

THE TOLL OF SEA FOR ECONOMIC DEVELOPMENT OF PAPUA AND INDONESIA

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Juara 3 Category Economics LPB Sosial Nasional 2019

INTRODUCTION

It is no longer a secret that the planet 'Earth' we live in— is a constantly changing world. One of the causes that has resulted in some of the most vital transformations throughout time is in fact, globalisation itself. Globalisation has caused advancements not only in technology and information sector, but also imposes adjustments in every other life sectors such as: politics, economy, social-culture, education, transportation, religion, etc. As a matter of fact, globalisation demands every country to adapt with the developments in order to maintain their sustainability and ability to compete globally.

To Indonesia, globalisation can serve as an open gate for the country to grow and expand in the global economy. However, Indonesia is faced with multiple challenges that restricts the country's growth— in which one of the most significant being the lack of development in its maritime sector. Therefore, this brings us to a question: *So why is the maritime sector development compulsory for Indonesia's economic growth?*

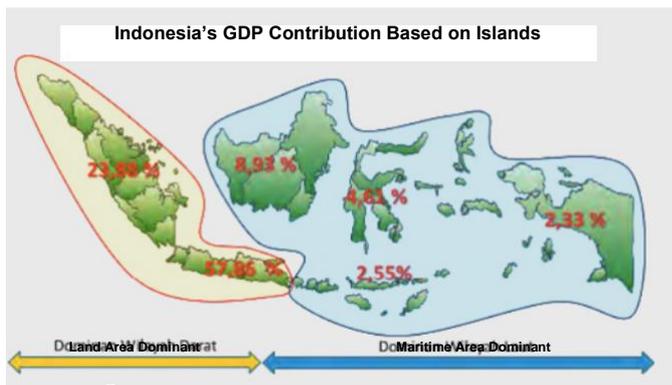
Indonesia is a country often renowned for its archipelago and remarkable natural resources. With an approximate area span of 1.910.931,32 km² and an estimated total population of 266,91 million people by 2019— Indonesia consists of over 17.000 islands, 1.340 tribes and 300 ethnic groups. In addition to that, Indonesia is a maritime country with around 70% of its area covered by vast bodies of water. Indonesia is also located between 2 oceans (Pacific Ocean and Indian Ocean) and 2 continents (Asia and Australia) — making this country capable of strategic international trade.

However, the lack of even population distribution and infrastructure imbalance have sparked various economic problems in Indonesia. For instance, within the second quarter of 2018, the rapid infrastructure development in Java enabled it to contribute around 3,35% to Indonesia's overall economic growth— which is a great amount compared to the lower 0,44% contribution that Papua and Maluku gave during the same period. The immense range of diversities across Sabang to Merauke issues the need of sufficient transport and distribution system in order to even out the economic growth in Indonesia while maintaining the prosperity of the citizens.

Being a maritime country also means that Indonesia has generous amount of marine resources. Due to these circumstances, it can be extremely advantageous if the government and private sectors were to utilize this asset effectively — So it is compulsory at this point for Indonesia to apply intensive development regarding marine related matters . To optimize Indonesia's tremendous marine potentials, government bodies have been offering several ideas to the country— one of them being the 'Tol Laut' / *toll of sea* project.



source: Jawa Pos



The idea of 'Tol Laut' surfaced during the 2014 Indonesian Presidential election as a part of past candidate pair (now current President and Vice President)— Joko Widodo and Jusuf Kalla's campaign mission to suppress high distribution cost to remote areas across Indonesia. The *toll of sea* was created to develop methods of water transportation by ships and scheduled marine

logistic systems. One of the reasons which led to the execution of this program was the constant rise of logistics costs during the past few years— which according to statistics, rose from 24,6% to 27% of the total GDP (Gross Domestic Product) within 2011 to 2013.

After the elections, this maritime concept was inserted to RPJMN (Rencana Pembangunan Jangka Menengah Nasional) 2015–2019. The following steps are plans that were included in the RPJMN:

1. Construction of 100 ports up to year 2019. An average of 20 ports should be built each year.
2. Development of 210 crossover ports.
3. Construction / finishing 48 new ports that were to be done by 2016 and a total of 270 ports by 2019.
4. Building 50 units of pioneer ships, 60 units, and 104 units respectively.
5. Development of 21 fishing ports, 22 units planned in 2016, and 24 units in 2019.
6. Provision of logistic marine fleets to serve both Western and Eastern Indonesia, 13 routes were targeted.



source: Bappenas/infografis, Andhika Akbaryansyah/detik.com

Through this program, prices of goods and services across Indonesia are also expected to be more uniform between one area and another.

PROBLEM STATEMENT

“With great power, comes great responsibility,” was a famous quote from a superhero comic in the 60s. In my opinion, Indonesia can relate a lot to this phrase. By being a maritime archipelagic country, Indonesia possesses great tourism and sea trades potential. However, these advantages do come with challenges. Consisting of thousands of islands, the distribution of goods and services across Indonesia becomes

fairly burdensome especially to the westernmost (Sabang, Aceh) and easternmost (Merauke, Papua) areas of the country.

Before the *toll of sea* programme was carried out, Indonesia used to adhere to a development concept known as ‘*ship follows the trade*’, whereas the domestic marine transport mainly serves and ships on areas with high rate of economic activities (western Indonesia). Although this concept may accelerate economic growth, the lack of service in less developed areas such as Papua may result in even further welfare imbalance between one island and another. This indicates that development of marine resources in Papua may not only contribute to GDP and economic growth, but also reduce disparity as well as increasing the social welfare of people in less developed areas.

