Cikalong Port
A Holistically Integrated Agri-Infra Modernisation Project

Presentation for meeting with

H.E. Budi Karya Sumadi, Minister for Transportation of the Republic of Indonesia

21 February 2017

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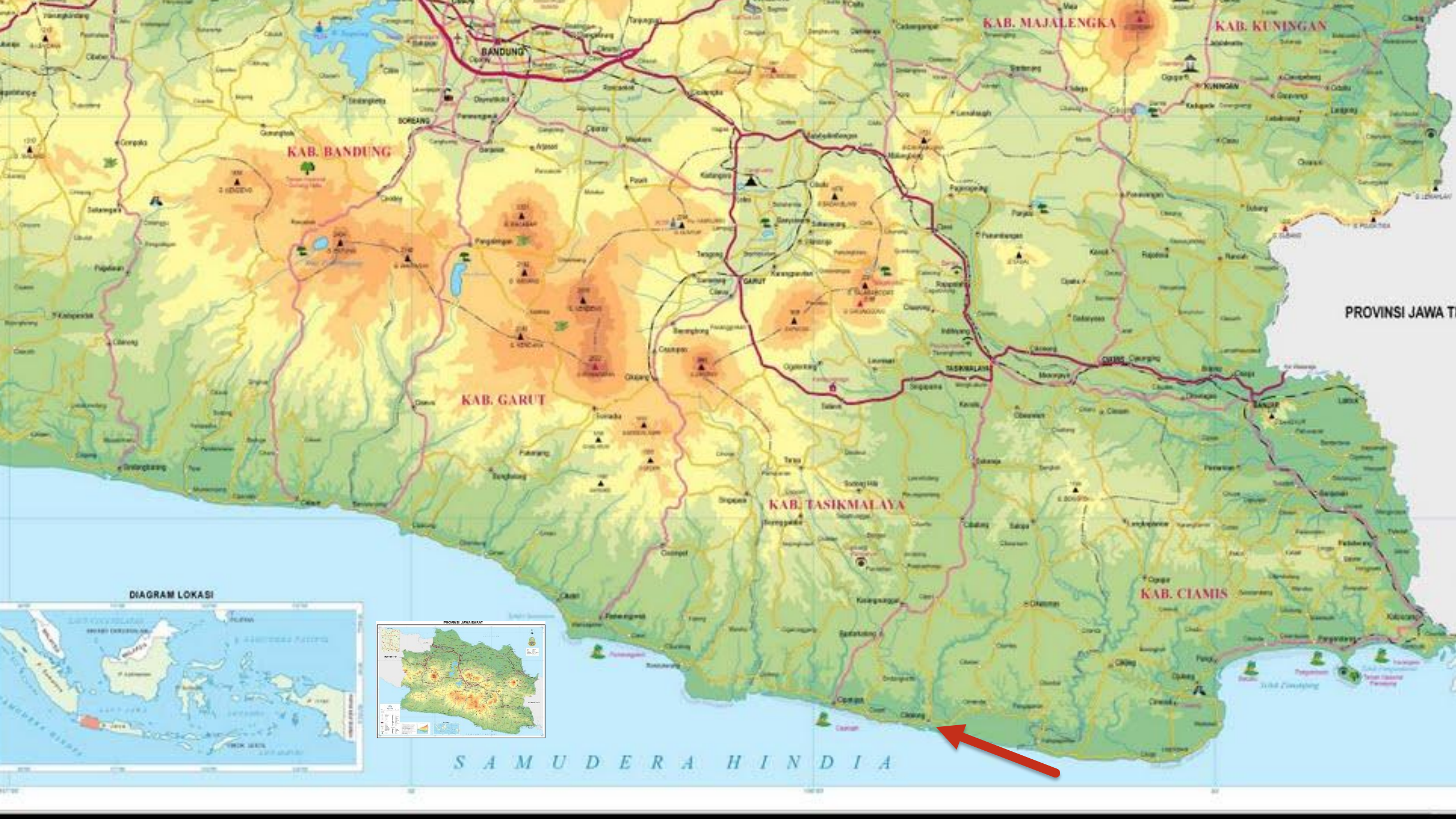
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PROVINSI JAWA T
DIAGRAM LOKASI
PROVINSI JAWA BARAT
S A M U D E R A H I N D I A

In-depth preparation for Cikalong Port (a)

