



INDONESIAN LOGISTICS AND FORWARDERS ASSOCIATION (ILFA)

**COUNTRY REPORT
FOR
48th EXECUTIVE COUNCIL MEETING
OF
THE FEDERATION OF ASIA PACIFIC AIR CARGO ASSOCIATION
(FAPAA)
AT
SHANGRI-LA GOLDEN SANDS HOTEL
PENANG, MALAYSIA
FROM 14th -16th JULY 2022**

Indonesian Logistics and Forwarders Association – ILFA
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OFFICE BEARERS 2019-2024

PRESIDENT : YUKKI NUGRAHAWAN HANAFI

VICE PRESIDENT

Organization and Cooperation : ANWAR SATA

Capacity Development : IMAN GANDI MIHARDJA

Land Transport : ADRIANTO DJOKOSOETONO

Maritime Transport : HARRY SUTANTO

Air Transport : I GUSTI NYOMAN RAI

Custom Brokerage : WIDIJANTO

Supply Chain and Digital Logistics : TRISMAWAN SANDJAYA

SECRETARY GENERAL : M. AKBAR DJOHAN

TREASURER : WISNU W PETALOLO

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History

ILFA on July 25, 2022 is 33 years old. This nonprofit organization was previously called INFA (Indonesian Forwarders Association) which is a merger of three associations, namely Veem and Expedition Association of Indonesia (**GAVEKSI**), **INFFA** (Indonesian Freight Forwarders Association) and Air Cargo Expedition Association (**AEMPU**), endorsed by **the Minister of Transportation with Decree No. KP.4 / AU.001 / Phb-89 on July 25, 1989**, following the issuance of Decree of the Minister of Transportation No. KM.10 / 1988 on Freight Forwarding.

The development of freight forwarding in the direction of multimodal, logistics and supply chain management system encouraged INFA to hold an extraordinary deliberation on **July 10, 2010 in Bali resulting in a change of name agreement to ILFA**, which was subsequently approved by the **Minister of Transportation with Decree No. KP.781 / 2012 on ILFA** as the only business organization that builds freight forwarding companies, multimodal transport operators, logistics service providers.



PROFILE

Companies that joined to become members of ILFA to date 3,412 companies spread across 34 provinces in Indonesia. Of such members, most (43%) are headquartered in Jakarta.

In the country, ILFA is an outstanding member of Indonesia Chamber of Commerce and Industry (KADIN) and KADIN Indonesia Accreditation and Registration Board (BSAN). In the international area, ILFA is a member of AFFA, FAPAA and FIATA.



Logistics Trend in Indonesia during 2019

Indonesia's logistics sector in 2019 was valued at **IDR 881.66 trillion**, which means an increase of 10.51% from the previous year. The growth rate was higher than the previous year of 8.52%.

In 2019, the **transportation** sub-sector contributed **IDR 728.55 trillion**, which means it experienced a growth of 9.29%. Indonesia's transportation sub-sector in 2019 was dominated by land transportation (roads) with a contribution of IDR 390.8 trillion (53.64%), followed by air transportation of IDR 257.7 trillion (35.37%).

Other modes of transportation have a low contribution, namely sea transportation of IDR 50.6 trillion (6.94%); river, lake and ferry transportation is IDR 17.4 trillion (2.39%), and rail transportation is IDR 12.1 trillion (1.66%).

In addition, the **warehousing** sub-sector in 2019 grew very high by 16.69% to **IDR 153.1 trillion**. In 2018, the growth was only 9.61% with a contribution of IDR 131.2 trillion.



