

## Control of Vessel Space Order on Import through Forwarder at PT. Sejahtera Transindo Lestari

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### Abstract

*The purpose of the research is to find out control of vessel space order on import through forwarder at PT. Sejahtera Transindo Lestari. This type of research is descriptive research. This study aims to provide an overview or explanation regarding the control of ship space reservations on imports through forwarders at PT. Sejahtera Transindo Lestari. The focus of this research is a comprehensive description of the condition of the shipping industry. Sources of data from this study using primary data and secondary data. The results of the study indicate that there are several factors that influence the control of ship space reservations on imports through forwarders at PT. Sejahtera Transindo Lestari, namely ocean freight renewal, contract rate and spot rate pricing, container port growth, as well as port congestion and ship delays.*

### Keywords

control; vessel space;  
import; forwarder



## I. Introduction

Freight forwarder is a business entity that aims to provide services or management of all import-export activities required for the delivery, transportation and receipt of goods using multimodal transport either by land, sea, or air. One of these companies is PT. Sejahtera Transindo Lestari which provides export and import cargo expedition services. Based on data from the Central Statistics Agency and the value of imported goods in the last 3 months in 2021. In October 2021 the import value was US\$16,293.6 million. November 2021 import value of US\$19,328.2 million. December 2021, the import value was US\$21,352.0 million. If you look at the increase in the import figure in Indonesia, it creates a separate opportunity for service companies to manage international trade activities. The process of sending goods from abroad still encounters many obstacles, where importers do not do all the logistics tasks that are their responsibility. Various reasons arise including the limited time and knowledge of the importers regarding logistics which is still lacking.

Import is the process of legally transporting goods or commodities from one country to another (Purba and Wanto, 2018). Handling of ship space orders on imports requires a link between the forwarder and the shipping company. Shipping has the authority to determine import shipping rates. The shipping industry is quite volatile in terms of shipping prices. To deal with this volatility, two types of pricing strategies are used in the shipping sector, contract market pricing and spot pricing (Ubaid et al., 2020). Pricing has its advantages and disadvantages, including pricing with a contract market following shipping regulations in the destination country, not subject to cancellation penalties or changes to orders, but having limited constraints on getting ship space and often running out of ship space because this contract rate has a ship space division contract and container between the country of origin and the country of destination, which is more dominant to the country of origin. Spot pricing, created by the country of origin, has the advantage of

priority in getting ship space more easily, but has the disadvantage of being penalized for canceling or changing orders to avoid dummy orders.

Dominant forwarders tend to adopt price matching, and the presence of online platforms increases the level of substitution in the marine cargo market, suitable freight forwarders to adopt price matching mainly because of liner companies (Xu et al., 2021). Thus, freight forwarders do not determine the use of prices and provide solutions to customers for constraints on contract prices, by ordering to several shipping alternatives in order not to run out of ship space. For orders with spot prices, it is recommended for cargo that is ready to be sent so that there are no changes or cancellations of orders.

The purpose of the research is to find out control of vessel space order on import through forwarder at PT. Sejahtera Transindo Lestari.

## II. Review of Literature

### 2.1 Comparative Advantage Theory

The theory of comparative advantage is a theory put forward by David Ricardo in his book, "The Principles of Political Economy and Taxation" in 1817. The theory of comparative advantage has become the basis for the theory of international trade. The main emphasis is on absolute and relative comparative advantages in commodity production compared to other countries. The export process is carried out by the state for commodities with a high comparative advantage. Commodities with low comparative advantage are obtained through imports. According to the research of Feng et al., (2020) comparative advantage over traditional methods, the shipper selection strategy is able to consider the bargaining power of the freight forwarder and computational efficiency. Given these advantages, this powerful new distribution optimization model can serve as a promising approach to solving the problem of shipper selection.

### 2.2 Import Theory

Import theory according to the Law of the Republic of Indonesia Number 17 of 2006 concerning customs, import is the activity of entering goods into the customs area. Imports of goods in bulk generally require the intervention of customs in the sending and receiving countries. Imports are an important part of international trade, the opposite of which is exports. In the 1950s, many economists believed that import substitution, a policy to limit imports of manufactured goods, was the best trade strategy to promote industrialization and economic growth in developing countries (Irwin, 2021). According to research by Liu et al. (2020). A country can partially overcome the bottleneck of an underdeveloped domestic service sector by relying more on imported service inputs. Thus, lower barriers to trade in services in developing countries can help promote their manufacturing exports.

