

# REVAMPING ACEH SEAPORT IN AN ATTEMPT TO WELCOME THE ASEAN ECONOMIC COMMUNITY ERA

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## ABSTRACT

*Abstract: To deal with the ASEAN Economic Community Era, all the infrastructure in ASEAN countries is revamped, including their ports. As the entrance and exit of goods and people, ports need to be connected to the hinterland. Other types of transportation such as roads and railways are also an important part in connecting ports with the production area. All the infrastructure has to be connected properly. There are lots of things which need to be fixed in Aceh Ports both improvements in the internal aspect of the ports themselves and the improved production of the hinterland area. Aceh Seaport is developed in accordance with the potential of its hinterland area. Krueng Geukuh and Sabang Ports as ports with the export-import function are expected to be a driving force which encourages growth in other ports. CPO Port will need to accelerate its development both in the South-Southeast Zone and the North-East Zone. Among the implementation strategies to apply are preparing an integrated plan for Aceh Seaport, increasing the competitiveness of Aceh Ports by ensuring the smooth running, safety and timeliness of services provided by the Ports, separating the service terminals in terms of containers, the liquid bulk terminal/ CPO, the passenger terminal, accelerating the land transportation network development (highways, the eastern highway, the western highway and the central highway) and the railway network that has been proclaimed. Moreover, a Special Terminal needs to be built and intended for the smooth operation of exports and imports in order to support the development of Special Economic Zones, mining and oil and gas industries (coal, nickel, copper, LNG, oil and so on). To revamp Aceh Seaport in order to play an active role in the ASEAN Economic Community Era, the Government of Aceh, Regency/ City Governments, the Port Authorities and the Port Operator, business people and all stakeholders need to take part in the process of revamping Aceh Seaport. If we all unite and work hard to realize port and harbour system transformation, it is not impossible for us to also play an important role in the distribution of goods in ASEAN.*

*Keywords: ports, ASEAN Economic Community Era, connectivity*

## I. INTRODUCTION

To welcome the ASEAN Economic Community Era, Aceh Ports are being confronted with the issues of port infrastructure readiness, regulatory preparedness, and connectivity of other modes of transport to support its development. The Government of Aceh continues to revamp port infrastructure, especially those ports expected to be a driving force to encourage progress in the other ports, namely Krueng Geukuh Port and Sabang Port. There are lots of

things to improve in these two ports. However, if we look further, we will find that the potential of the hinterland to which the government has not paid their attention is a problem. The economic potential of the hinterland area should be an important factor for the existence of a port. In fact, this economic potential of Aceh goes off by land.

Our unpreparedness in looking at opportunities will certainly make us lag behind in the ASEAN Economic Community Era. It is such a pity if we do not want to improve the port and harbor regulations, the export process and the infrastructure.

In this paper, I will look at the concept of the Master Plan of ASEAN Connectivity and the Aceh Seaport development policy as well as the strategies to implement immediately by the Government of Aceh in order that our ports will be prepared for and responsive to the opportunities for the local-economy potential.

## **II. ASEAN COMMUNITY**

In the National Construction Services Forum (FJKN) 2014, Rahmat Pramono, the Indonesian Ambassador to ASEAN stated that the ASEAN Community 2015 are divided into 3 parts, namely:

### **1. ASEAN Political Security Community**

This community include regions which are stable in terms of their politics and security in order to support the economic growth and prosperity in the regions. The ASEAN Political Security Community used the ASEAN Charter as the legal instrument of ASEAN which is a rules-based organization.

### **2. ASEAN Economic Community**

It is also known as *Masyarakat Ekonomi ASEAN (MEA)*. This community is grounded in free and competitive markets and production bases and the regional economy which is more integrated with the global economy. Therefore, it is expected that regions with an excellent macroeconomic foundation and supported by adequate MPAC-based connectivity can be established.

### **3. ASEAN Socio-Cultural Community**

It is intended as a community that focus on its people or communities. This can be assessed based on the increase in the Human Development Index.

## **III. THE MASTER PLAN OF ASEAN CONNECTIVITY**

This forum also discussed the Master Plan of ASEAN Connectivity, which is divided into three parts, namely:

1. **Physical Connectivity.** The term *physical connectivity* is closely related to the construction sector. The ASEAN countries will be physically connected via a network of highways (the ASEAN Highway Network), railways (the Singapore-Kunming Rail Link), and maritime transport.

