

THE ROLE OF FREIGHT FORWARDER IN THE PROCESS OF EXPORTING GOODS THROUGH AIR TRANSPORTATION OF PT. KINTETSU WORLD EXPRESS INDONESIA

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Abstract: This research was intended to analyze the role of the forwarder in the process of exporting goods through air transportation of PT. Kintetsu World Express Indonesia. This research was classified as descriptive qualitative research. Data were collected by means of structured interview technique and PESTEL method. PT Kintetsu World Express is a company established first in May 1948, and is engaged in Freight Forwarding services (Air, Sea, etc.), Customs Brokerage, and logistics. The development of export and import activities has succeeded in making freight forwarders to play an important role in these activities. Thus, cargo delivery activities and volumes are increasing from year to year, through the utilization of aircraft as a mode of transportation. The results of the research analysis indicated that the role of freight forwarders in the process of shipping goods has complied with the stipulated laws and regulations in Indonesia. The results of this research are considered capable of describing the inhibiting factors in the process of shipping goods.

Keywords: *Freight Forwarder, Export, Service, Air Transportation, International Trade*

Introduction

Indonesia is geographically and astronomically known to provide many economic and non-economic benefits. As a country with a high volume of trade, Indonesia requires transportation service companies that are capable of supporting the export of goods, specifically services that may facilitate the process of carrying out these transactions. In this case, Freight Forwarder is considered to have a crucial role in export activities, particularly as a tool or intermediary for export shipments abroad. (Istri & Astrianita, n.d.)(Maemunah et al., 2022)(Purwoko & Maulina, 2019)(Septianto et al., 2020)

Kintetsu World Express is a business entity engaged in Freight Forwarding (Air, Sea, and others), Customs Brokerage, logistics, and other related fields.

The value and weight of Indonesia's exports in 2022 are shown as follows:

Table 1. Export Value and Export Weight in 2022

No.	Month	Export Value (US \$)	Export Weight (KG)
1	January	19 173 699 043,36	27 176 531 455,73
2	February	20 472 894 279,18	44 630 366 469,31
3	March	26 497 477 726,13	61 009 058 930,60
4	April	27 322 284 675,60	55 744 554 534,32
5	May	21 509 825 822,05	51 078 811 698,32
6	June	26 150 115 171,99	55 379 269 969,52

Data source: Central Bureau of Statistics

The data above shows the export value and export weight from January to June 2022. The export value was found to gradually increase from January to April 2022. However, the value indicated a decrease in May, and was subsequently increased in June 2022. The export value is consist of:

Table 2. Export and Import Components in 2022

Export and Import Components	January	February	March	April	Mei	June
Oil and Gas	901.2	994.8	1405.1	1433.3	1496.1	1549.3
Non-Oil and Gas	18272.5	19478.1	25092.4	25889,0	20013.7	24600.8
Total	19173.7	20472.9	26497.5	27332.3	21509.8	26150.1

Data source: Central Bureau of Statistics (processed from Customs documents of the Directorate General of Customs and Excise (PEB and PIB))

High export and import activities will have an impact on increasing cargo shipments and volume from year to year through the utilization of aircraft as a mode of transportation. Aircraft are known to have a wide range of areas throughout Indonesia, support the concept of being on time, have good speed, and are handled separately according to certain categories and divisions. To conduct these export activities, services are needed to facilitate the transaction process. (Larasati & Sulasmiyati, 2018; Maemunah et al., 2022)

Referring to the description above, the researchers formulate the focus problems of this research, specifically: (1) What is the role of Freight Forwarders in supporting export activities? (2) What documents should be included in the procedure for shipping goods via Freight Forwarder on Kintetsu World Express Indonesia? (3) What are the inhibiting factors in the process of exporting goods at Kintetsu World Express Indonesia? Therefore, a research should be conducted to determine the dominant factors that indicate the role of Freight Forwarders in the process of exporting goods through air transportation, especially by PT. Kintetsu World Express Indonesia.

According to the theory of mercantilism, the wealth and power of a country may be increased by expanding exports and limiting imports. Furthermore, export surplus will result in precious metals and silver. Thus, the amount of precious metals and silver that continues to increase will significantly increase the wealth and power of a country. Consequently, the country is highly demanded to encourage and motivate people to export products and reduce their consumptive habits, particularly limiting imports of luxury goods (Dewi, 2019).