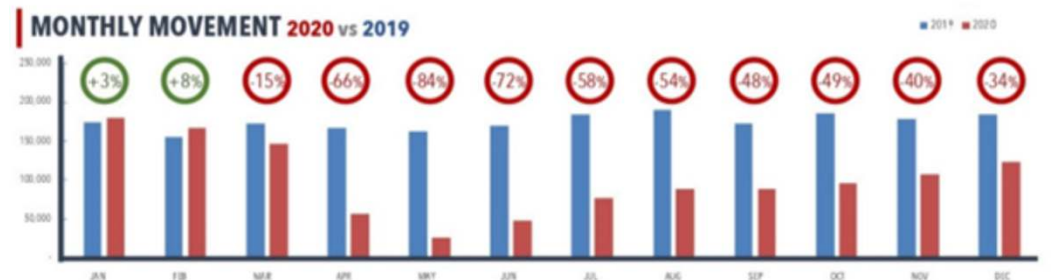
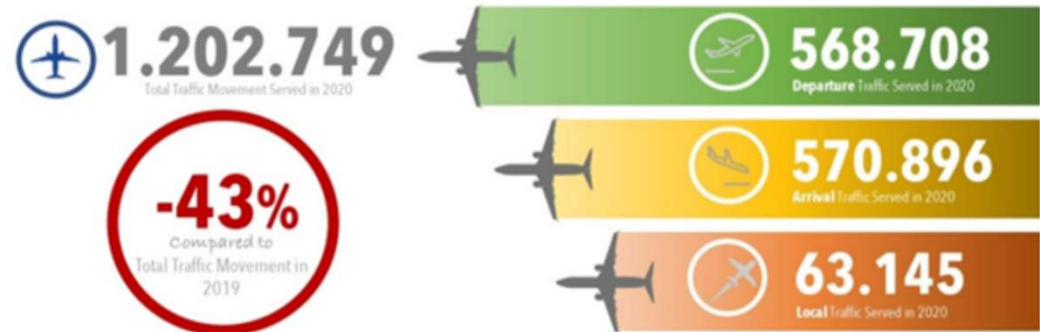
Logistics Trend in Indonesia during 2020

Aircraft Movement in Indonesia

AirNav Indonesia recorded a total of 1,202,749 aircraft movements throughout 2020. The aircraft movements consisted of 568,708 departure movements, 570,896 arrival movements and 63,145 local movements. In the first 2 months of 2020, aircraft movements increased compared to 2019.

After that, there was a process of decreasing aircraft movements in March 2020 when the COVID-19 pandemic began to spread in Indonesia. In year to year (yoy) 2020 compared to 2019, there was an accumulated decline of -43%.

The most significant declines occurred in April, namely -66%, May -84%, and June -72%. This has happened since there were restrictions on air transportation movements during the Eid al-Fitr homecoming period in 1441 H in order to prevent the spread of COVID-19.



