

Evaluating 4 years of Jokowi Sea Toll Policy: The concept of Indonesia-Centric connectivity for economic equality

Evaluasi 4 tahun kebijakan Tol Laut Jokowi: Konsep konektivitas Indonesia-Sentris untuk kesetaraan ekonomi

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Abstract

Indonesia categorised as a middle economy country according to the global economic standard. The government launched the World Maritime Fulcrum as a grand strategy or doctrine that alters the development paradigm from land-based to maritime-based. This paper will discuss the policies on which the Joko Widodo (Jokowi) Sea Toll Road as connectivity with the T3P (frontier, outermost, and remote) area can support the price disparity as a form of social justice. It was reviewed using connectivity, the political economy, and economic growth theory. The author used a qualitative method to analyse the problem in addition to paper-based research. In the beginning, the background of the Sea Toll policy will be discussed, alongside the presentation of the research questions and thesis responses. At the same time, the study will include how previous studies have looked at this issue. Only then will it move on to the next chapter, which discusses conceptual connectivity, political economy and economic growth. Furthermore, the policy development from the Archipelago Belt and Nusantara Pendulum through to the Sea Toll Road will be discussed. Massive budgetary costs and empty returning freight costs will be discussed as well. After that, we will discuss the sea highway route and then the evaluation. From this arrangement, it was finally resulted and concluded that the Sea Toll has been on the right path to reach its goal, which removed price disparities involving many records being continually updated by the government and all stakeholders including those in the business world. The importance of our research is how to discuss the Sea Toll over the past four years and how to request assistance and efficiency within this concept realise social justice. Thus, it can be put out as a reference for reviewers in the field of maritime and logistics.

Keywords: sea toll; connectivity; economic equity; infrastructure; shipping routes

Abstrak

Indonesia merupakan negara dengan kategori ekonomi menengah dalam standar konstelasi global. Pemerintah mengeluarkan grand strategi atau doktrin paradigma pembangunan yang dulunya berbasis darat menjadi berbasis laut. Artikel ini akan membahas tentang sejauh mana kebijakan Tol Laut Presiden Joko Widodo (Jokowi) sebagai konektivitas dengan daerah T3P (Terdepan, Terluas, dan Terbelakang) dapat menekan disparitas harga sebagai wujud keadilan sosial. Ditinjau dengan menggunakan pendekatan konektivitas, teori ekonomi politik, dan teori pertumbuhan ekonomi. Penulis menggunakan metode kualitatif dan penelitian paper based untuk menganalisis permasalahan menggunakan konsep konektivitas, ekonomi politik, dan teori pertumbuhan ekonomi. Hasil dari studi ini bahwa Tol Laut telah berada di jalan yang tepat untuk menekan disparitas harga meskipun terdapat banyak catatan untuk terus ditingkatkan ke depannya oleh pemerintah dan seluruh stakeholder yang ada termasuk dunia bisnis. Arti penting penelitian kami adalah bagaimana meninjau Tol Laut selama empat tahun ke belakang dan meninjau efektivitas dan efisiensi dari konsep ini untuk mewujudkan keadilan sosial, sehingga dapat menjadi referensi bagi pengkaji di bidang kemaritiman dan logistik.

Kata kunci: tol laut; konektivitas; pemerataan ekonomi; infrastruktur; trayek kapal

Introduction

This paper will discuss the sea toll policy's evaluation in Joko Widodo (Jokowi) era, which has been running for four years, reviewed by using an international political economy perspective. Generally, The Unitary State of the Republic of Indonesia or *Negara Kesatuan Republik Indonesia (NKRI)* that were categorised by UNCLOS as an archipelago state requires acceleration in the framework of

economic equality from Sabang to Merauke and from Miangas to Rote. It needs distribution certainty and price stability that can be supported by transport access with the precise route. Thus, it can reach every most remotes, frontier, and outermost (3T) area to ensure the appearance of state to every inch of the state's border.

Aligned with this condition, the government launched World Maritime Fulcrum as a grand strategy or doctrine that alter the development paradigm that used to be land-based to maritime-based. Since it has been stated in Indonesia Maritime Policy that published through Presidential Decree or *Peraturan Presiden (Perpres)* Number 16 the Year 2017, maritime policies were being coordinated by the Indonesian Maritime Coordinator Ministry (Bisnis.com 2017). These also include Sea Toll program that was offered as a solution to reduce price disparities of the commodity that sold in Java Island and other islands in western or easternmost of Indonesia. It is a form of the third pillar of infrastructure development and maritime trade connectivity (Jakarta Globe 2014; Sriyanto 2018). Sea toll became a vital component to realise the third pillar to handle trade, service, and information challenges for the citizens (Dimiyati 2014).

Rizal Sukma, CSIS Executive Director also considered that the operational form of World Maritime Fulcrum is sea toll. Sea toll catches up improvisation toward inter-island connectivity, shipping and fisheries industrial development, facility improvement of sea transportation, as well as maritime security (Sukma 2014). The main focus of this program is to press price disparities such as cement that cost 800.000 IDR up to 2.500.000 IDR per sack in Wamena and mineral water that cost 25.000 IDR for one bottle. These prices stated the fact that inequality still occurs, that if we compare to the prices in Java Island where the cement cost 60.000 IDR per sack and mineral water that merely cost 2.500 IDR per bottle (DetikFinance 2016, Viva.co.id 2017).