According to Kotler, a service is any intangible act or performance offered by one party to another that does not result in a transfer of ownership (Moha & Loindong, 2016). Service is also defined as an act or performance that provides benefits to customers through changes desired by the recipient (sangadah & Kartawidjaja, 2020).

According to Indonesian Trade Statistics quoted by (Agustina & Reny, 2014), export is regarded as trade by way of carrying or sending goods to outside the Indonesian Customs Territory by complying with applicable regulations. The customs area covers the territory of the Republic of Indonesia, specifically the land, water and air as well as certain areas in the Exclusive Zone and Continental Shelf where this Law Number 10 of 1995 concerning customs applies. Furthermore, exports include a wide range of goods and services that are produced domestically, which are then sold abroad (Larasati & Sulasmiyati, 2018).

Freight Forwarder has been known as a business entity that is primarily focused on providing services/management of all activities of sending, transporting and receiving goods using multimodal transport either by land, sea and air (Nababan, 2007).

In the Decree of the Minister of Transportation No. 10 of 1988 dated January 26, 1988, it is stated that the transportation management service (freight forwarding) is a business aimed at representing the interests of the owners of goods and to manage all activities of sending and receiving goods through land, sea or air transportations, specifically: Receiving, Storage, Sorting, Packing, Marking, Measurement, Weighing, Management, Document Completion, Issuance of Transport Documents, Calculation of Freight Costs, Claims, Insurance for Shipping Goods and Settlement of Bills

and other costs required for delivery of goods to recipients (Istri & Astrianita, n.d.).

Method

The research method is defined as a plan to collect, measure and analyze data by referring to research questions. This research was conducted by means of descriptive qualitative analysis method and PESTEL. Qualitative descriptive research method has been known as a method used by researchers to examine the theory of research at a particular time (Mukhtar, 2013). Moreover, the primary and secondary research data were obtained by researchers from PT. Kintetsu World Express Indonesia. This research was classified as a case study that intentionally focuses on gathering information related to PESTEL perspective (Political, Economy, Social, Technology, Environmental, Legal). PESTEL analysis has two basic functions for a company, including (1) to allow identification of the environment within which the company operates, and (2) to provide data and information that will enable the company to predict situations and circumstances that it might encounter in future (Yüksel, 2012). In this research, only 4 out of 6 factors will be analyzed, including Political, Economy, Technology and Legal factors.

The data in this research were collected through interviews and observations. (1) Observation, Nawawi and Martini defined observation as an act of observing by recording information in sequence (Agung & Arinda, 2021). These observations are required to describe all the information associated with the object of research, and draw conclusions into a report that may provide benefits as research. (2) Interview, it is referred to as the process of collecting data by means of a one-sided question and answer that is carried

out systematically based on the purpose of the investigation (, & Anam, 2019).

Through this interview process, researchers would be capable of identifying the knowledge and activities of the person being examined, as well as all information that is not identified in the object of research.

Discussion and Result

General Description Of The Company

PT Kintetsu World Express is a company established first in May 1948. This company is engaged in Freight Forwarding services (Air, Sea, etc.), Customs Brokerage, and logistics. In August 2003, PT. Kintetsu World Express Indonesia was established in Jakarta and is engaged in international cargo delivery services (air and sea transportations) and Customs Brokerage, with branches in Surabaya and Semarang. In September 2011, PT. Kintetsu Logistics Indonesia was then established in Jakarta and is engaged in 3PL (Warehouse) services and domestic transportations.

The Role of Freight Forwarders in Supporting Export Activities

a. The role of freight forwarders as carriers

Freight forwarder is responsible for transporting goods (load) from one or more people collected from one or several areas to the final destination through a system of traffic control of goods and documents by utilizing one or several types of transportation without having to use transportation facilities, as well as being an intermediary between the cargo company and the shipping line company.

b. The role of freight forwarders in the Packing process

The sender and recipient of the goods will continually expect that the goods may arrive at the intended party by complying with the 3K requirements, specifically:

- 1) *Keamanan* (Security)
- 2) *Keaslian* (Authenticity)
- 3) *Kepuasan* (Satisfaction)

In general, the type of package used and the load in the package can be described as follows:

- 1) Cardboard material

Packaging boxes made of cardboard are widely used for efficiency and economy. Cardboard can withstand the stresses and dings that often occur in transportation, despite being relatively inexpensive. In addition, it can protect the package load against damage or loss.

- 2) Wooden crates

Wooden crates are perceived as the best packaging for goods, because they have strong walls to withstand package loads and external pressures.