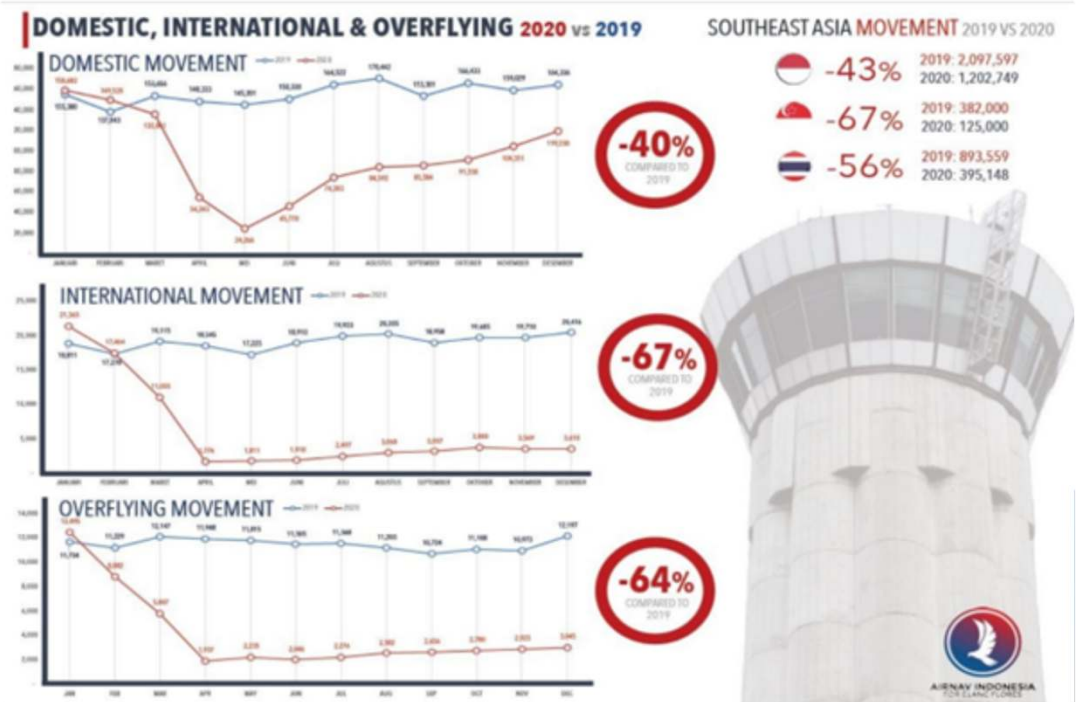


Logistics Trend in Indonesia during 2020

Aircraft Movement in Indonesia

During 2020 there was a -40% decrease in aircraft movements for domestic routes compared to 2019. As for aircraft movements on international routes, the decline reached -67%. The movement of aircraft overflying also decreased by -64% yoy. After June 2020, aircraft movements began to recover, albeit slowly.

The recovery continued until December 2020, where the decline in aircraft movements yoy to -34%. This graph of aircraft movements that change with unpredictable patterns indicates the extraordinary impact of the COVID-19 pandemic on the aviation industry around the world, including Indonesia.





Logistics Trend in Indonesia during 2020

Presidential Instruction No. 5/2020 on Structuring the National Logistics Ecosystem

NATIONAL LOGISTICS ECOSYSTEM (NLE)

Coordinating Minister for Economic Affairs

Coordinating Minister for Maritime Affairs and Investment

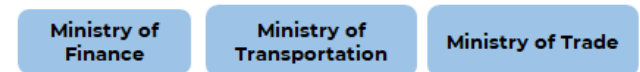
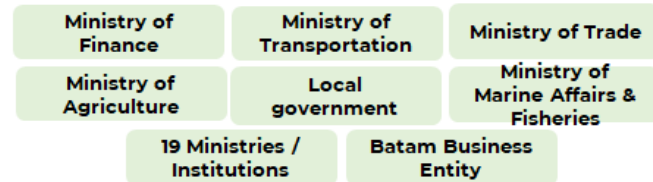
1 Business Process

- Integrated check via SSm
- Port Service
- Permissions



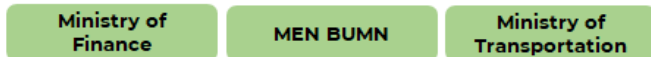
2 PLATFORM

- Transports
- Shipping
- Ports
- Warehousing
- Depot
- End to end



4 Spatial Planning

- Main Port Arrangement
- Placement of Container Depot
- Formation Inland Consolidation Center



3 PAYMENT

- Payment Platform
- Banking





Logistics Trend in Indonesia during 2021

The Central Statistics Agency (BPS) reports that the gross domestic product (GDP) at current prices (ADHB) in the transportation and warehousing sector will reach **IDR 719.63 trillion in 2021**. This value is only 4.24% of the national GDP which is Rp. 16.97 quadrillion.

If measured on the basis of constant prices (ADHK) 2010, the GDP of the transportation and warehousing sector grew 3.24% to **IDR 406.19 trillion in 2021 from the previous year**. This achievement is higher than in 2020 which experienced a contraction of 15.05%.

The implementation of restrictions on social activities to break the chain of the spread of the corona virus made the transportation sector paralyzed in the first year of the Covid-19 pandemic. People's mobility dropped drastically so that the sector experienced negative growth in 2020.