Furthermore, Indonesia categorised as the middle economy country in the global economic standard. Indonesia is active in the membership of Group of 20 (G20) and MINT (Mexico, Indonesia, Nigeria, and Turkey) indicated that Indonesian economic measurement which determined by using GDP shows the fact that the rate of GDP real growth of each Indonesian citizens from 1960 to 2000 among 112 countries is 1.8% annually. Including the rapid growth of Indonesia since the early of 1970's in Soeharto leadership (Barro 2008). The problem is becoming tangible if we correlate the aspect of economic growth and Indonesian economic measurement with the equity of citizens' welfare in all of 17,504 islands. Looking at this condition, the authors offer a question, to what extent does the sea toll program can support Indonesia's economic equity and reduce prices disparities?

The authors argue that up to this day, sea toll has been in the right path to reduce prices disparities and to evenly distribute Indonesian economic growth up to the frontest areas where in the previous presidential administration period rarely catch the central government. This thesis statement supported by three propositions: first, Indonesia has taken the initiatives to take over domestic cargo ship route to ensure the delivery of essential commodities that are necessary for all the citizens. Second, the cutting of delivery time by sea toll ship route, which is coordinated by the Indonesian Ministry of Transportation or *Kementerian Perhubungan (Kemenhub)* in this case Directorate General of Maritime Transportation or *Direktorat Jendral Perhubungan Laut (Dirjen Hubla)*. Third, a reality where prices can be reduced, especially those that shown in Papua and East Nusa Tenggara.

This research aims to prove that Sea Toll is an effective and efficient solution for the state to realise social justice that is set by single fuel price policy and price reduction of basic needs to equalise those in Java Island. It is suited to the government's commitment to put attention to the most isolated, frontier, and outside area (3TP). It is indicated by the third point of Jokowi's Nawacita (Nine Hopes) that stated, "to develop Indonesia from the verge by strengthening areas and villages in the frame of unitary state," and the seventh point which stated, "to realise economic independence by mobilising strategic domestic economic sectors".

Wicaksana (2017) has conducted previous Sea Toll study from the international political economy aspect. In the article titled "Indonesia's maritime connectivity development: domestic and international challenges", Wicaksana attempted to review Joko Widodo-Jusuf Kalla's infrastructure development

ambition with the domestic political reality that stands next to the dynamic international environment. That is, the Sea Toll program is perceived from two different points, where the comparison between internal and external factors that affect the dynamics of the government's program existed. From this article, there is a gap since the evaluation was conducted for only three years, from 2014 since the launching of the Sea Toll program until June 2017 when the article was published.

In the same year, Negara & Das (2017) published research entitled "Challenges for Indonesia to achieve its Maritime Connectivity Plan and Leverage on Regional Initiatives". In this research, Negara & Das (2017) elaborated that the massive cost of the project forced the government to think hard how to obtain around US\$53 billion. The State budget will be burdened as the Sea Toll program conducted. Along with the synergy of Sea Toll program with ASEAN The Master Plan for ASEAN Connectivity (MPAC) in 2010 to support ASEAN Economic Society (MEA) in 2016 (ASEAN 2013). However, this article also has its gap since the range of the research was only until 2017.

Research Method

The first dimension of Sea Toll is connectivity, as the theoretical lens to review the relational progress between one area to others in the domestic field is through the procurement of facilities and infrastructure in the form of specific ship routes and seaports. Connectivity theory is used to explain the state relations in regional scale, but it can be levelled down to domestic terminology. There are seven main points in connectivity, according to Gerring (2009) First, connectivity can facilitate the spread of technology, idea, and norm. Second, connectivity can implant standardization of technology, idea, norm, formal rule, and language to other areas in order to improvise efficiency and accelerate the spreading process of the idea as the cultural obstacles have been reduced (Gerring 2009).

Third, connectivity can cut transaction cost, reduce price, as well as increase the variety and availability of consumers' items and potential market for producers' items. Fourth, connectivity can increase the mobility of labour force and capital, so that it can reduce inequality in local, national, and international level according to Ricardian theory. Fifth, connectivity can also strengthen the government's capacity to conduct their essential functions such as keeping order, reforming tax income, conducting the survey, and intervening the more detailed policies when the population is considerably connected. Sixth, connectivity can increase the non-market and non-government actor where their involvement in the developmental project typically voluntarily and nominally in nature, such as religious leaders, health workers, educators, and others. So that connectivity is inherently anti-monopolistic, that will encourage the spirit of open competitions (Gerring 2009).

Gerring's insights (2009) produce a view that connectivity might accumulate solidarity from different values and norms in each area. Thus, it will become universal, and then, in turn, will have a decisive role in the process of national development that requires coordination and synergy. By increasing connectivity in a particular area, it will also change the characters of local societies at the same time to more cosmopolitan. In contrast, areas with low connectivity will push societies to be more closed-minded filled with discussions about life, love, and tasks. Gerring used four concepts to assist connectivity: geography, transport infrastructure, diffusion, and network positioning (Gerring 2009).

The second dimension is International Political Economy (IPE) that can depict that economic strength is a vital component from national power through transparent resources allocation (Oatley 2015). Oatley (2015) also underlined the interaction of society's interests broadly and political institution involved in determining economic policy adopted by the government. Furthermore, Sea Toll program is the political desire that background a condensed economic motive (IPI 2016). Infrastructure development has become a national economic interest framework that faces international politic reality to build cooperation in the form of investments from other states that share the same vision in the regional and global scope (Wicaksana 2017).

