahmah. Permasalahan Logistik Nasional, Safety First, 24

November 2013. http://yuliapoltran.blogspot.com/2013/11/permasalahan-logistik-nasional.html

16. Zaroni. Biaya Logistik Agregat, published in Artikel Supply Chain, Supply Chain Indonesia, 15, 2017. http://supplychainindonesia.com/new/biaya-logistik-agregat/
17. https://alfianmohammad.wordpress.com/2014/12/10/sekilaslogistik
18. https://logistiktmdg8.wordpress.com/2014/04/14/mengapa-sistem-logistik-pelabuhan-sangat-penting/
19. https:// maxmanroe.com/vid/bisnis/pengertian-logistik.html

Study of Indonesia Logistic Costs

ORIGINALITY REPORT

14%	6%	4%	11%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to President University Student Paper	3%
2	mafiadoc.com Internet Source	2%
3	Submitted to University of Leeds Student Paper	1%
4	Submitted to UIN Syarif Hidayatullah Jakarta Student Paper	1%
5	Purnawan Adi Wicaksono, Diana Puspitasari, Sigit Ariyandanu, Rizka Hidayanti. "Comparison of Simulated Annealing, Nearest Neighbour, and Tabu Search Methods to Solve Vehicle Routing Problems", IOP Conference Series: Earth and Environmental Science, 2020 Publication	1%
6	Submitted to Oregon State University Student Paper	1%
7	www.akinik.com Internet Source	1%
8	Submitted to Raffles Junior College Student Paper	1%
9	Submitted to Universität Bern Wirtschafts- und Sozialwissenschaftliche Fakultät Student Paper	<1%
10	Submitted to Anglia Ruskin University Student Paper	<1%

11	journal.ppns.ac.id Internet Source	<1%
12	docplayer.net Internet Source	<1%
13	supplychainindonesia.com Internet Source	<1%
14	abstracts.aetransport.org Internet Source	<1%
15	Submitted to HELP UNIVERSITY Student Paper	<1%
16	Submitted to Sheffield Hallam University Student Paper	<1%
17	lashing.nl Internet Source	<1%
18	www.worldbank.org Internet Source	<1%
19	Submitted to University of Strathclyde Student Paper	<1%
20	www.neliti.com Internet Source	<1%
21	Submitted to University of Melbourne Student Paper	<1%
22	Juan Felipe Mejía. "Export Diversification and Economic Growth", Springer Science and Business Media LLC, 2011 Publication	<1%
23	ops.fhwa.dot.gov Internet Source	<1%
24	www.scribd.com Internet Source	<1%

25	Management Research Review, Volume 34, Issue 11 (2011-11-12) Publication	<1%

Exclude quotes	On	Exclude matches	Off
Exclude bibliography	On		