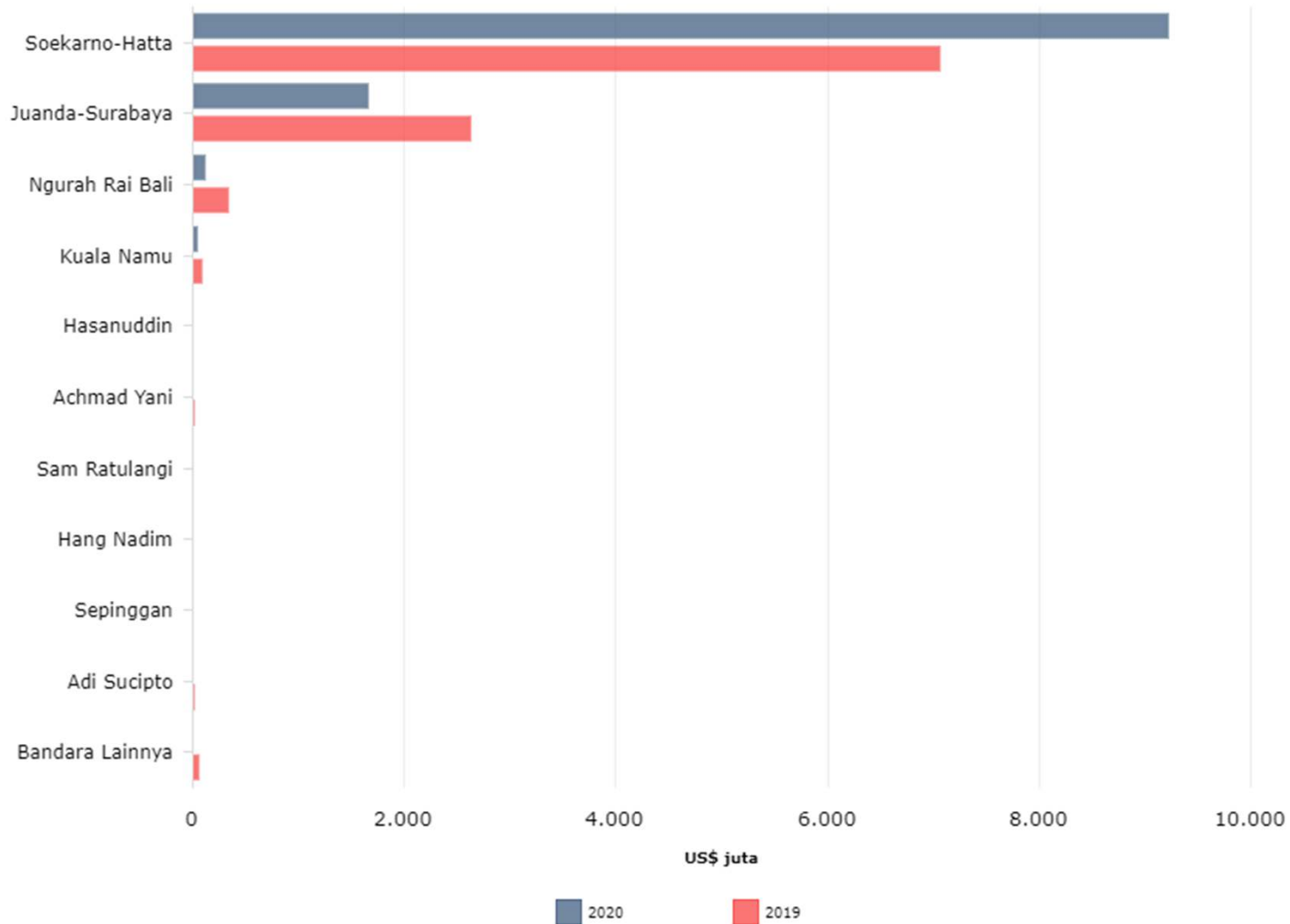
During 2011-2019, the national transportation and warehousing sector grew an average of 7.31% per year. The highest growth reached 8.49% in 2017 and the lowest was 6.38% in 2019. This shows how the growth of the transportation and warehousing sector in 2021 has not been able to recover to levels like before the pandemic.