The third is the middle-powership status of Indonesia. Middle-power state is the state that possesses moderate influence and position itself as the state which holds central contribution in the international system (Yilmaz 2017, Hidayatullah 2017). It can be measured by the ability to execute domestic

policies independently without having to rely on the strength of powerful states. Indonesia has fulfilled its independent nature since the “active-free” foreign policy principal was initiated and economic independency obtained after Indonesia has got rid of the Asian economic crisis in 1997-1998. One of the other forms of middle-powership is Indonesia’s dominant role in ASEAN in the economic consideration created in G20. The most crucial aspect that needs to be observed as middle power state is GDP per capita as economic growth indicator (Keynes 1978). In the context of Sea Toll policy, infrastructure, resource utilization, and skilled labour force are supporting factors that are needed to trigger economic development measured by social welfare, wage equality, economic diversification, and prices disparity (Negara 2016, Salim & Negara 2018).

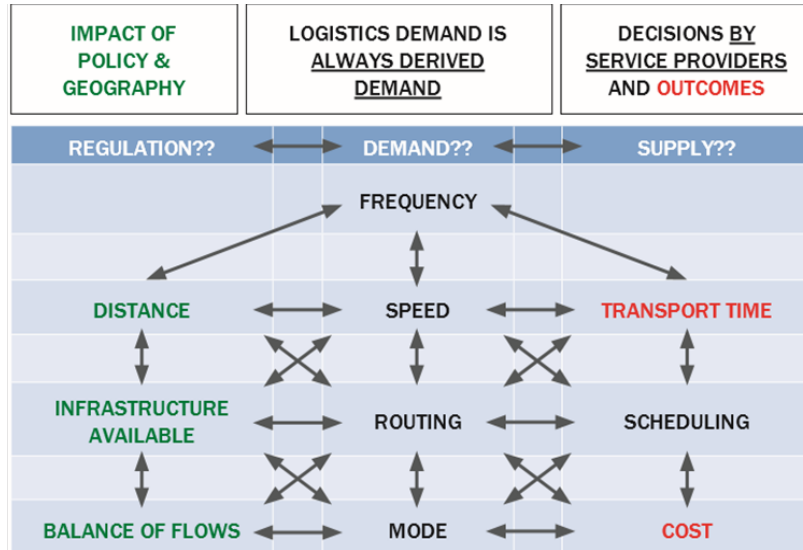


Figure 1.
Logistic chain and connectivity
Source: Ojala (2017)

Results and Discussion

From Archipelago Belt, Nusantara Pendulum, to sea toll

The urgent requirement of Sea Toll is to respond to the prices’ differences of essential commodities from the ones available in Java Island. The needs to reduce prices have also become the effort to realize the fifth principle of Pancasila that stated: “Social Justice to All of the Indonesian Citizens”. The development approach that is known as Indonesia-centric can lessen the impact of development egocentrism by prioritizing development equity in each area and cutting the distribution cost through sea transport (Wicaksana 2017). In order to do that, the previous government had launched several innovations regarding the scheduled logistic distribution to fill the gap that has been crippling the Indonesian shipping industry that has never touched the main problem. This project was called “Archipelago Belt Project” which was claimed to have been connecting the sea route in The Indonesian Archipelago Sea Channel or *Alur Laut Kepulauan Indonesia (ALKI)* (The Jakarta Post 2014). This concept was implemented more clearly by arranging logistic ship routes that connect big ports or a hub to other smaller routes in isolated areas through Nusantara Pendulum Program that was initiated by Pelindo II. Nusantara Pendulum was one of the national logistic systems that had become a priority of Masterplan Policy for Indonesian Economic Development Acceleration (MP3EI) in the era of Susilo Bambang Yudhoyono (SBY) presidency. However, the public considered this project to have no impact (Beritasatu.com 2014, Sukma 2014, Tempo.co 2013).

After Jokowi’s election as president, the idea of the Pendulum Nusantara was not just thrown out. However, it transformed into the idea of the Sea Toll, which more or less carried the same concept. With the spirit to reduce the disparity between the volume of goods in the western and eastern regions of Indonesia, this efficient and integrated goods distribution system is expected to reduce transportation costs that burden every price of goods. In addition, the transportation of raw goods

which drastically adds to the logistics costs and inefficiencies due to the lack of facilities in a number of issues to be resolved (Saragih et al. 2018). According to KPPIP (2018) the concept of sea toll consists of developing 24 new seaports, increasing number of substantial vessels such as pioneer cargo, transport vessels, pioneer crossing vessels, and develop 60 crossing ports. In addition, six lanes of highway/freeway supported by 47 non-commercial ports and 41 ports are under construction will connect the ports throughout Indonesia (Aufiya 2017, Damuri et al. 2017).