Documents that must be completed

- 1) Airway Bill

Airway bill is defined as a document issued by a forwarder company as a receipt for delivery of goods as well as proof of ownership of goods that have been loaded by the exporter to be delivered to the consignee.

- 2) Shipping Instruction

Shipping instruction is known as an order to send goods

- 3) Invoice & Packing List

Invoice has been known as a document that describes the data on the goods sent. Packing list is defined as an export document containing information about the goods to be exported.

- 4) Notification of Exporting Goods

Notification of Exporting Goods is a document made by the exporter and

must be approved by the customs officer before the loading process is carried out on the plane.

5) Export Service Note

Export Service Note is a note issued by the Document Inspection Officer, Service Computer System, or Goods Inspection Officer for the submitted PEB, to protect the entry of goods to be loaded into the transportation means.

Inhibiting factors

There were found several factors inhibiting the process of exporting goods at PT. Kintetsu World Express Indonesia. Goods that experience delays were influenced by the shipper, the shipping process from the shipper to the airport, and airlines.

The similarity between the shipping instruction and the qualification of the goods is highly able to provide impact during the process of picking up goods. Constraints that arise during the process will lead to differences in delivery times, and the freight forwarder will delay the delivery by re-scheduling the aircraft to be used. Regarding to this, the quality of goods and the readiness of goods are perceived capable of influencing the smoothness of goods export activities.

Smooth traffic has been known to contribute to the export of goods. Delayed goods may be affected by many factors, including unpredictable road conditions such as traffic jams and floods during the rainy season, thereby preventing goods from arriving on time.

In addition to the punctuality of arriving at the airport, field conditions are also considered to be a factor inhibiting the delivery of goods from PT. KWE. This condition caused goods that should be loaded onto the plane at a certain time, had to be delayed because the plane was fully loaded.

Furthermore, airlines would more likely prioritize passenger luggage. If no policy changes are made for the transportation of cargo goods, this will certainly hamper the activity of exporting goods.

Cargo delivery tends to be hampered due to delays in aircraft carrying passengers. This may be the result of many factors, such as changing weather, thereby leading the aircraft to experience obstacles in landing or takeoff. Furthermore, technical errors in updating the departure schedule are also considered to be one of the factors for aircraft delays. Late updating of the schedule will result in delayed departure times, and the aircraft will eventually be late for departure.

Table 3. Research Results at PT Kintetsu World Express Indonesia

Item	Sub-item	Information
Inhibiting Factors	<ul style="list-style-type: none"> • Item readiness • Item quality • Limited fleet • Road conditions • Availability of space • Airlines Delay 	<ul style="list-style-type: none"> • Time delay by the shipper during the preparation of the goods: the scheduled time to the freight forwarder was different from the time when the goods were picked up • The quality of the goods did not meet the standards recorded in the shipping instructions, causing the freight forwarder to experience delays. • The volume and size of the goods were more likely to be different from the shipping instructions, and the freight forwarder became constrained in the process of picking up goods from the shipper.

		<ul style="list-style-type: none">• Road conditions tended to be unpredictable, causing obstacles such as traffic jams and being blocked by floods.• Goods that should be transported at certain times tend not to be loaded due to the unavailability of space on the plane to transport cargo.• There were various factors encountered, such as bad weather and technical malfunctions of the aircraft that required initial repair.
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PETL Analysis

Politic (P)

In Law No. 28 of 2007 concerning General Provisions and Tax Procedures (KUP), taxes are referred to as mandatory contributions to the state owed by individuals or entities that are enforceable under the law, by not receiving compensation directly and used by the state for the purpose of prospering the people.

International Trade Policy is any direct or indirect act of a country/government to influence the structure, direction, composition, and form of foreign trade or trade activities. These policies include tariffs, import bans, quotas, dumping and various other policies.

The policy of restricting international trade is regarded as a policy of the government or countries that accept imports from other countries with the aim of protecting domestic products to compete in the international market.(Septianto et al., 2020)

Economic (E)

Economic growth is considered a crucial indicator to identify and evaluate a country's development, specifically in the economic sector. Economic growth is capable of showing the level of government performance in various economic sectors, particularly in generating added value or community income in a certain period.

- a. The accumulation of capital goods, which includes all types of new investments in land, physical equipment and human capital.
- b. Population growth, which will further increase the number of labor force or human resources (HR).
- c. Technological advances, which can occur due to the discovery of new ways or improvements to old ways of handling a job.