The growth of the transportation sector is also still below Indonesia's economic growth which will reach 3.69% in 2021.



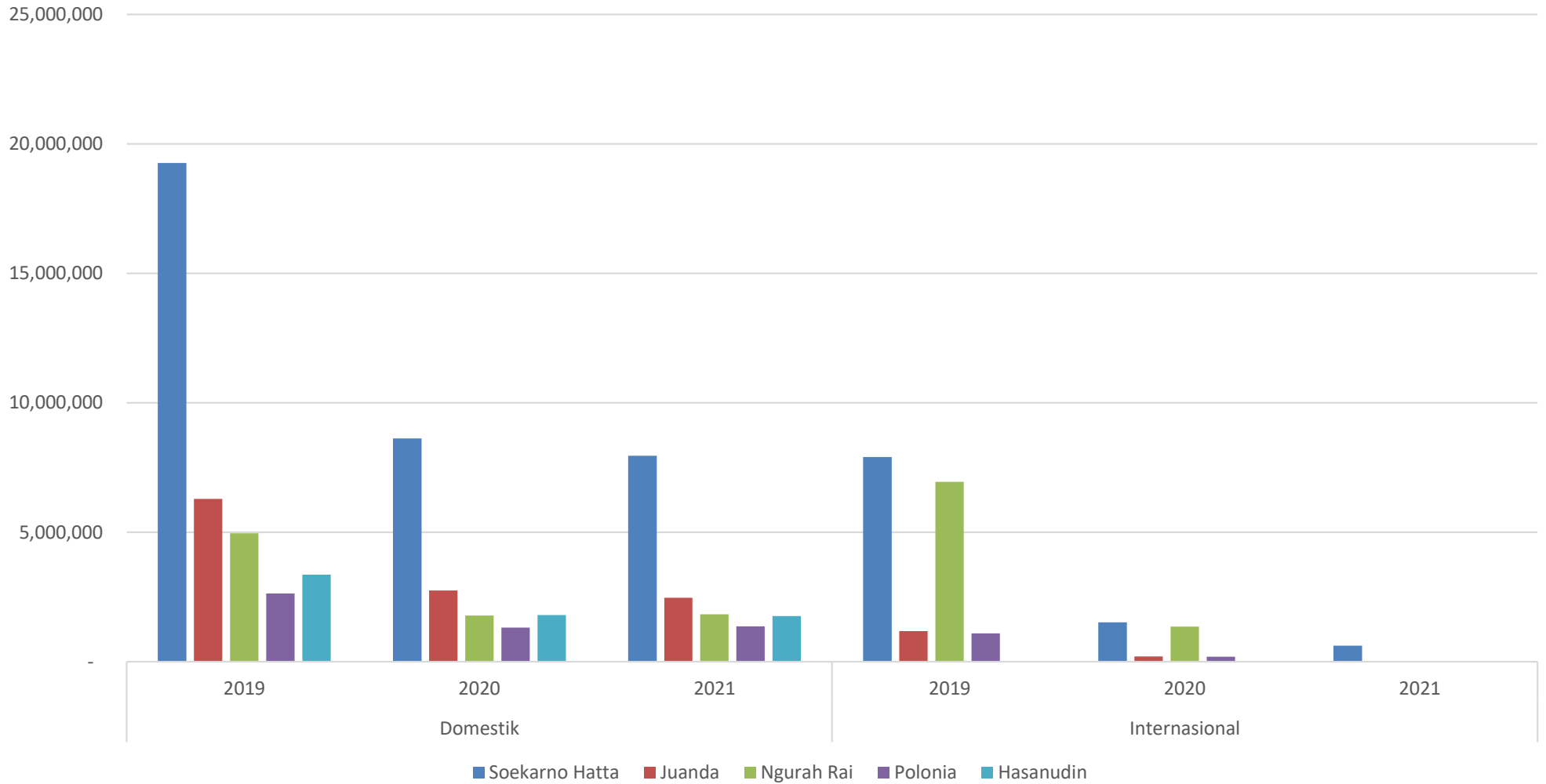
Indonesia export value via Air Cargo

Nilai Ekspor Menggunakan Moda Transportasi Udara Menurut Bandara (2020)



