

THE  
INDONESIAN  
INTERISLAND  
SHIPPING INDUSTRY

AN ANALYSIS OF COMPETITION AND REGULATION

H. W. DICK



ASEAN ECONOMIC RESEARCH UNIT  
INSTITUTE OF SOUTHEAST ASIAN STUDIES

# Contents

---

*List of Tables*

*ix*

*List of Illustrations*

*xi*

*Preface*

*xiii*

*i*

## **I**

INTRODUCTION

1

## **II**

EVOLUTION OF THE MODERN  
INTERISLAND SHIPPING INDUSTRY

4

## **III**

MARKET STRUCTURE AND COMPETITION

41

## **IV**

THE IMPACT OF COMPETITION

58

## **V**

THE FIRM

68

## **VI**

PELNI

83

## **VII**

INFRASTRUCTURE

96

**VIII**  
LICENSING AND CONTROLS  
118

**IX**  
INVESTMENT POLICY  
140

**X**  
FREIGHT RATE REGULATION  
158

**XI**  
CONCLUSION  
181

*Appendices*  
193

*Abbreviations and Glossary*  
203

*Bibliography*  
206

*Index*  
210

# Tables

---

	Page
2.1 Shares of KPM and PELNI in Interisland and Shortsea Cargo, 1956 and 1957	19
2.2 Shares of KPM and Indonesian Firms in Main Government-Controlled Interisland Cargoes, 1956	22
2.3 Shares of Main Firms in Singapore Cargoes, 1953-56	23
2.4 Interisland Fleet, Cargo and Productivity, 1957-64	28
3.1 Interisland Cargo by Shipping Sector, 1981	42
3.2 Size Distribution of Firms by Fleet Capacity, December 1982	51
3.3 Size Distribution of Firms by Tonnage of Cargo, 1982	51
4.1 Distribution of Firms by Productivity of Fleet, 1982 and 1978	59
4.2 Range of Observed Crew Sizes by Ship Size, 1973/74	61
4.3 Turnover and Staffing of the Medan/Belawan Branches of Eja and Srilines, 1973	61
4.4 Comparison of Overall Staffing, Eja and Srilines, 1973	62
4.5 Turnover of Nusantara Firms (Dec. 1966 to Dec. 1982)	63
4.6 Capacity Shares of Growing and Declining Firms (Dec. 1970 to Dec. 1982)	64
5.1 Interisland Firms and Number of Ships, December 1982	72
6.1 Financial Results of P.T. PELNI, 1982-85	86
7.1 Output of the Domestic Shipbuilding Industry, 1979-83	111
8.1 Licence Categories and their Minimum Requirements	119
8.2 RLS System, December 1983	127
9.1 Distribution of Approved World Bank Rehabilitation Loans, July 1974	148
10.1 Commodity Differentiation of the Official Tariff	165
10.2 Commodity Group Classification in Force from November 1969 to February 1979 — Selected Items	166
10.3 Transport Cost Profile for Shipment of Sugar (300 tons) from East Java Mill to Samarinda (November 1973)	170
10.4 Changes in Commodity Coefficients (1 March 1979)	171
10.5 Official and Actual Freight Rates for Private Firm, Surabaya/Samarinda Service	175