- 2003/2004
  - European Commission subsidizes University Wageningen (The Netherlands)/University Siliwangi socio-economic matrix study
  - Key recommendation: build a port/roads to port; modernize agro economy
- 2005
  - May: West-Java Governor holds press conference announcing need to construct a port
  - August: ADB/PA International/Governor West-Java sponsor major West-Java Infrastructure Summit
  - Key pre-feasibility-based PPT by BAPPEDA Kab. Tasikmalaya/BAPPEDA Province West-Java/DeHa Partners: Cikalong best location for modest port with domestic and international function
  - ADB allocates 250,000 USD for final feasibility study on the basis of PAI pre-feasibility study
- 2009/2010
  - Letter of support for construction Cikalong Port of Minister of Environment
  - Letter of support for construction Cikalong Port of Minister of Bappenas
- 2014/2015
  - H.H. Sayyid Nazar Al Said, Ambassador of the Sultanate of Oman in Indonesia, confirms the Sultanate's interest to invest in agri modernization of Tasikmalaya
  - Tasikmalaya Bupati Uu Ruzhanul Ulum confirms that Cikalong is available to build a port
  - Omani top businessman Dr Amer Al Rawas confirms Oman's interest to invest in agri modernization

In-depth preparation for Cikalong Port (b)

- 2016
  - Dutch FMO Development Bank confirms interest to fund final feasibility study Cikalong Port
  - China Belt&Road Working Group Chairperson confirms Chinese interest in investing in Cikalong Port
  - Coordinating Minister of Maritime Affairs and Resources and Coordinating Ministry of Economic Affairs Director General Robert Sianipar confirm Central Government support for Cikalong Port
  - Bupati Uu Ruzhanul Ulum/Ibu Nurhayati Monoarfa MP call on Central Government to support construction of Cikalong Port
  - Major multi-stakeholder roundtable conference secures fullest possible societal and Government support for construction of Cikalong Port as optimal and sustainable way to combat poverty and malnutrition; adoption of holistically integrated and coordinated approach to agro/infra/educational modernization and combating of malnutrition
  - New Minister of Transportation Budi Karya Sumadi visits Tasikmalaya and expresses support for construction of Cikalong Port if key questions can be answered
- 2017
  - Coordinating Ministry of Marine Affairs and Resources Director Rahman Hidayat proposes all-stakeholder roundtable to shortcut decision to build Cikalong Port
  - Ibu Nurhayati and Ambassador H.H. Sayyid Nazar agree on cooperation towards Oman-Tasik agri modernization cooperation
  - DeHa Partners/PA International respond to questions of Transportation Minister Budi Karya Sumadi

In-depth preparation for Cikalong Port (c)

- 2017
  - Ibu Nurhayati and Bupati Uu Ruzhanul Ulum meet and confirm availability of area foreseen for Cikalong Port while any ongoing economic activities in this area are illegal
  - Bupati Uu, Head of BAPPEDA Hendry Nugroho, Directors of all other relevant Kabupaten Departments, Ms Karyantri Dewi (representative of Ibu Nurhayati) and PA International meet and agree on the holistically integrated approach to construct Cikalong Port
  - During a meeting with a Member of the Presidential Advisory Council and PA International, H.H. Sayyid Nazar, Ambassador of the Sultanate of Oman, reconfirms Oman's interest to develop a multi-year contractual relationship with Tasikmalaya to import substantial quantities of safe (organic) food from Tasik following the upgrading of agricultural methods funded by Oman
  - PA International presents the first version of this PPT to Transportation Minister Budi Karya Sumadi; he agrees to fully support all required regulatory and other steps towards the port's construction; his Director for Port Affairs Mauritz Sibarani is assigned to advise Kabupaten Tasikmalaya and PA International on all procedural aspects
  - In a meeting with Mr. Hendra Syahputra the Deputy Director for Port Infrastructure of the Coordinating Ministry for Maritime Affairs and Resources expresses the Ministry's fullest support for the soonest possible construction of the port; he points at procedural differences between building a 'Special Port' or a 'General Port' (see also slides 26-27)

MENTERI NEGARA LINGKUNGAN HIDUP
REPUBLIK INDONESIA

Our Ref. : B - E/MENLH/09/2009

To Whom It May Concern

I refer to the letter by Pak Sarwono Kusumaatmadja with regards to PA Asia proposal under the "Thematic Programme for Environment and Sustainable Management of Natural Resources, including Energy/Lot 2: Climate Change in non – ENPI Countries".

This project by PA Asia Ltd. is fully supported by my Services and my self in view of the potential benefit for the decision process in Indonesia with regards to CO_2 emissions, transport over sea and over land and the construction of new ports in Indonesia.

Thank you for your kind attention and cooperation.