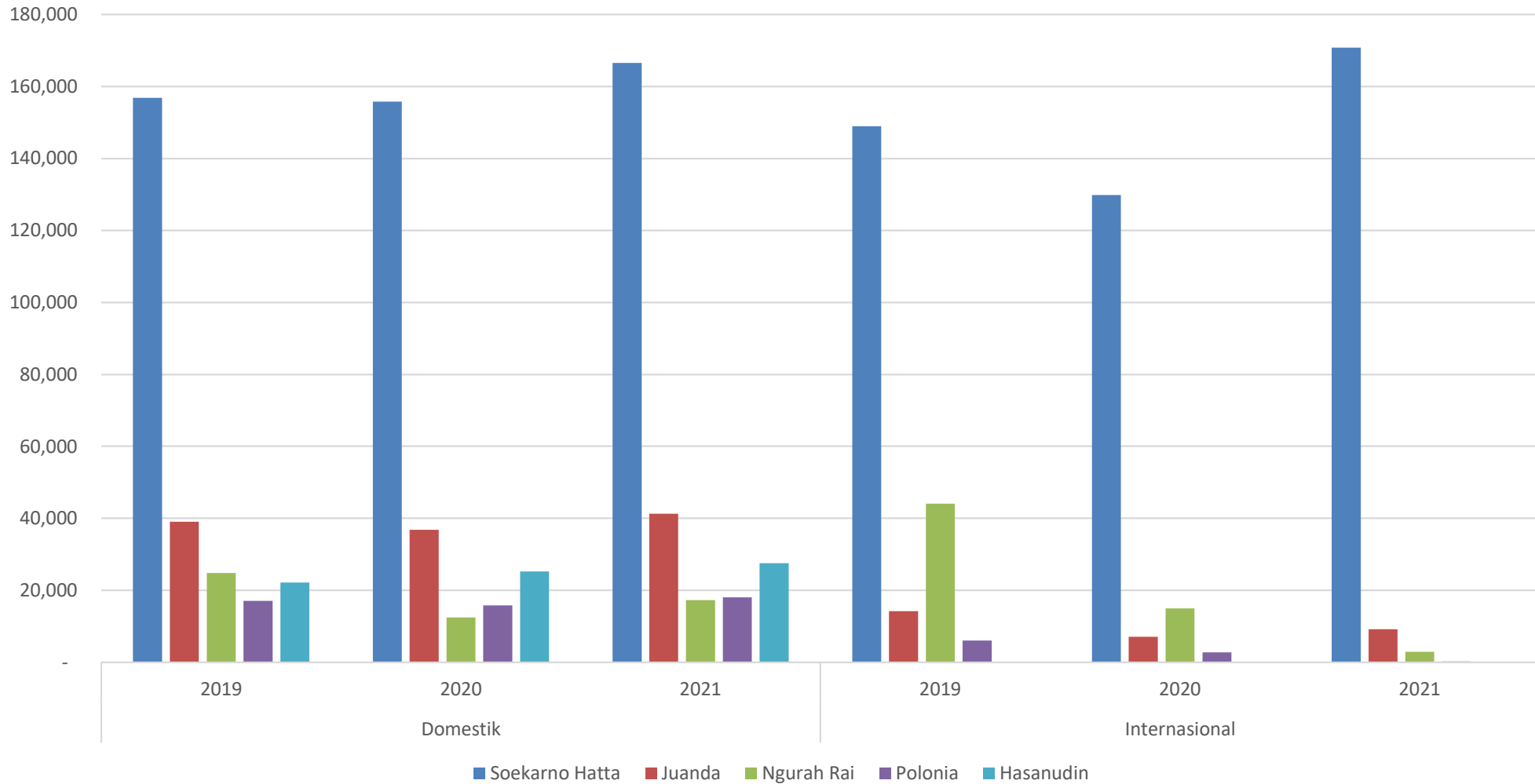


Passenger Movements





Cargo Movements (Ton)





Indonesia's logistics in 2022 will continue to grow



The contribution of the logistics sector (transportation and warehousing including couriers) to Indonesia's Gross Domestic Product (GDP) until 2022 is IDR 699.1 trillion or grew by around 1.08 percent (y-on-y).

For the transportation sub-sector, it is estimated that the contribution to GDP in 2022 is IDR 568.6 trillion or grows by 1.15 percent (y-on-y).

Meanwhile, for the warehousing sub-sector, its contribution to GDP in 2022 is IDR 130.4 trillion or grows by around 0.71 percent (y-on-y).

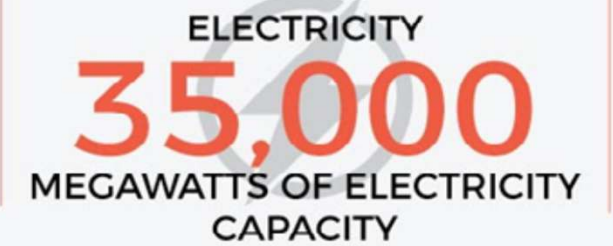
The growth of the logistics sector in 2022 will be driven primarily by the performance of the manufacturing sector, especially non-oil and gas, followed by the agriculture, forestry, fisheries, trade, construction and mining sectors.

The performance of the logistics sector in Indonesia in 2022 is also driven by export-import performance which continues to improve during 2021. In November 2021, it was recorded from BPS data that an increase in the value of exports by 49.70 percent (y-on-y) and an increase in the value of imports by 52.62 percent (y-on-y).



Infrastructure Development in Indonesia

SNAPSHOT OF INDONESIA'S INFRASTRUCTURE PROJECTS THUS FAR



	TARGET	RESULT
Eliminating economic inequality	Close gap between localities	Improvement in Gini coefficient, which reflects wealth distribution
Power plant construction	Adding 35 million kilowatts of generation capacity	About 40% of that is complete or under construction
