BONDED LOGISTICS CENTER

ROBI TONI
DIRECTOR OF CUSTOMS FACILITIES
DGCE INDONESIA
NOVEMBER 2018
OUTLINE

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Bonded Logistics Center: An alternative solution for industrial logistics efficiency

- In 2016, Indonesia LPI rank dropped from 53 to 63.
- Tanjung Priok, busiest port in Indonesia, accounted for 70% of national clearance. Both unloading and final clearance done in same port.
- The idea is to separate unloading and clearance spot. Tanjung Priok will serve only as unloading spot (hub), while clearance is executed in other places outside port (spokes).
- Also, there has been urgency for establishing commodity export channel and ensuring continuous availability of raw material for domestic industries.
A bonded logistics center is a warehouse, organized by licensed warehouse owner, in which goods inside are given facilitation, such as:

**Fiscal Incentives:**
- Import Duty deferment
- Import Tax facilitation

**Clear goods ownership:**
- BLC-owned
- Supplier-owned (consignment)
- Importer-owned

**Extended Storage Period:**
- Up to 3 years
- May be extended for another 3 years

**Able to Make Simple Alteration:**
- Non manufacturing activities allowed
  - e.g.: cutting, packing, unpacking, quality control, blending, maintenance

**Flexibilities:**
- May store domestic/imported goods
- Domestic circulation regulation suspended while in storage
- Partial goods release
- Duty imposed based on released goods

**Self Managed**
- By default, no customs officer stationed to supervised warehouse
- Supervision heavily relied on IT, inventory and online CCTV
From Bonded Logistics Center, goods may be:

- Directly used by industries in Bonded Zone/Special Economic Zone
- Redistributed to other Bonded Facilities
- Directly used by domestic industries using import incentive for export purpose
- Used to maintain availability of certain goods in domestic market
- Exported or transhipment
- Used to support domestic SMEs
Currently, there are 67 Bonded Logistics Center in 94 locations across Indonesia, with:
• 51% utilization
• 1,49 days of lead time
• approx. USD 4.71 billion of inventory value
Supervision on Bonded Logistics Center

**ACQUIRING LICENSE**
Customs ensure entity validity and competency, by:
1. ERNA (existence, responsibility, nature of business, auditability) check
2. Panel for business process presentation

**OPERATIONAL**
Customs ensure entity compliance accurately and fast, by:
1. Profiling, includes Disobedience Accumulative Record
2. Container real time tracking (e-seal)
3. Unusual transaction notification
4. Analysis tools: CEISA, online CCTV and IT Inventory in Control Room
5. Monitoring: General, Specific, Self. Includes spot checks and mini audit

**POST CLEARANCE**
Customs ensure facility given to right entity, by:
1. Post Clearance Audit
2. Evaluation
3. Key Performance Indicator
Supervision on Bonded Logistics Center

All firms operating under Bonded Logistics Centers should maintain such standards:

- Submit customs declaration via online module “CEISA for Bonded Area”
- Real-time inventory management system (“IT Inventory”)
- Online CCTV and IT Inventory report access
- Key Performance Indicator and its regular update

Customs Administration will then:

- Maintain those standards, using general monitoring
- Analyze unusual information from inputs from control room
- Random or targeted spot checks
“CEISA”, stands for Customs and Excise Information System and Automation, is a module which enable stakeholders to submit online customs declaration to customs offices.

- “CEISA for Bonded Area” is given to any bonded entity after their license approved.
- As bonded entity transaction varies, each transaction is then clustered and codified, such as transportation document, goods declaration, and so on.
- Currently, all these declarations are paperless.

Customs officers may monitor declarations using inhouse “CEISA for Bonded Area”.
The idea of IT Inventory is to attach customs declaration registration identification (customs declaration type, number, and date) to company internal document. While creating internal document, company will also input customs declaration registration ID.

IT Inventory should be able to generate goods position report, that should be accessible by officers in customs offices (online)
Challenges and Policy Direction

- In policy level, synergy with other Ministries or even intern Ministries to develop BLC function and policy integration should be improved.

- Develop the risk engine using data mining, artificial intelligence, especially to compare CEISA for bonded area and IT Inventory.

- Enhance sinergy between DGCE and DG Tax, especially in terms of valuation.

- Private sector needs more time to adapt BLC business process to their current business process.
SALAM FASILITAS!

Directorate General of Customs and Excise Republic of Indonesia

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