In this research, I am going to shift my focus on the problems that Papua is facing due to the geographical location and the unequal infrastructure development of Indonesia.

RESEARCH METHOD

This research is conducted by further developing the existing evidences and prior knowledge about globalisation, Papua, and the *toll of sea* programme itself. Literature study was also done to complete this research.

RESULT AND ANALYSIS

Besides being one of the biggest provinces in Indonesia, Papua is also a province of great potential with its rich natural resources. However, the infrastructure development in Papua isn’t sufficient enough to utilize their assets to their maximum potential. This would not only affect the economy, but also the welfare and prosperity of the citizens themselves. According to statistics, Papua has maintained a relatively high poverty rate throughout the years. Attached below is a data recorded by BPS Papua:

year	amount of people living in poverty (millions)		percentage of people living in poverty	
	city	village	city	village
sept 2014	10,36	17,37	8,16	13,76
sept 2015	10,62	17,89	8,22	14,09
sept 2016	10,49	17,28	7,73	13,96
sept 2017	10,27	16,31	7,26	13,47

According to 'Hasil Survei Sosial Ekonomi Nasional' on March 2018, the number of people living in poverty reached 917,63 thousand people—which shows an increase of number compared to the 897,69 thousand people living in poverty in March 2017.

Education is also heavily impacted by the lack of infrastructure development in rural Papua. The underdeveloped land conditions obstruct teachers and volunteers to access education hubs in inland Papua. Furthermore, healthcare is also interfered by the difficulty of logistics (medicines) access and the availability of the doctors and nurses. The absence of government provision of education and seminars / workshops regarding healthy living in rural Papua have been causing them to adopt unhealthy life habits.

Due to these circumstances, I chose to conduct a research regarding the *toll of sea* as I see that the development of this concept could be extremely vital towards the advancement of Papua in every sector.

With the presence of the *toll of sea*, both government bodies and the people living in Papua themselves— expected easier logistics distribution which would eventually lead to decrease in general price levels of goods and services in inland Papua. Up to this date, the toll of sea is still under construction and further developments. This progress is also accompanied by infrastructure and facilities expansion so the shipped goods could be delivered and distributed to rural areas easily. Attached below is a table comparing the prices of some goods before the *toll of sea* that are known to have the most significant price gap in rural Papua due to high logistics cost:

Goods	Price in Java (Rp)	Price in rural Papua (Rp)
LPG gas (12kg)	139.000	400.000-500.000
Gasoline (per litre)	7.000	> 100.000
Cement (per sack)	60.000-70.000	1.000.000-1.500.000
Bottled water	5.000	50.000

According to the Minister of Transportation, Budi Karya Sumadi, the price gap of commodities between Java and Papua was able to be cut down by 20%-40% after the toll of sea has operated. In the end, the *toll of sea* comes with various outcomes and impacts, both good and bad. To clarify the influences of the toll of sea towards

rural Papua, this SWOT (Strength, Weakness, Opportunity, Threat) analysis is made.

Strength

- The logistics cost is suppressed, resulting in cheaper price of goods and services.
- Advancement of education in rural areas can be achieved.
- More people can have access to proper healthcare in rural areas.
- Tourism in Papua can be more popular among people across countries.
- Giving opportunities for small and medium-sized enterprises (UMKM) to expand their businesses and introduce their products to a wider audience.
- Balance of infrastructure development.
- Increasing the Gross Domestic Product (GDP) for Papua, and eventually boost national income.
- Attracts foreign investments to engage in businesses in Indonesia.

Weakness

- This project is of a massive scale, requiring investment fund of approximately 700 trillion IDR.
- Not supported by adequate land infrastructure.
- Requires strategic maritime arrangement.
- Native Papua residents are against the idea of modern infrastructure due to their cultural beliefs of ancestry.

Opportunity

- Opening new opportunities for overseas investment in Papua.
- Opportunity for Papua to become an open economy.
- Opening new job availabilities, therefore reducing unemployment.
- Workers in Papua can participate in more trainings, workshops, seminars, etc. as many new businesses and investments arise.
- Opportunity for Papua to perform direct exports to other countries.

Threat

- With rapid advancements of Papua economy, people / workers who have no specialization may be left behind.
- Prone to human and nature resources exploitations.
- Increasing the pollution level in Papua.
- Eventually, the people who enjoy the most benefit of Papua's economy advancements are local and overseas newcomers, as well as investors, compared to the native citizens of Papua themselves.
- Smuggling of illegal goods and services from other countries.
- Too dependent on import goods and services.

CONCLUSION

Every project, no matter how large or small the scale— has their own SWOT, just like this *toll of sea* construction. It depends on people's perspectives and how efficient they utilize the facilities. In this case, the toll of sea has proven its advantages to Papua and Indonesia's economy as a whole. Up to this point, general prices of goods and services in rural Papua have decreased 20% -40% in price gap compared to Java. I hope that this project may receive more support from the communities, government, as well as investors.

The *toll of sea* programme has a great potential to accelerate national economic growth, reduce disparity, and increase the social welfare of Indonesian citizens. With that being said, this research aims to support and raise awareness of people regarding the ongoing *toll of sea* project as I believe that Indonesia's rich marine resources should not go to waste. Although not every Papua citizens are in favor of this modern construction, it cannot be denied that the *toll of sea* has brought positive impacts towards the economy of Papua— national economy, even.

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