High-speed railway project	Jakarta-Bandung section to be opened as early as 2019	Construction stalled due to difficulty of raising funds
Economic growth	initial targeted rate around 7%	5% or so of late



Indonesian logistics challenges

1. Global supply chain vulnerabilities such as container shortages and shipping delays are now starting to be felt.
2. Global trade pressure due to the implementation of a number of protectionist policies, trade wars and increased taxes.
3. The global shock after the pandemic reduced demand for a number of industrial raw material commodities, industrial finished products, to imported and exported goods.
4. One of the growth challenge for Air cargo is the slowly returning number of Aircraft in service. Before pandemic there was 550 aircraft in Indonesia now it is only about 350 aircraft.
5. There are still conventional systems in the logistics process (not all services are integrated in one platform).
6. Logistics costs tend to be high (around 23% of GDP)
7. Geographical constraints and environmental issues (there are 17,500 islands and renewable energy development)
8. Infrastructure development is not evenly distributed (Java & Sumatra centric)
9. Competence of companies and human resources (Relatively few companies and human resources that have international standard competencies)



CONCLUSION

To deal with these challenges, Indonesia needs to accelerate the development of the National Logistics Ecosystem (NLE) platform and develop infrastructure evenly in Central Indonesia and Eastern Indonesia as well as improve the competence of companies and human resources so that logistics costs are more competitive.