Jakarta, 30 September 2009

Minister for the Environment

Rachmat Witoelar

KEMENTERIAN PERENCANAAN PEMBANGUNAN NASIONAL/
BADAN PERENCANAAN PEMBANGUNAN NASIONAL

Nomor : 0118 /Ses/01/2010 Jakarta, 8 Januari 2010
Lampiran : --
Perihal : Modal Shift/Short Sea Shipping/CO2 Reduction Project

Kepada Yth.
Sdr. Rio D. Praaning Prawira Adiningrat
PA ASIA Ltd., Jakarta Representative Office
Apartemen Eksekutif Menteng
Tanjung Tower, 9th Floor, No. 1
Jakarta 10320

Menanggapi surat Saudara kepada Menteri Negara PPN/Kepala Bappenas tertanggal 18 Desember 2009 dengan nomor referensi J.09.12705.INF, dengan ini kami sampaikan bahwa melalui kami beliau menyampaikan hal-hal sebagai berikut:

1. Sesuai dengan Pasal 7 PP No. 2/2006, kegiatan prioritas yang akan dibiayai dari pinjaman/hibah luar negeri harus diusulkan oleh Kementerian/ Departemen/Lembaga yang relevan kepada Menteri Negara PPN/Kepala Bappenas. Oleh karena itu, apabila proyek **Modal Shift/Short Sea Shipping/CO2 Reduction Project** merupakan kegiatan prioritas, harus diusulkan oleh Menteri yang relevan kepada Menteri Negara PPN/Kepala Bappenas.
2. Berdasarkan butir 1 di atas, Menteri Negara PPN/Kepala Bappenas dapat mengirimkan surat dukungan sebagaimana yang dimaksudkan apabila Menteri yang bersangkutan telah mengusulkan proyek tersebut kepada Bappenas dan usulan dinilai layak sebagai kegiatan prioritas.

Demikian, atas perhatian Saudara diucapkan terima kasih.