### 2.3 Freight Forwarder Theory

Freight forwarder theory according to the Decree of the Minister of Transportation in PER-178/PJ/2006 replaced by PER-70/PJ/2007 Freight forwarder is a business that is appointed to represent the interests of the owner of the goods, all activities required for the delivery and receipt of goods through land, sea and air transportation. Improve the service quality of international freight forwarders and explore practical business solutions to increase customer service levels. The freight forwarder business concept is based on cooperation, the integrator offers a fully integrated product (Asch, 2022). Freight

forwarders usually act as sourcing agents for logistics services for shippers and work closely with operators such as shipping companies and airlines (Huang et al., 2019).

### III. Research Method

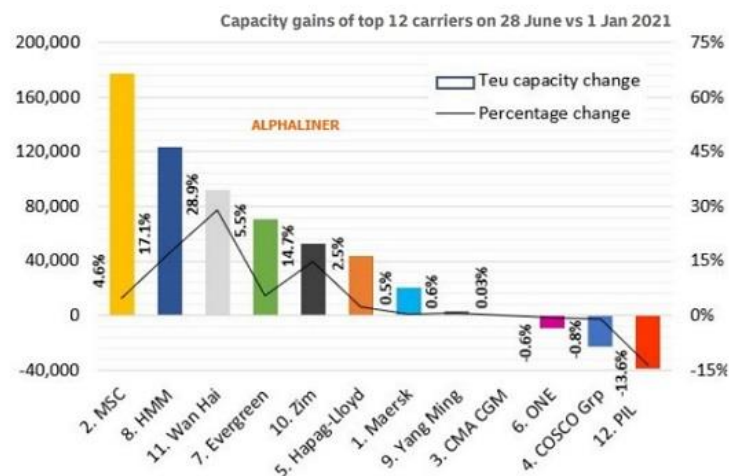
This type of research is descriptive research. Descriptive research is a research that aims to provide an overview or explanation of a research (Asyraini et al., 2022; Octiva, 2018; Pandiangan, 2015). Descriptive methodology is a procedure that produces primary data in the form of written or oral data to the community (Octiva et al., 2018; Pandiangan et al., 2018; Pandia et al., 2018). This study aims to provide an overview or explanation regarding the control of ship space reservations on imports through forwarders at PT. Sejahtera Transindo Lestari. The focus of this research is a comprehensive description of the condition of the shipping industry.

Sources of data from this study using primary data and secondary data. Primer data is where data collection is carried out by researchers directly from where the research is carried out (Octiva et al., 2021; Pandiangan et al., 2022). In this study, the primary data was obtained by the researcher by conducting unstructured observations where the researcher did it without using observation guidelines, so that the researcher developed his research based on the developmental conditions that occurred in the field (Pandiangan, 2018; Pandiangan, 2022). Secondary data is data that can support primary data. Secondary data was obtained through literature study sourced from, journals, articles, and previous research (Pandiangan et al., 2021; Tobing et al., 2018).

### IV. Results and Discussion

#### 4.1 Ocean Freight Renewal

At PT. Sejahtera Transindo Lestari ocean freight updates are made at the time of booking for export-import shipping vessels. For shipments of full container load, ship space orders through shipping liner companies, less container load shipments, ship space orders through coloaders which open the console to shipping. Ocean freight updates on imports every month.