Apart from social justice issue between Java Island and Outer Java, several main issues can be solved by the execution of Sea Toll. First, the condition of poor port infrastructure will affect the imperfect passengers, cargo, and services transportation system among the main ports, and between the main ports and other small ports (Wicaksana 2017, Sandee 2016). Second, the weak logistic distribution system will directly influence the purchasing power of low-income citizens in rural areas. There are price disparities such as the high price of cement per sack that cost 800.000 IDR up to 25.000.000 IDR in Wamena and bottled mineral water that cost 25.000 IDR per bottle (DetikFinance 2016). Those prices are far too high compared to the ones in Java Island where a sack of cement only cost 60.000 IDR and bottled mineral water that cost 2.500 IDR. Third, the income of citizens is decreasing and unequal welfare. Fourth, the fee for transport has reached to more than 15% of the business fee, compared to less than 7% in the regional economy when referring to Indonesian Chambers of Commerce and Industry or *Kamar Dagang dan Industri Indonesia (Kadin)*.

Fifth, the volume of items delivery via sea transportation is still less than 5%. Sixth, dwelling time in ports takes a significant amount of time, such as in Tanjung Priok that takes up to 6.4 days. It also added by complicated bureaucratic, regulation, and licensing affairs that also affect the cost overruns of logistics that mainly dominated by domestic delivery such as delivery from Jakarta to Padang that cost triple amount of shipping from Jakarta to Singapore as stated by the World Bank. Seventh, financial trouble and the stuck of investments in recent years that was caused by local banks that are afraid to take risks in financing maritime infrastructure project since the low rate of return of investment. Lastly, a subsidy that mainly focused on personal vehicle fuel or *Bahan Bakar Minyak (BBM)* (Sandee 2011, Piesse 2015, Sandee 2016).

The efforts from central government to solve the problems mentioned above include: first, to accelerate infrastructure construction as the supports for Sea Toll Program such as the building of new 15 airports and 24 new ports that consist of five inner water ports and 19 water ports in 2016, as well as the subsidy injection of 1.5 trillion IDR in this aspect. The construction of these new ports will be the base of connector infrastructure that has been the implementation of the third pillar of PMD (Liputan.com 2014). Twenty-four ports that were constructed are Banda Aceh Port, Belawan, Pangkal Pinang, Kuala Tanjung, Dumai, Panjang, Batam, Padang, Tanjung Priok, Cilacap, Tanjung Perak, Lombok, Kupang, Banjarmasin, Pontianak, Palangka Raya, Maloy, Bitung, Makassar, Ambon, Halmahera, Sorong, Jayapura, and Merauke that totaled of 39.5 trillion IDR in investment (DetikFinance 2014). The target of these 24 ports construction has been exceeded as there were new 27 port constructions conducted by four State-Owned Enterprises (BUMN) namely PT. PELINDO I-IV. As a result, there has been a rapid increase in cargo capacities from 16.7 million TEU to 19.7 million TEU in 2017. It indicated a three million increase of TEU. This number is expected to increase to 20.2 million TEU in 2020 (DetikFinance 2018).

Especially for Pelindo III, Indonesia government spends 1 trillion Rupiahs to execute the development of sea accessibility programs, the construction of ports in the Eastern Indonesian region, and the construction of passenger terminals, commodity services and supporting port infrastructure. Meanwhile, Pelni spends national budget about 564.8 billion IDR to finance procurement of six cargo vessels for "sea toll" projects (PwC 2016). The total amount will also be added by the development of Makassar New Port that will have its capacity increased to 720 thousand TEU/year to provide logistic services in Eastern region that offers direct delivery from ASEAN countries. After that, International Port of Kuala Tanjung that provides services in the western Indonesian region, Sorong Port with the total of investment of Rp2.1 trillion, and Bitung with the total investment of 365 billion IDR. Bitung port is expected to be an international port since its strategic position as chokepoint in

the northern Indonesian region (DetikFinance 2018). Those four constructions complement the total of 32 port constructions that consist of 25 ports that will finish in 2019 and the other seven ports that will complete in 2019. So that up to this day, there are three thousand container ports that will support the flow of connectivity and logistic distribution from the economic centre to remote areas.

Second, the cutting of dwelling time is created by studying the rate of unloading time in international ports in the neighbouring country, Singapore, that only needs 1.5 days. In Tanjung Priok port, PT Karya Citra Nusantara has accelerated this process in 2016 to 3.2-3.7 day by implementing an online system. However, President Jokowi ordered to keep accelerating this number so it can catch up to the number achieved by Singapore (CNN Indonesia 2019). Third, banking investment was directed for the maritime industry by 4.41 trillion IDR, or 82% from 5.37 trillion IDR that planned in 2015. The involved and licensed bank by Monetary Service Authority or *Otoritas Jasa Keuangan (OJK)* is Bank Negara Indonesia (BNI), Bank Rakyat Indonesia (BRI), Bank Mandiri, Bank Tabungan Pensiunan Nasional (Taspen), Bank Danamon, Bank Permata, Bank Bukopin, and BPD Sulselbar (The Jakarta Post 2015). Besides that, Indonesia was offered US\$12 billion by the World Bank for infrastructure development and maritime education as well as investments from Japanese companies through JICA with the amount of 365 billion IDR (The Jakarta Post 2015).

Fourth, to fulfil the necessity of transportation facility of Sea Toll, the government has imported 500 ships from the People's Republic of China (RRT) to connect big islands as well as to reduce transportation feel. ASEAN has also responded to Indonesia by supporting the idea of inter-islands connectivity and proposing Southeast Asian Ship Ring Route concept (Tribunjambi.com 2017, Liputan6.com. 2016, Shekar & Liow 2014, ASEAN Secretariat 2013). Besides that, the government has also ordered seven ships for Sea Toll from the domestic shipyard, precisely from PT Steadfast Marine located in Batam. Transportation Ministry has ordered seven units of the 2000 GT and 1200 GT type ships since 2015 and expected to be finished in 2019. The budget for each unit of 2000 GT type ship is 73 billion IDR, while each unit of 1200 GT type ship is between 53-53 billion IDR. This amount will be added by 15 cement-carrier ships by Ministry of Transportation at the end of 2018, four ships that belong to PELNI, as well as three additional feeder ships that will support Sea Toll program (Bisnis.com 2018).