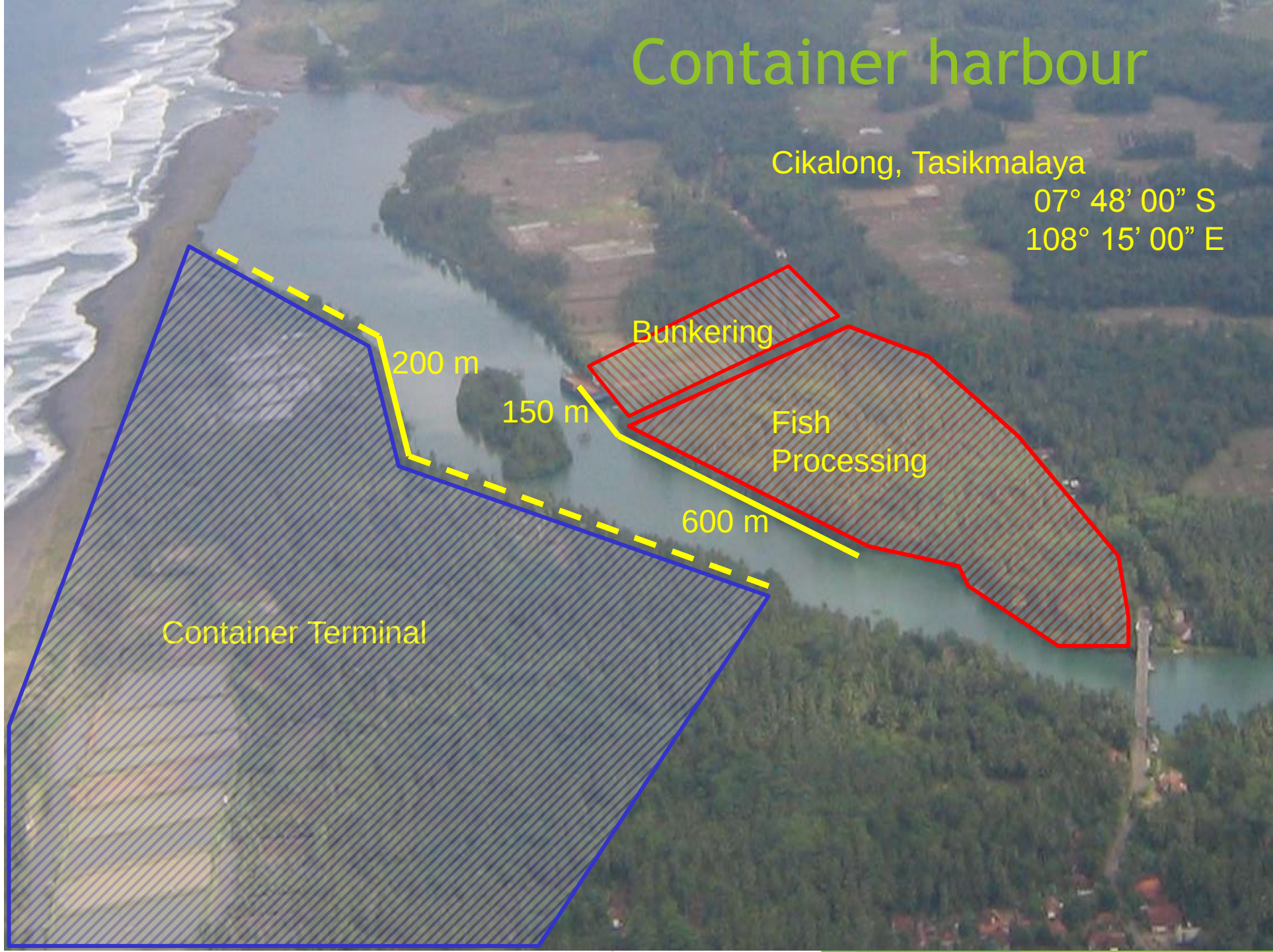
Sesmeneg PPN/Sestama Bappenas

Syahrial Loetan

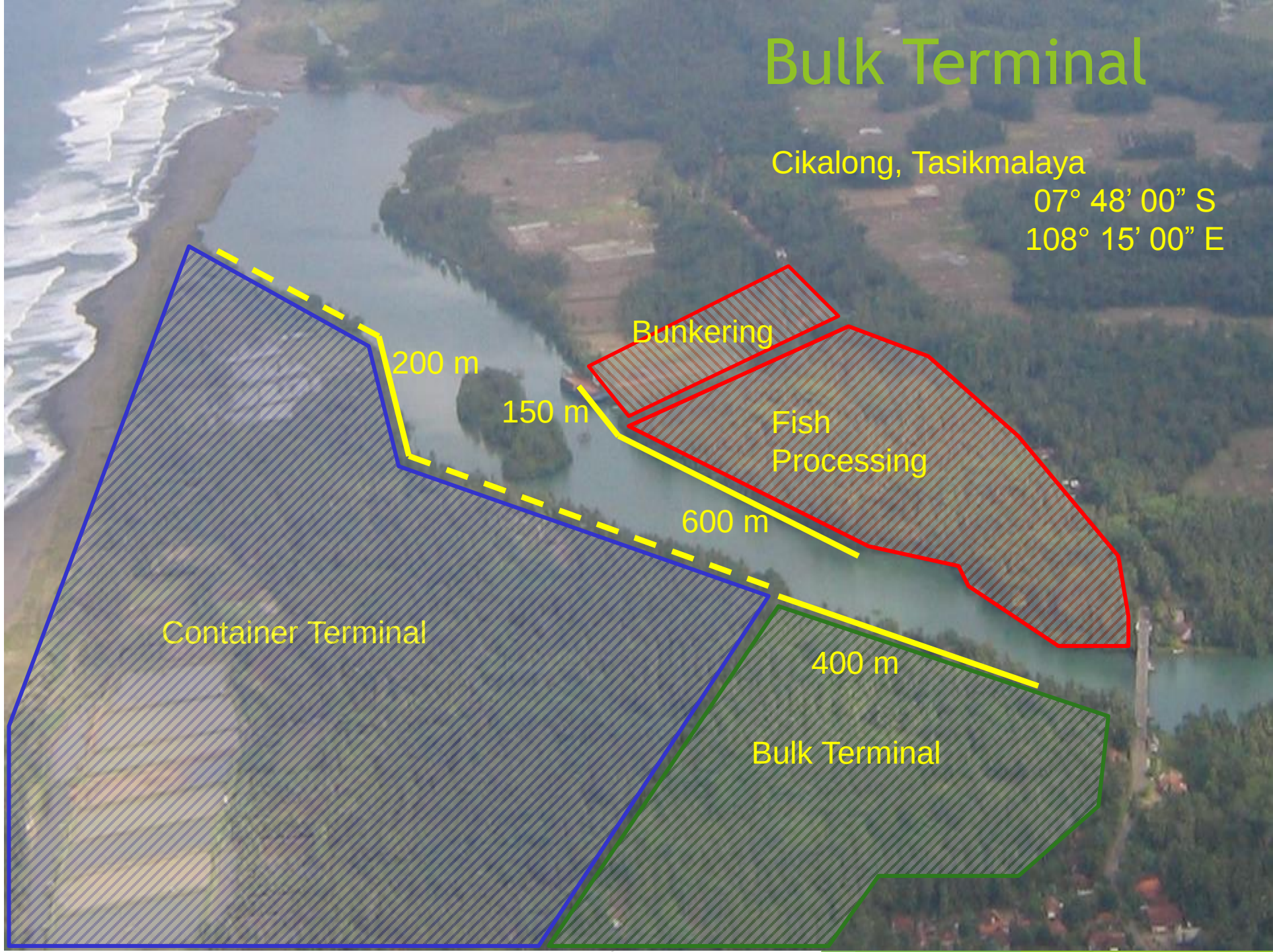
Tembusan Yth.:
Menteri Negara PPN/Kepala Bappenas