**Figure 1.** Development of Ocean Freight Market  
Source: Global Maritime Hub

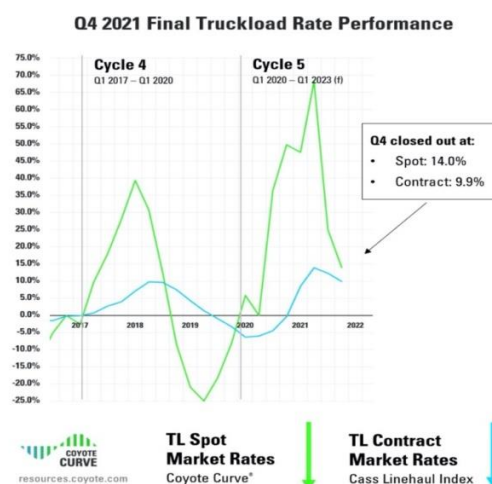
Figure 1 shows that MSC has become the fastest growing operator this year in terms of actual slots as the carrier takes delivery of two more 23,656 TEU vessels. MSC seems poised to overtake Maersk in terms of carrying capacity base next year and become the largest container shipping company in the world. Active new shipbuilding, MSC is also aggressively acquiring second-hand vessels. Compares Maersk's fleet expansion strategy and order book. Maersk with its focus on releasing new Maersk spot services that have just been released and increasing positive satisfaction for shipping industry customers. In May 2019, Maersk released the Maersk spot where instant gratification is something we are used to in most aspects of our lives, but why not in the shipping industry. People want information instantly. Price uncertainty is something that can't be washed anymore. With Maersk spots being based on the airline's pricing model, something customers already know and trust, it means they feel comfortable ordering delivery this way. Customers want to pick a date and have access to a price instantly, knowing that it won't change or come with an unexpected cost at the end.

#### 4.2 Contract Rate and Spot Rate Pricing

The contract rate is the shipping rate negotiated with the shipping company for delivery based on the volume required. Usually, the more volume, the more profitable the rate. Contract rates are usually set for an agreed period and provide more prudent cost stability by moving away from the unpredictable spot market.

Spot rate is a one-time rate that applies to one shipment only and is often limited to certain ships, aircraft or date ranges, spot shipping rates fluctuate up and down from day to day depending on market conditions.

The focus then determines the best shipping rates. PT. Sejahtera Transindo Lestari as forwarders work closely with customers to gain in-depth knowledge of their business and then recommend strategies that will achieve the best value based on their needs. This includes negotiating directly with shipping on behalf of the cargo owner who leverages his knowledge and relationships to secure competitive contract rates that meet customer requirements covering service and availability. By securing some volume on a contract basis and then playing the spot rate market with the rest.



**Figure 2. Truckload Rate Performance**  
Source: Resources.coyote.com



In Figure 2, Q4 spot truckload prices continue their downward trend (but still inflation) the downward slope throughout Q4 is less steep than previously projected due to ongoing supply volatility. Q4 Trucking contract rates have peaked (but still inflation). The downtrend is in line with past behavior (usually lagging behind the spot rate index).

### 4.3 Container Port Growth

At PT. Sejahtera Transindo Lestari on orders for shipments of imported goods, namely from the china port, and requires ordering more space for imported ships at the china port and must be prepared to face conditions at the china port which is known to be the port of origin with soaring container flows in the world. As our forwarder have a handle on the volatility of this market and can offer support and guidance to ensure the correct cruise is appointed. There is a minimum volume commitment required to qualify and an accurate estimate is required to allow for the protection of the ship's space and the shipping guarantees provided by the voyage.

Rank	Port Name	Country	2021	2020	2019	Growth 21/20%	Growth 20/19%
1 (1)	Shanghai	China	47,025,000	43,501,400	43,303,000	8.1%	0.5%
2 (2)	Singapore	Singapore	37,467,700	36,870,940	37,195,636	1.6%	-0.9%
3 (3)	Ningbo-Zhoushan	China	31,080,000	28,734,300	27,535,000	8.2%	4.4%
4 (4)	Shenzhen	China	28,760,000	26,553,000	25,771,700	8.3%	3.0%
5 (5)	Guangzhou-Nansha	China	24,180,000	23,191,500	23,236,200	4.3%	-0.2%
6 (6)	Qingdao	China	23,700,000	22,004,700	21,010,000	7.7%	4.7%
7 (7)	Busan	S Korea	22,690,258	21,823,995	21,992,000	4.0%	-0.8%
8 (8)	Tianjin	China	20,260,000	18,356,100	17,300,700	10.4%	6.1%
9 (10)	Los Angeles/Long Beach	US	20,061,978	17,326,718	16,969,666	15.8%	2.1%
10 (9)	Hong Kong	China	17,788,000	17,326,720	18,303,000	2.7%	-5.3%
11 (11)	Rotterdam*	Netherlands	15,300,000	14,349,446	14,810,804	6.6%	-0.03%
12 (12)	Dubai/Jebel Ali	UAE	13,700,000	13,484,600	14,111,000	1.6%	-4.4%
13 (13)	Port Kelang*	Malaysia	13,700,000	13,244,414	13,580,717	3.4%	-2.5%
14 (15)	Xiamen	China	12,030,000	11,410,000	11,122,180	5.4%	2.6%
15 (14)	Antwerp	Belgium	12,020,245	12,031,467	11,860,204	-0.1%	1.4%