- ASEAN Highway Network (AHN)



Source: Bulletin of the Construction Services Development Board (2014:4)

- Singapore-Kunming Rail Link (SKRL)



Source: Bulletin of the Construction Services Development Board (2014:4)

Construction of Missing Links, for examples Aranyaprathet-Klongluk (Thailand) and Poipet-Sisophon (Cambodia) which are already underway. The feasibility study has been completed while funding for infrastructure development is currently being collected for Phnom Penh-Loc Ninh (Cambodia) and Loc Ninh-Ho Chi Minh City (Viet Nam). Moreover, there are ongoing efforts of technical assistance for the feasibility studies held in Mu Gia-Tan Ap-Vung Ang (Viet Nam) and Vientiane-Thakek-Mu Gia (Lao PDR).

- Maritime Transport conducted a feasibility study in terms of the ASEAN Roll-on/Roll-off (RO-RO) Network and Short-Sea Shipping. The feasibility study has been completed and efforts to operate the RO-RO line being prioritized are currently underway.



Source: Bulletin of the Construction Services Development Board (2014:5)

- Institutional Connectivity**, which consists of the ASEAN Single Window and the ASEAN Agreement on Transport Facilitation.
- People-to-People Connectivity**, which includes Visa Exemptions, ASEAN Common Visa, and the ASEAN Community Building Programme.

#### IV. ZONES FOR THE TRANSPORTATION SYSTEM DEVELOPMENT OF ACEH (THE PLAN OF THE AUTHORITIES)

In the development plan of Aceh Seaport, the Government of Aceh have already set the zones of seaport development, which include **the Central Zone** (Malahayati and Sabang Ports), **the North-East Zone** (Kreueng Geukueh, Kuala Langsa and Idi Ports), **the West Zone** (Calang and Meulaboh Ports) and **the South-Southeast Zone** (Susoh/ Surin Bay, Tapaktuan, Singkil and Simeulue Ports).



Source: Transportation, Communication, Information and Telematics Service of Aceh, (TATRAWIL ACEH 2012-2032)

These ports are expected to have connectivity in order to support each other in terms of regional development. Ports are expected to support economic activities in accordance with the existing potential of the hinterland. The western area of Aceh has the potential for oil palm plantations and thus they need a special port for CPO, so does the eastern area of Aceh (Kuala Langsa Port) which is designated for a CPO Port and other functions.

## **V. REVAMPING ACEH SEAPORT**

Considering the **Master Plan of ASEAN Connectivity**, it is of course necessary for us to examine whether or not Aceh Seaport has been ready to support marine transport. Our marine transport still has to be revamped. Our marine toll roads remain not operating properly. Distribution of goods remains not optimal and is still conducted by land at a high cost.

In the maritime transport, it is also mentioned that for the regions of Sumatra (Indonesia), Belawan/Kuala Tanjung and Dumai will be designated as the center for commercial transactions of ASEAN regions. Of course, as Aceh society we also expect that foreign investors will also be interested in making investments in our port. Aceh has Krueng Geukuh as the export-import port that has been equipped with various facilities. Aceh also has Malahayati Port which is also potential for the distribution of goods and exports. In addition, the existence of Sabang Port certainly cannot be neglected. Sabang Port has enormous external potential. The people of Aceh expect that Sabang Free Port can attract the sailing potential in the Strait of Malacca.

## **VI. RESPONSIBILITIES OF THE GOVERNMENT OF ACEH**

The Government of Aceh are responsible for:

- planning construction of ports with complete infrastructure;
- ensuring and facilitating investments in port construction and repair;
- establishing rules and guidelines for the Port Authority and the Port Operator to ensure the effective port sector regulations, coordinated and integrated planning and efficient implementation;
- formulating a model of education and training to ensure the effective performance of port-related functions and the availability of competent human resources for the port sector;
- approving the rates proposed by the Port Authority and the Port Operator and preparing the structure of port tariffs for port-related business entities;
- issuing permits for port development, construction, and operation; and
- ratifying the Port Authority, the Port Operator, and port construction planned by the private sector.