Cikalong Port: Potential Layout

Cikalong Port: Potential Layout



Cikalong Port: Potential Layout



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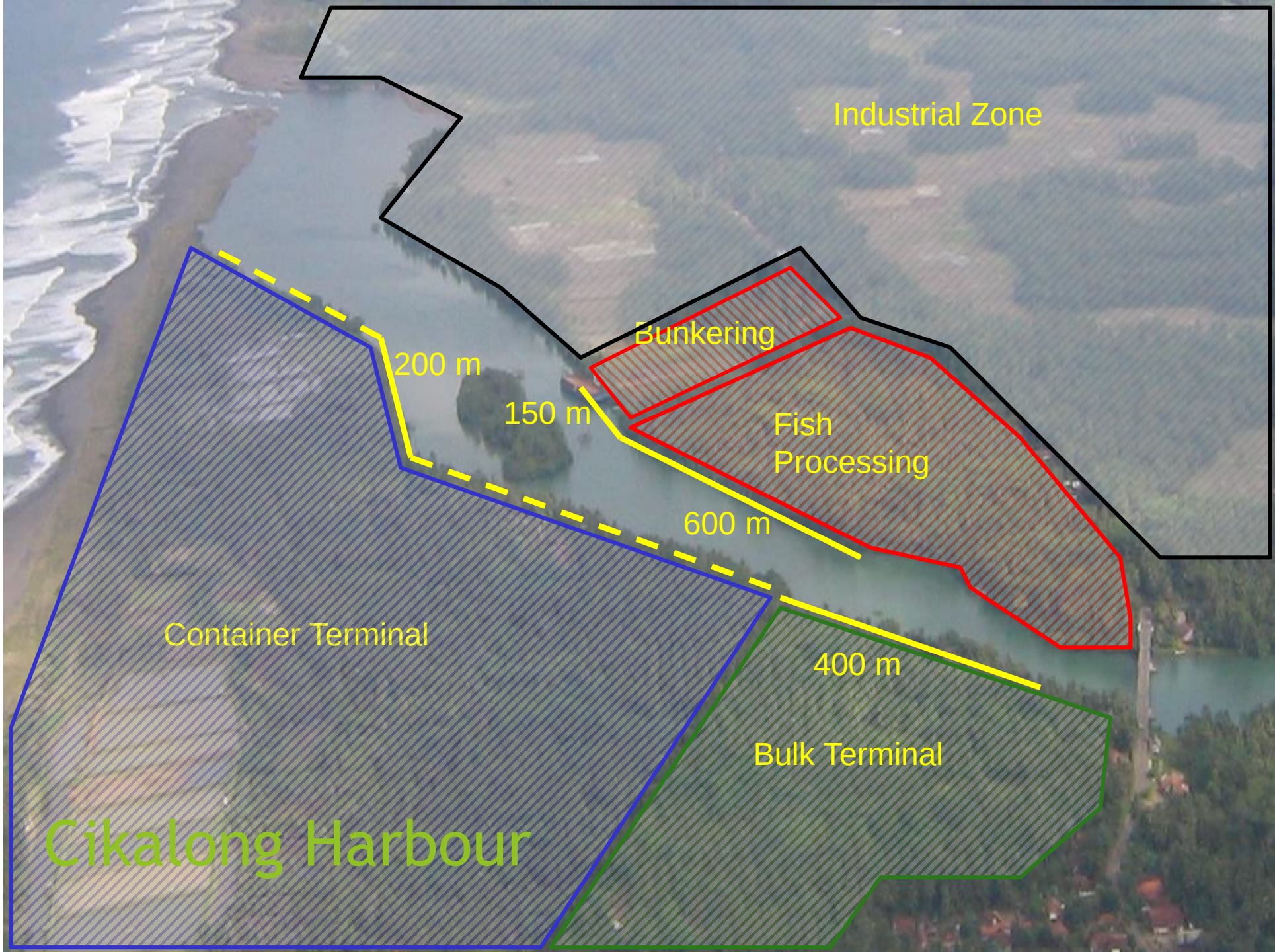
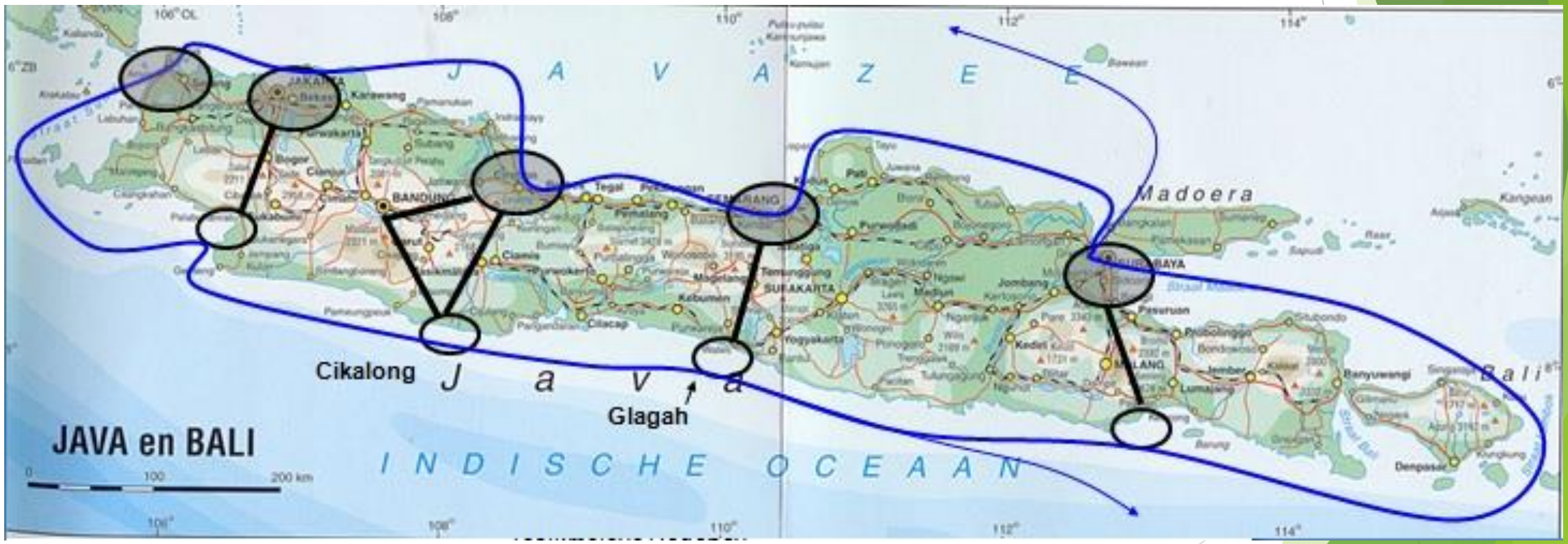