Fifth, to encourage businesses to utilize sea route, government provides incentive in the form of fuel subsidy and service fee of 447 billion IDR for shipping operator especially Ministry of Commerce, Ministry of Agriculture, PT Pelni, PT Djakarta Lloyd (Persero), PT Samudera Indonesia, and Pelindo I to IV (Bisnis.com 2018). It can assist the encouragement of broader sea-based transportation utilization. This policy has become an integral from Sea Toll (Piesse 2015). Sixth, procurement of facilities such as pioneer container ship and ferry roll-on-roll-off ship or RoRo Kuala Tungkal in Jambi and Bitung, North Sulawesi. These two ports connect the commerce route and Indonesian shipping cruise to SIJORI triangle axis as well as the Philippines so that there will be economic flow from the connected regions (Detik.com 2017). The president inaugurated two first Sea Toll ships namely KM Sabuk Nusantara 55 and KM Sabuk Nusantara 56 on November 10 2015 (DetikFinance 2015).

The challenge of sea tolls: Dilemma of turnover and large budget needs

Sea Toll can perceive as a way to reduce dwelling time in ports that have been an obstacle for the economy since it resulted in skyrocketed logistic spending. Inefficiency and ineffectiveness of sea transportation process can view as the root of the deficit problem and the decrease of the economic sector. Through Sea Toll, the logistic fee can be reduced, such as the shipping fee from Java to Sulawesi or Ambon that used to be high compared to other countries or regions. Supply chain in Indonesia has an intense urgency to be improved; it lacks government local economic interaction capacity. At one point, effectiveness and efficiency have been pursued to cope with commerce ships traffic so that the profits of domestic commerce can multiply. On the other hand, adjustment towards supply and demand can be fulfilled by the role of the state in this process through the perspective of mercantilism (PresidenRI.go.id 2015). The challenge of Jokowi administration is the massive budget needed and the lacks of capacity and capability of the politicians to realize this proposal.

There are several obstacles to implement this project. First, there is unbalances of the 'load's flow. The loads flows from East Indonesia to the west are far too tiny rather than the reverse route. It is worrisome if the ships of the sea toll will lack loads on its voyage from the east. This unbalanced load problem is related to the unbalanced growth of the rural area in Indonesia. The data from Maritime Transportation General Directorate stated that the 'load's realization that departed in 2018 is about 229,565 ton, while its return loads reversal is merely 5,502 ton (Bisnis.com 2019). Up to this day, sea resources such as fishes dominate the returning loads that go back to the source ship. For example, the fishes that were caught such as Tuna, Flying Fishes, and Skipjack with the weight of 15 ton were delivered by using one container in KM Kendhaga Nusantara 1 (Tahuna – Bitung) then forwarded by the Tanjung Perak Surabaya ship route by KM Logistik Nusantara 2 (MaritimNews 2019). There is an increase on April 17, 2019, where there are seven containers from Tidore (North Maluku), five containers from Morotai, and six reefer containers from Natuna in which fishes load all of them.

Eventually, the returning loads in 2018 until today is increased from 17% to 20% in the loading space ships, which is expected to keep increasing along with the decrease of returning loads fee by 50% granted by Ministry of Transportation according to Minister Decree Number PM 113/2019 regarding Freight Sea Transportation to Execute Public Services Obligation. For example, if the fee of freight from Surabaya to Merauke by sea toll ships is only 6 million IDR per 20 feet container box, compared to the commercial ship that cost about 10-11 million IDR for one box. The same with freight's fee from Surabaya to Manokwari that only cost 5.3 million IDR per box, compared to a commercial ship that typically cost 11-13 million IDR per box (Bisnis.com 2019). In the middle of 2019, Pelni has targeted to reach the number of 30% in the returning loads, since there has been only 5% or 12.7 ton per voyage of returning loads by up to this day (Bisnis.com 2019). This target added by the threat from the Ministry of Transportation that will redirect Sea Toll service to private companies if it not fulfilled.

Second, related to the requirement of 3000 TEU usage where ships this big are not owned by national shipping companies and needs to be produced more difficultly from the current technology. Third, the needs of massive financing to fulfil the ports infrastructure development necessities. In 2015, subsidy for sea toll amounted to 1.6 trillion IDR that consisted of freight ships subsidy of 220 billion IDR, livestock transport of 8 billion IDR, and the most significant portion for passenger ships in East Indonesia of 937 billion IDR. In 2016, the government needed 4.65 trillion IDR for the ships procurement, 761 billion IDR for the smooth sailing flows, and 2.08 trillion IDR for the ports' facilities (Sindonews, 2016). For subsidy budget alone, the government had to allocate 335 billion IDR in 2016, with a 33% increase in 2017 to be 447.6 billion IDR, then had a decrease of 50% to be 222 billion IDR in 2019.