The Port Authority and the Port Operator are responsible for:

- ensuring the smooth flow of goods at the port and setting the standards of operational performance;
- providing land and waters in intended for ports;

- giving approval to port-related business entities to conduct port-related business activities;
- determining tariffs for services provided by various port authorities and port operators and submitting the tariffs to be approved by the Ministry of Transportation;
- issuing regulations governing the use of the ports, harbors, and guide services;
- preparing regional/ individual master plans to be approved by the Governor of Aceh
- ensuring environmental protection in port areas; and
- facilitating the dissemination of port-related information.

Development of marine transport service networks focuses more on the transportation of goods. The transportation of goods takes priority as it contributes to the growth of the economic activity.

The existence of seaports that serve as an international hub port is vital as Sabang City is an island which marks the boundary between the territory of the Unitary State of the Republic of Indonesia and the other countries. The existence of this international hub port is crucial as it is expected that in the future Sabang City will serve as the gateway to the western region of Indonesia.

The enormous potential of natural resources which Aceh owns can be exported via Aceh Port. Aceh has the potential of plantations such as coffee, coconut, oil palm, cocoa, betel and so on that can be exported. As so far these plantation products are exported through Belawan Port, the Government of Aceh can establish regulations which facilitate exports at Aceh Port at a reasonable price and with maximum port services. With some ease in terms of export processes, supported by regulation simplification and accelerated loading and unloading processes at the port, it is not impossible for business people in Aceh to become more interested in using the services provided by Aceh Port.

## **VII. IMPLEMENTATION STRATEGIES**

Among the implementation strategies that can be applied to revamp Aceh Port are:

1. Strategies to create a legal framework for development of Aceh Port:
  - a. The Government of Aceh provide a set of rules and regulations that provide incentives for the business world to build production activities and infrastructure.
  - b. Providing incentives in the form of policies governing taxes, customs, labor regulations, licensing, land and so on (both the system and the tariffs) based on the agreement with the business world
  - c. The Government set the minimum performance standards of each port
2. Strategies to realize integrated planning, port hierarchy and performance supervision:
  - a. Port-related planning will be coordinated with the sectoral planning of each mode of transportation, other relevant agencies and the Port Authority.
  - b. Reviewing the port status on a regular basis to determine the possibility of changing the port hierarchy and the resulting implications on the revised Aceh Port Master Plan.

- c. Implementing the system of performance indicators for planning and monitoring purposes, and the performance results of each port will be published periodically.
3. Strategies to enhance competitiveness of Aceh Port through the smooth running, safety and timeliness of services provided by ports:
  - a. Providing port facilities which are consistent with the services provided.
  - b. Separating service terminals into the containers, the liquid bulk terminal/ CPO and the passenger terminal.
  - c. Determining the tariffs of port services according to: (a) the public service interest, (b) improved quality of port services, (c) the interests of service users, (d) refund and (e) business development
  - d. Developing interconnection between the main port (collection and distribution center) and collector ports and regional feeder ports.
  - e. Focusing on superior commodities.
4. Strategies to implement the integration of multimodal transport and the logistic system:
  - a. Streamlining the efficient and effective flow of goods and services delivery among the economic corridors for regional and global competitiveness.
  - b. Transport nodes (ports, terminals, stations, depots, distribution centers and warehousing areas as well as airports) need to be integrated with the transport network and the services of inter-modal transport facilities connected efficiently and effectively.
  - c. Accelerating the land transportation network development (highways, the eastern highway, the western highway and the central highway) and the railway network that has been proclaimed.
  - d. Improving the road access between the ports and the hinterland (hinterland), including non-economic corridor areas.
  - e. Reducing the logistic cost and the high-cost economy of goods and services delivery among the economic corridors.
  - f. Determining and improving the capacity of several main ports and airports as a center for collection and distribution activities by implementing integrated logistic port management.
5. Strategies to establish Aceh Port into an environmentally friendly port:
  - a. The Environmental Impact Analysis relating to the construction of a new port.
  - b. Surveillance of the maritime environment.
  - c. Special terminals intended for the smooth operation of exports and imports in order to support the development of Special Economic Zones, mining and oil and gas industries (coal, nickel, copper, LNG, oil, and so on).
6. Strategies to enhance the competencies of the Human Resources at the Port:
  - a. Improving the skills of loading and unloading workers.
  - b. Building partnerships with colleges, vocational institutes and training centers through educational and training programs to improve labor productivity.

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