Cikalong Port: part of short sea shipping system



Fishing Harbour

- **Technical:**
  - Port entrance to be dredged to -5m low water (LW) line
  - 2 small piers to protect entrance
  - 600m quay wall + 150m quay for bunkering station/ repair facilities
  - 150,000m^2 flat surface for fish storage/ processing
  - Additional surface for food processing facilities

Container Terminal

- The base infrastructure of the fishing harbour can be used to install a dedicated container terminal
- **Technical:**
  - Deepening port entrance from –5m to –10m LW
  - Deepening south river bank to –10m LW
  - Construct 200m quay wall
  - Flatten 50,000m^2 surface for container handling and stacking
  - Additional 200m quay wall and corresponding surface can double capacity as traffic grows

Bulk Terminal

- Technical:
  - By building 400m of extra quay wall and flatten another 80,000 to 100,000m^2 of land, a bulk terminal can be added

Inspiring elements of Cikalong Port

- Optimal employment and income generation for all local citizens
  - Education/training for all levels of work
  - Local production of bamboo as basic construction material
  - Agri modernization/mechanization/facilitation
  - Exclusion of *tengkulak*/ Micro-finance/ Telkomsel App Platform!
  - 3D Printing technology for optimized packaging/ dispatching/ food technology/ organic products/ premium prices
- All buildings use bamboo as basic construction material: greenest port in the world!
- Bandung-based industries expected to relocate to Cikalong Port
- Optimized agro production serves both domestic and international markets
- Optimized integrated wind/water/solar energy
- Learning of past mistakes: landlord management model
- Optimized fishing/high-value fish products industry
- Potential new light-weight shipbuilding industry
- International marketing through cyber/Telkomsel assistance

What will be the purpose and future of Cikalong Port?
How will it serve the region, the province, and the nation?