From these subsidies, 18 of the routes have been set to be handled by 19 fleets. Five routes are operated by PT Pelni, two by PT ASDP, and four by Djakarta Lloyd; these three State-owned Enterprises are ordered by the government, together with the remaining seven other routes to other private shipping companies through a public auction mechanism. The sea toll ships in these 18 routes stop by four base ports, six discharging ports, and 66 transit ports. Besides that, there are assisting ships that have been procured since 2017, including 60 pioneer vessels, five livestock ships, and 15 container ships with the capacity of 100 TEUS. Fourth, the circle of people of interests or corrupted individuals that may be involved in this project might use this moment to gain personal benefits (Setijadi 2014).

Compared to the initial plan of Sea Toll proposed by the Ministry of National Development Planning (Bappenas), nine main Sea Toll programs required an injection of investments. 1) Construction and development of 24 strategic ports that cost 243.69 trillion IDR; 2) Short Sea Shipping of the ships in Panjang ports, Sumur, Bojanegara, Kendal, Pacitan, and Cirebon that cost 7.5 trillion IDR; 3) Public cargo facilities and bulks in national ports that cost 40.61 trillion IDR; 4) Development of 1,481 noncommercial ports that cost 198.10 trillion IDR; 5) Development of 83 commercial ports that cost 41.50 trillion IDR; 6) Multi modes transportation to reach the ports such as road access, port train, and coast train that cost 50 trillion IDR; 7) Revitalization of 12 shipyards industries that cost 10.80

trillion IDR; 8) Container ship purchasing, pioneer goods vessels, bulk carrier, tug and barge, tanker and people's ships that cost 101.74 trillion IDR; 9) Patrol ships purchasing from IA to V class that cost 6.05 trillion IDR (Liputan6.com 2015).

Sea toll routes

Sea Toll project connects five main ports – Belawan and Kuala Tanjung in North Sumatera, Batam in Riau Islands, Tanjung Priok in Jakarta, Tanjung Perak in Surabaya, East Java, Makassar in South Sulawesi, and Sorong in Papua as well as other small ports in the whole country (Setijadi 2014). Moreover, in 2019, the central government make detailed lists of the routes for the sea toll: first, Tanjung Perak-Makassar-Bitung-Tidore-Tanjung Perak (H-1) route. This route spends 16 days of voyage in one cycle and is expected to have 23 voyages in a year. Second, Tanjung Perak-Wanci-Namlea-Namrole-Tanjung Perak (H-2) route. This route spends 13 days of voyage and expected to have a frequency of 27 times.

Third, Tanjung Perak-Tenau-Saumlaki-Dobo-Tanjung Perak (H-3) route. This route spends 19 days on a voyage and expected to have 19 voyages. Fourth, Tanjung Perak-Makassar-Kendari-Tanjung Perak (H-4) route that spends 11 days on a voyage and expected to have 33 voyages in a year. Fifth, Belawan-Malahyati-Sabang-Tapak Tuan-Belawan round trip (T-1) that spends nine days in one cycle and expected to reach a frequency of 33 times round-trips. Sixth, Teluk Bayur-Sinabang-Gn Sitoli-Mentawai (Sikakapi)-Teluk Bayur (T-2) routes that require nine days on a round trip and expected to have 47 trips. Seventh, Tanjung Priok-Tarempa-Selat Lampa-Penagi-Serasan-Midai-Tanjung Priok (T-3) that requires 13 days of voyage and expected to have a frequency of 28 voyages.

Eighth, Makassar-Polewali-Belang-Belang-Sangatta-Nunukan/Sebatik-Makassar (T-4) that requires 11 days of the voyage on one trip and expected to have 31 trips. Ninth, Bitung-Tagulandang-Tahunan-Melangoane-Miangas-Marore-Bitung (T-5) routes that need nine days of the voyage on a trip with the frequency of 39 trips. Tenth, Bitung-Pagimana-Bunta-Mantangisi-Parigi/Tinombo-Tilamuta-Bitung (T-6) routes that spend ten days of voyages and expected to reach 36 trips.

Eleventh, Makassar-Selayar-Jampea-Ps Wajo-Raha-Makassar (T-7) route that spends nine days on one voyage and expected to reach 39 trips in a year. Twelfth, Kendari-Lameruru-Bungku-Kolonodale-Luwuk-Kendari (T-8) route that spends eight days on one voyage and targeted to have 44 trips. Thirteenth, Tanjung Perak-Oransbari-Waren-Teba-Ambon-Tanjung Perak (T-9) that spends 22 days on a voyage and have 16 voyages. Fourteenth, Tidore-Morotai-Buli-Maba-P. Gebe-Tidore (T-10) that spends eight days on a voyage with the target of 46 voyages. Fifteenth, Tanjung Perak-Fak Fak-Kaimana-Timika-Agats-Boven Digoel-Tanjung Perak (T-11) that spends 22 days on a voyage with a target of 16 voyages. Sixteenth, Saumlaki-Larat-Teba-Moa-Kisar-Kalabahi-Saumlaki (T-12) route that spends 11 days on a voyage and targeted to reach 32 trips in a year. Seventeenth, Tenau-Rote-Sabu-Lamakera-Tenau (T-13) route that spends six days for one voyage and expected to have 55 voyages in a year. Lastly, Tenau-Lewoleba-Tabilota-Larantuka-Marapokot-Tenau (T-14) route that spends eight days for one voyage with a target of 45 voyages in a year (Republik Indonesia 2018).