Technology (T)

The industrial revolution 4.0 is fundamentally capable of changing the way we live, work, and relate to one another. Accuracy, Speed, Efficiency and Quality of production are considered to be the differentiators of the era.

Technology will likely succeed in increasing economic growth, which is further able to facilitate the development of the process. Technology may also contribute to economic development, specifically in increasing per capita income.

Legal (L)

According to Article 1 point 6 of the Minister of Transportation Regulation 59/2021, Transportation Management Service (freight forwarding) is stated as a business activity aimed at all activities required for the delivery and receipt of goods through land, rail, sea, and/or air transportation. Freight Forwarding consists of a fairly broad scope, including the following:

- a. Reception;

- b. Management of storage of goods in closed warehouses and open warehouses (stack yards);
- c. Sorting;
- d. Packing;
- e. Marking;
- f. Measurement;
- g. Weighing;
- h. Transportation management;
- i. Issuance of documents for the transportation of goods through land, sea, and/or air transportation modes;
- j. Document settlement management;
- k. Reservation of carrier space;
- l. Delivery;
- m. Distribution management;
- n. Calculation of transportation and logistics costs;
- o. Claim;
- p. Insurance on the delivery of goods;
- q. Settlement of bills and other necessary costs;
- r. Provision of information and communication systems;
- s. Provision of logistics services in the national and international markets conventionally and/or electronically;
- t. Provision of e-commerce, internet technology with satellite system that enables real-time tracking of goods;
- u. Contractual carrier or non-vessel operator common carrier (nvoc); and
- v. Delivery and/or receipt of special luggage that complies with the provisions of laws and regulations.

As stated in the Law of the Republic of Indonesia Number 7 of 2014 concerning Trade, Export is defined as the activity of sending Goods from the Customs Area, while Exporters are considered as individuals or institutions or business entities (legal or non-legal entities) that conduct export activities.

Export Permit

- a. For Export activities, Exporters are required by the minister to have permits in the form of approval, registration, stipulation, and/or acknowledgment.
- b. The Minister requires Exporters and Importers to have the permits as referred to in paragraph (1) in the conduct of temporary Exports and Temporary Imports.
- c. The Minister may delegate the granting of permits as referred to in paragraph (1) to the Regional Government or certain technical agencies.
- d. To increase national competitiveness, the Minister should propose relief or additional imposition of import duties on temporarily imported goods.
- e. Further provisions regarding permits as referred to in paragraph (1) and paragraph (2) shall be regulated by a Ministerial Regulation.

Export Prohibitions and Restrictions

- a. All Goods can be exported or imported, unless prohibited, restricted or otherwise provided for by law.
- b. The government prohibits the Import or Export of Goods for the national interest for the following reasons:
 - 1) To protect national security or public interest, including social, cultural and moral community;
 - 2) To protect intellectual property rights; and/or
 - 3) To protect the health and safety of humans, animals, fish, plants, and the environment.

- c. Exporters are prohibited from exporting goods that are not allowed to be exported. The restricted goods as referred to in paragraphs (1) and (2) shall be stipulated by a Ministerial Regulation.
- d. Exporters who export Goods that do not comply with the provisions on restrictions on Goods to be exported as referred to in paragraph (3) are subject to administrative sanctions and/or other sanctions as regulated in laws and regulations.
- e. Exporters who are subject to administrative sanctions as referred to in Article 52 paragraph (4) on their exported goods are controlled by the state in accordance with the provisions of laws and regulations..

Criminal provisions

Exporters who export Goods that are not allowed to be exported as referred to in Article 51 paragraph (1) shall be sentenced to a maximum imprisonment of 5 (five) years and/or a maximum fine of Rp. 5,000,000,000.00 (five billion rupiah).

Conclusion

Referring to the discussion on the role of freight forwarders in the process of exporting goods through air transportation of PT. Kintetsu World Express Indonesia, several conclusions may be drawn, including (1) the freight forwarder acts as an operator and is responsible for the conduct of transportation despite not having its own aircraft, (2) documents that must be completed to support the activity of sending export goods by air include Airway Bill, Shipping Instruction, Invoice & Packing, Notification of Export of Goods, and Export Service Note, and (3) inhibiting factors in the process of exporting goods through air transportation of PT. Kintetsu World Express Indonesia were influenced by the shipper, the shipping process from the shipper to the airport, and airlines.

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