Purpose of the Cikalong Port - *Rebalancing North and South Java: Correcting Rich-Poor Divide by Connecting Tasik*

- **Prime objective *A*: jumpstart the socio-economic development of the Tasikmalaya region by providing an efficient *export* outlet and *investment hub* for its high-quality (organic) products potential**
  - Even modest economic growth multiplied by an increasing population will generate a logistic demand level exceeding the existing infrastructure
  - 5th November 2016, Tasikmalaya, Ibu Nurhayati, MP: "Lack of efficient and affordable transportation severely handicaps the region's development and is a continued cause of poverty and malnutrition"
- Southern part of Java is mountainous; one container road transport Tasik-Jakarta is *six times more expensive* than shipping the same container from Jakarta (or Tasik) to Singapore
- **Prime objective *B*: Cikalong Port is the start of a coastal (short sea) shipping strategy connecting and opening up all impoverished yet resource-rich Southern regions while providing Bandung's expanding industries with a way out to the South**

Cikalong Port will be a *green* multi-functional harbour with *three* major components:

- **Green** because facilities use locally produced well-prepared bamboo with technical support of ITB Bandung
- **Fishing harbour** combined with fish and food processing facilities both for export and domestic markets
- **Container terminal** providing feeder services
- **Bulk terminal**

Fishing Harbour

- First part of the project is **to install a base for a local fishing fleet**
- The fish stock on Java's north coast has been seriously depleted by over-fishing for years. The small-scale fishermen have difficulty surviving on this reduced catch
- The southern coast has rich fishing grounds because the fishing was limited to a small fleet of traditional vessels (exposed deep water coastline, lack of suitable ports)
- Illegal high-sea fishing along Indonesia's south coast has been banished and allows regional fishing and a high-value fish products industry to rapidly develop

Fishing Harbour

- Building a new fishing harbour at West-Java's south coast will allow the establishment of:
  - A modern & professionally exploited fishing fleet
  - A state-of-the-art fish processing industry for both national and international markets
- This fishing industry could benefit from the transfer of European Union fishing vessels:
  - EU has set severe fishing quotas, rendering the existing fishing fleet partly obsolete
  - EU offers scrapping subsidies to reduce its fleet
  - EU surplus vessels could be brought to Indonesia, benefiting from these subsidies
  - Possibility of unemployed but experienced EU fishermen training local Indonesian fishermen, hereby transferring technology
  - EU surplus vessels have freezing capacity on board to guarantee uninterrupted cold chain
- The fish will be processed at Cikalong fishing harbour's cold storage & processing facilities
- Similar cold storage can be used for on-the-spot processing of locally produced vegetables and fruits, offering attractive distribution logistics to the consumer markets (see container terminal)

Container Terminal

- Regular container feeder service by (initially) small ships of 500 TEU capacity will offer fast connection to major regional hubs (Batam, Singapore, Port Keelang, later possibly Bojonegara/ Banten Province)
- Feedering into these efficient facilities will connect directly to the major East/West shipping routes, bypassing congested Tanjung Priok
- Via this route, a container shipped from Cikalong will reach the West-European ports (Antwerp/ Rotterdam) within 24 days of loading (in this time frame, the same container will – in best of cases - just be loaded in Tanjung Priok!)
- Similarly, fast connections will be offered to the East (China, Korea, Japan and US West Coast) and to the West (Indian subcontinent, Gulf area (Oman as regional hub), Mediterranean and West-European ports, US East Coast)

Container Terminal

- Besides the afore-mentioned considerable gain in time, the Cikalong route feedering into a regional hub will also be much more economical: overland transport of 1 container from Tasikmalaya to Jakarta/Tanjung Priok costs 6 times the feedering of this same container from Cikalong to Singapore!
- This fast feeder service will be an attractive alternative export route for the industries of the Bandung area: industrialists have already expressed interest in building manufacturing facilities close to the port
- Another use of this container terminal will be as part of a chain of Java regional ports in the Short Sea Shipping concept: coastal marine transport around Java is far cheaper (with less damage) than overland transport. Cold storage and refrigerated containers offer cheap and reliable national distribution routes for locally produced vegetables and fruit

What are the products that will be exported from the Port ?

Cikalong Port: Products

Container Terminal

The container terminal will offer attractive logistic solutions for products such as:

- From the fishing harbour:
  - Fresh fish for the national market
  - Export of fresh fish to Japan
  - Export of frozen fish products to international markets
  - Export of high-value fish products such as oils to international markets
- From the immediate hinterland:
  - Distribution of fresh and processed vegetables and fruits to national markets
  - Distribution of fresh and processed vegetables and fruits to international markets (China, Japan, Gulf States)
  - Focus at high value organic produce (long grain rice etc)
- From a larger hinterland, including particularly the Bandung area
  - Faster and cheaper export route for manufactured products
  - Relocation of Bandung industries to Cikalong Port

In general, once the short sea shipping route is operational, distribution and logistics from and to the Tasikmalaya area from other parts of Java/South Sumatra will be cheaper and safer (less damage)