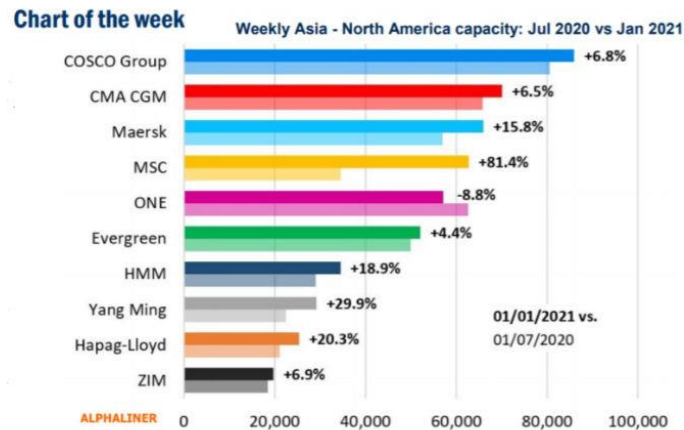
**Figure 3. Growth of the World's Largest Container Port in 2021**

*Source: Global Maritime Hub*

In Figure 3, Shanghai continues to build on its leadership as the world's busiest container port registering its 12th consecutive year of growth. It has now opened a gap of nearly 10 Mteu to its closest competitor, Singapore. China's next four largest ports: Ningbo-Zhoushan, Shenzhen, Guangzhou-Nansha, and Qingdao have also closed the gap with Singapore, with Ningbo-Zhoushan now only 6.5 Mteu. Singapore has remained largely static during the coronavirus disease 2019 (COVID-19), down nearly one percent in 2020 and up just 1.6% in 2021. The sister port Los Angeles/Long Beach rise to 9th, recording 15.8 growth % in 2021. They saw the biggest volume increase and handled an impressive 2.7 Mteu extra year round despite severe congestion from a flood of imports.

#### 4.4 Port Congestion and Ship Delays

Port congestion is quite common in container terminals around the world and results in ship delays and many attribute it to the growing number of container ships. One of the factors is that weather conditions often make it impossible for ships to sail. In order for container turnover to run fast and reduce the problem of lack of containers and congestion at ports which result in ship delays, shipping provides a reduction in free time detention and demurrage of 5-7 days combined for container returns. Normally the amount of free time is given a combined 14 day cruise.



**Figure 4.** Shipping Experiences Port Congestion and Ship Delays July 2020 Vs January 2021

Source: Global Maritime Hub

In Figure 4, the shipping industry faces port congestion and unforeseen ship delays around the world. This situation exacerbates the lack of tonnage forcing operators to void shipping from China at a time when these voyages can generate record revenues. Ports are impacted as they receive unprecedented volumes of imports just at a time when COVID-19 has reduced the number of dock workers and truck drivers. Waiting times for container ships now often exceed a week. In order to continue to offer weekly sailings, cruises were forced to extend the round-trip time of their service by at least one week, requiring additional vessels per service.

#### 4.5 Discussion

From the data obtained, it shows that overall in 2021, it tends to increase. This shows that the control of ship space reservations on imports through forwarders at PT. Sejahtera Transindo Lestari is dominated by ocean freight renewal, contract rate and spot rate pricing, container port growth, port congestion, and ship delays. As well as the value of imported goods in the last 3 months of 2021 in international trade which continues to increase, it shows that the improvement in foreign trade on the value of imports provides many opportunities for forwarder service companies.

### V. Conclusion

The results of the study indicate that there are several factors that influence the control of ship space reservations on imports through forwarders at PT. Sejahtera Transindo Lestari, namely ocean freight renewal, contract rate and spot rate pricing, container port growth, as well as port congestion and ship delays.

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