Sea toll progress: Impact on declining prices and economic growth

Being operational for almost five years, there are several achievements of Sea Toll that can be reviewed by various measurements. First, the decline of prices in the range of 15-25% in Indonesia Eastern region according to Minister of Transportation Budi Karya Sumadi (CNBC Indonesia 2019). Ministry of Transportation keeps evaluating the operation of Sea Toll up to this day so that it can keep pressing down the basic commodity prices for the citizens and increase efficiency by 45% compared to the previous existing sea transportation (DetikFinance 2018). Secondly, the picture of the cargo area of Sea Toll in 2017 reached 212,865 ton or still 41.2% from the target of 517,200 ton while its returning cargo is merely 20,274 ton or only 9.52% from the departing cargo (Bisnis.com 2018). This issue responded by cutting the fee for the returning cargo, as mentioned earlier.

Third, logistic distribution through sea transport increased by 41 million ton in the last three years, according to the Central Bureau of Statistics (BPS). National distribution volume in 2015 reached

238 million and increased to 279 million ton in 2018. Apart from this national amount increase, goods delivery from Tanjung Perak port in Surabaya has decreased by 12.9% in the last three years, that was 5.14 million ton in 2015 to 4.7 million ton in 2018. The decline also occurred in Balikpapan Port by 3.2% from 9.6 million ton to be 9.3 million ton. In contrast, there is an increase of 25.2% in Panjang Port in Lampung from 9.5 million ton in 201 to 11.9 million ton in 2018 and an increase of 7.3% in Makassar Port from 4.1 million ton to 4.4 million ton. Meanwhile, there is an increase of 2.8% in Tanjung Priok Port in Jakarta from 13.8 million ton to 14.2 million ton.

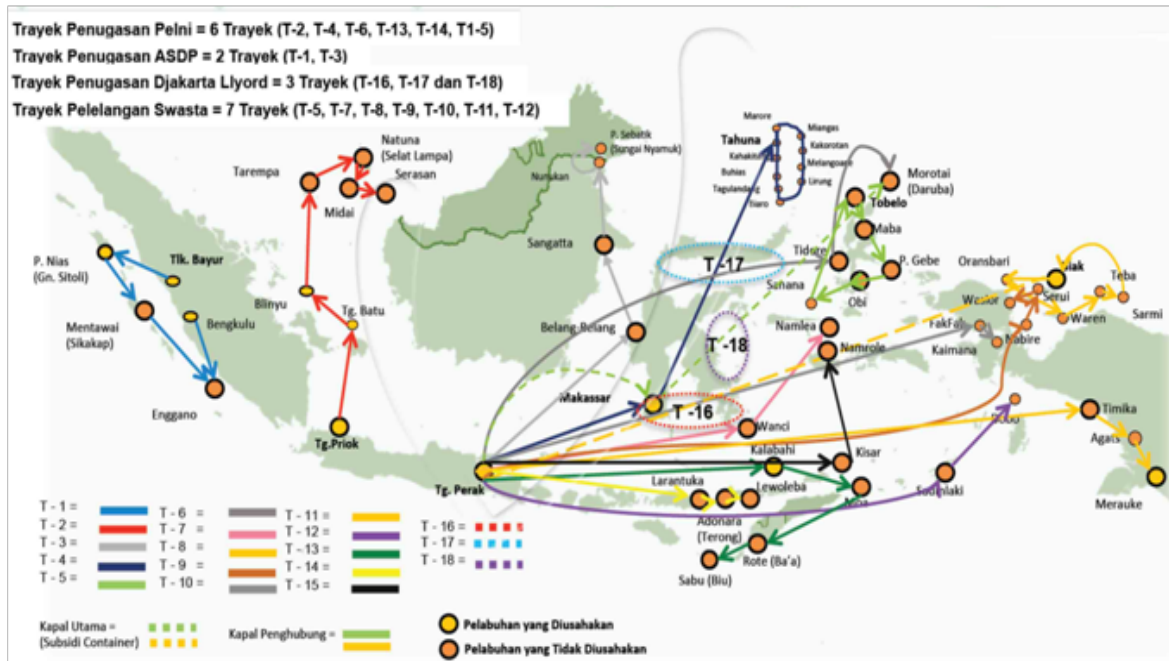


Figure 2.
Sea toll routes map 2018

Source: http://validnews.id/backdoor/asset/news_picture/berita_valid1540887495.jpg

Regarding the median growth of GDP per capita among Sub-Saharan African countries where the GDP per capita reached US\$ 400 per year, the position of Indonesia is equivalent to the Philippines with an annual income of US\$ 3,000 in 2000. This amount is significant compared to other OECD countries, where Indonesia's GDP is seven times lower. Pricewaterhouse Coopers (PwC) (2016) noted that Indonesia economic power is still in rank eight globally. In 2030, Indonesia might be ranked fifth if the country can improve its monetary agencies, infrastructures, and industrial sectors that can absorb new employments as the trigger for long-term growth potential. At present, the GDP per capita recorded at 47.96 million IDR or equal to US\$ 3,605.49 in 2016, according to BPS. There was a 6.2% increase from the previous year, which is 45.14 million IDR (CNN Indonesia 2017).