Cikalong Port: Products

Bulk Terminal

- The bulk terminal can be used for:
  - Processing of locally produced iron sands and onward shipment of iron ore
  - Shipping of other locally produced minerals
  - Unloading of fertilizer in bulk for intensive agriculture in the hinterland
  - Possibly unloading coal for local power plant, supplying electricity for the port activities and to connect into the South-West-Java electricity grid
  - Opportunity to create innovative 3D Printing facilities for many industrial purposes and particularly for packaging using locally produced sources
  - Opportunity to optimally use solar/wind/tidal energy and hydropower facilities

Cikalong Port: Terminal Khusus

- H.E. Budi Karya Sumadi advised to start with the construction of a ‘Special Port’ constructed and managed by one single company. This is expected to be a Special Purpose Vehicle including all investors and users of Cikalong Port
- The Special Port will have a modular build-up approach that will include fishing-relevant facilities in an early phase
- Bupati Uu Ruzhanul Ulum confirms Tasikmalaya will take part in the SPV through the input of the required land, 80% of which is already owned by Kabupaten Tasikmalaya
- The SPV constructing and managing the Special Port may also be part of SPV-2 funding and organizing the agricultural modernization including the required education and training.

Who will operate and use the port?

Cikalong Port: Operations

It is proposed to operate the port according to the **Landlord principle**, whereby:

- A Public Port Authority is responsible for the building, maintenance and managing of the general port infrastructure:
  - Maritime access (depth, entrance protection);
  - Buoyage and signaling;
  - Quay walls, vessel moorings;
  - Providing electricity, water, drainage;
  - Outer perimeter fencing;
  - Port security;
  - Customs facilities
- The services provided by the port authority are rewarded by harbour dues: per vessel, per container loaded/unloaded etc.

Cikalong Port: Operations

Landlord principle (*Continued*):

- Installations beyond the quay wall are the responsibility of the specific terminal operators. These terminals are given in concession by the public Port Authority to private parties under a transparent bidding process by public tender. They will build and operate their dedicated terminal under the rules defined by the public Port Authority in the concession contract(s).
- Taking the example of the container terminal, its operator will invest in:
  - Hard surface of the container handling and stacking areas
  - Container handling equipment: cranes, straddle carriers, forklifts
  - Electricity connections for reefer containers
  - Container repair facilities
  - Offices
  - Fencing and gates of own terminal
- Similar process applies for the other terminals
- The operation of the respective terminals is financed by handling fees charged to the cargoes

Cikalong Port – *A Green Holistically Integrated Agri-Infra-Education Project*

- Tasikmalaya has vast opportunities to modernize its agriculture. Several foreign entrepreneurs, enterprises and the Governments of the Sultanate of Oman and the People's Republic of China have expressed their interest in investment and off-take. Dutch and Belgian port expert and export companies can assist with training and education
- Mechanisation, the use of low-risk (organic) fertilizers and pesticides, packaging, cold stores and transport combined with education, training and management control through cyberspace (App Groups) require coordination and cooperation involving Kabupaten departments, University Siliwangi and Telkomsel (all agreed)
- A modernized and expanded fish fleet including food chain control can be assisted with management, education and training by European fish buyer and former fleet owner companies
- Adequate Landlord management and governance can make Cikalong Port to one of the world's greenest and fastest growing modest ports

What is the proposed timeline of the project?

Cikalong Port: Timeline

- The timeline starts from the moment all required political and regulatory decisions have been taken and approved by all authorities concerned and the financials are ready (Moment T)
- The port is estimated to be operational between 1.5 and 2 years after Moment T
- The operational time line covers the steps as provided in the next slide

Cikalong Port: Timeline

	Operational steps	Approximate number of months as of Moment T																														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33
1	On-the-spot survey to define all the technical parameters: volumes to be dredged, depth and construction method of quay walls and protecting dams, detailed mapping and measuring																															
2	Detailed economic study of goods flows and port economics																															
3	With data of step 1, drawing detailed project map of the port and its terminals																															
4	With data of step 1, define which lands/surface have to be expropriated																															
5	With all above data, economic study to define construction costs, operating costs and general project feasibility/profitability																															
6	Expropriating procedures										*(Unclear how long this step might take)*																					
7	Define terms of reference and specifications for tendering port construction																															
8	Launch tendering procedure for port construction																															
9	Define terms of reference and specifications for tendering the dedicated terminals concessions (fishing port, container terminal, bulk terminal)																															
10	Launch tendering procedure for terminal concession(s)																															
11	Award port construction tender																*(Upon completion of step 6)*															
12	Award dedicated terminal concession(s)																															
13	Preparation and construction of the general port infrastructure																															
14	Construction of specific terminal(s)																											*(Possibly in parallel with step 13)*					

PA International Foundation cooperating with DeHa Partners

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