Evaluation of sea toll as an integral part of the global maritime fulcrum

Internally, the citizens of Indonesia responded positively towards the existence of Toll Road in reducing basic commodity prices in remote areas. Sea Toll, with its limitation, can press the prices disparities of basic needs in the remote area such as East Nusa Tenggara (NTT) and Papua. There is a decrease of rice prices by 17% in Larantuka Regency, 13% decrease for concrete iron's price in Sabu Island, 13% decrease of wheat price in Rote Island, 10% decrease of cement price in Lewoleba, 21% decrease of rice price in Fakfak, and 14% decrease of cement price in Mimika. Specifically, in Fakfak and Kaimana, there are price reductions for several commodities: 6% for solid iron, 21% for cooking, 35% for broiler chickens, and 14% for soybeans (Sidharta 2016). Meanwhile sugar price is reduced 28 percent compared to before the sea tolls, bulk cooking oil is reduced 15 percent, wheat flour 29 percent, eggs 49 percent, plywood 17 percent (Aufiya 2017). Indonesia's logistics costs could also be reduced from 25.7% of GDP in 2013, to 22.1% of GDP in 2018 (WartaSulsel.

net, 2019). Naturally, these numbers are still needed to be pushed down and evaluated to compress logistic cost more effectively and efficiently because Malaysia and Philippines only need 19% of GDP for logistic costs. Indonesia's position of Logistics Performa Index (LPI) in 2018 also increased that was ranked 63 of 163 countries to ranked 46 with a score of 3.15 (The World Bank 2018). Internationally, the government has to consider how to utilize regional initiative effectively through the Master Plan for ASEAN Connectivity (MPAC) as well as China initiative (Negara & Das 2017). Since 2016, Indonesia has been discussed in MPAC to create maritime interconnection nodes and strengthen delivery routes at the regional level. Among 47 ports pointed among ASEAN countries, 14 of them located in Indonesia that are also included as Sea Toll ports. This is aligned with the primary purpose for Indonesia's diplomacy to attract investments as many as possible for the sake of Indonesia economic development project's swiftness.

Opportunities can also be achieved through cooperation with China, who has been developing the Maritime Silk Line as a part of One Belt One Road (OBOR) concept. This further implementation is also realized by the establishment of the forum that oversees China's grand idea named Belt and Road Initiative (BRI) in 2017 that becomes an opportunity to attract investments through three central BRI infrastructure development bank: Asian Infrastructure and Investment Bank, New Development Bank, and Silk Road Fund. This is also assisted by the stretch of China investment that has been growing from US\$ 32 million in 2006 to US\$ 628 million in 2015. Regarding the realization of investment in Indonesia, China is still ranked four below Singapore, Japan, and Hong Kong (Callahan 2016, Huang 2016).



Figure 2.
China's BRI

Source: Herbert Smith Freehills https://www.herbertsmithfreehills.com/sites/contenthub_mothership/files/Website-graphics-1v2.png

Conclusion

Sea toll program is an integral part of World Maritime Fulcrum strategy that aim to improve connectivity and maritime infrastructure in order to realize Social Justice by pressing price disparities between Java island and outer Java especially in T3P areas. This study correlated connectivity theory in the scope of international political economy by searching for the connection between central government political will and economic interest that was aimed to achieve in term of five years. Besides that, this research also observed the position as well as the potential of Indonesia as middle power state with its membership in G20 and holds vital position in the political arena of ASEAN and Indo-Asia-Pacific in general. However, Indonesia still possesses problem in its logistics transportation that is attempted to be solved through Sea Toll program. From three propositions that tried to explain the role of Sea

Toll in reducing price disparities and equalizing Indonesia economy up to the most frontier area, the author will strip them down one by one.

Related to the first proposition regarding government initiative to take over domestic freight routes to ensure the broad delivery of basic commodities, it is proven by the ship routes explained by the authors' team earlier. Regarding the second proposition about the cutting time of shipping through the coordination of Maritime Transportation Directorate General is proven by the progress and challenges of the sea toll explained earlier. Meanwhile for the third proposition regarding the pressing of price disparities in Papua and East Nusa Tenggara is proven in the evaluation written by the author in the ending of this paper. Thus, it can be concluded that Sea Toll program is in a good progress even though there are still some evaluations: firstly, the financing required massive investments both domestically and internationally. Secondly, ships with the capacity of 3,000 GT required further development in domestic shipyard industry or by conducting high amount of ship imports. Lastly, the returning shiploads are still too small compared to the ones departed to remoted ports.

As suggestion to respond the evaluation in this research, the authors formulate several points: first, Indonesia needs blue economic concept that is able to support investment and accelerate the construction of new ports while conducting procurements of new ships and routes for the sea toll. In order to do that, various stakeholders such as Ministry of Maritime Economic, Ministry of Transportation, Ministry of Agriculture, Ministry of Commerce, BKPM, PELINDO I-IV, PT ASDP, PT Pelni, PT Djakarta Lloyd, and other private companies in the shipping industries to coordinate to each other in promoting investments from foreign companies in the field of transportation, connectivity, and logistics. Second, to respond technological challenge faced by the domestic shipyards that are still not able to produce ships with the loads of 3,000 GT, cooperation to encourage technology transfer is needed to give insights about how to produce the ships domestically. The cooperation between PT PAL Indonesia and South Korean DSME submarine construction can be taken as an example. Third, to resolve the returning shiploads issues, it is preferable to keep making promotion for shiploads discount as what the Transportation Ministry has been doing in 2019 by cutting the cost by 50%.

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