



## PROFESSIONALISM AND INTEGRITY IN INDONESIA CUSTOMS AS PART OF COORDINATED BORDER MANAGEMENT (CBM) IMPLEMENTATION

Nur Achmad

Inspectorate General of Ministry of Finance, Indonesia Email: nurach\_f@yahoo.com

### ARTICLE INFORMATION

#### ARTICLE HISTORY

Received

2 September 2024

Accepted to be published

31 December 2024

#### KEYWORDS:

Coordinated Border  
Management (CBM)  
Customs Administration  
Professionalism  
Integrity  
Indonesia customs  
Corruption

### ABSTRACT

Menurut WCO (2009), CBM adalah pendekatan manajemen perbatasan yang melibatkan kerja sama antara lembaga pemerintah secara terkoordinasi untuk mencapai tujuan bersama. Sebagai bagian dari CBM, Administrasi Kepabeanan perlu mengelola aktivitas mereka untuk memastikan proses dan prosedur yang efisien dan efektif sesuai dengan ketentuan yang berlaku untuk para pelancong, barang, dan sarana transportasi yang melintasi perbatasan internasional.

Instansi kepabeanan di seluruh dunia, termasuk di Indonesia, memainkan peran penting dalam menjalankan misi untuk memfasilitasi industri dan perdagangan, mengumpulkan pendapatan, serta melindungi masyarakat. Tugas-tugas ini perlu dilaksanakan secara profesional dan dengan integritas. Profesionalisme dan integritas merupakan prasyarat agar lembaga kepabeanan dapat berfungsi dengan baik. Kurangnya integritas dan terus berlanjutnya perilaku korup oleh pegawainya akan melemahkan kepercayaan publik terhadap pemerintah. Pelaksanaan tugas yang tidak profesional akan membatasi kapasitas Administrasi Kepabeanan untuk mencapai misinya secara efektif. Subjek dari penelitian ini adalah upaya yang dilakukan oleh Direktorat Jenderal Bea dan Cukai (DJBC) Indonesia dalam menegakkan profesionalisme dan integritas. Tujuan dari penelitian ini adalah untuk mendeteksi dan menganalisis kondisi saat ini serta mengidentifikasi solusi yang tepat. Untuk mencapai tujuan penelitian, digunakan metode pengumpulan data kualitatif. Hasil penelitian ini memberikan gambaran tentang masalah korupsi di sektor kepabeanan dan menjelaskan beberapa alternatif solusi untuk masalah profesionalisme dan integritas. Upaya untuk memperkuat dan meningkatkan integritas yang dilaksanakan oleh DGCE perlu dilakukan bersama-sama oleh para pemimpin dan pegawai DGCE serta didukung oleh pemangku kepentingan yang relevan.

*According to WCO (2009), CBM is a border management approach that involves public agencies working together in a coordinated manner to achieve common goals. As part of CBM, Customs Administration need to manage their activities to ensure efficient and effective processes and procedures in accordance with applicable provisions for travelers, goods, and means of transport crossing international borders.*

*Customs institutions around the world and also in Indonesia play an important role in carrying out the mission of facilitating industry and trade, collecting revenue, and protecting the community. These tasks need to be carried out professionally and with integrity. Professionalism and integrity are prerequisites for Customs institutions to function properly. Lack of integrity and the persistence of corrupt behavior by its employees will weaken public trust in the government. Unprofessional implementation of tasks will limit the capacity of Customs Administration to achieve its mission effectively. The subject of this study is the efforts made by Indonesian Directorate General of Customs and Excise (DGCE) in upholding professionalism and integrity. The purpose of this study is to detect and analyze the current conditions and identify appropriate solutions. To achieve the research objectives, qualitative data collection methods are used. The results of this study provide an overview of the problem of corruption in the customs sector and explain several alternative solutions to the problems of professionalism and integrity. Efforts to strengthen and improve integrity implemented by DGCE need to be implemented jointly by the leaders and employees of DGCE and supported by relevant stakeholders.*

## 1. INTRODUCTION

### 1.1. The important role of DGCE

As part of the Ministry of Finance, the DGCE, is a government agency responsible for overseeing and enforcing customs and excise regulations and procedures under the Ministry of Finance of the Republic of Indonesia.

The main tasks of DGCE are to facilitate trade and industry, guard the borders and protect the Indonesian people from smuggling and illegal trade (Community Protector), and optimize state revenues in the customs and excise sector (Revenue Collector). Although revenue collection is still the main role, DGCE's focus has now shifted to facilitating trade and industry, protecting the public from the entry of illegal and dangerous products, and participating in maintaining the national logistics supply chain.

The number of DGCE employees is 15,935 people as of April 1, 2024 (<https://www.beacukai.go.id/statistik.html>). This number is spread across 148 offices throughout Indonesia. These employees work at the DGCE Head Office, Regional Offices, Main Service Offices, Supervision and Service Offices, Laboratory Centers, and Operational Facility Bases. DGCE employees have unique, distinctive and diverse roles. They guard border areas on land and sea, inspect goods at seaports, supervise the flow of goods and people at airports, are auditors, intelligence officers, customs investigators, and supervise the provision of facilities in Bonded Zones. All of these assignments require DGCE employees who are professional, well-trained, high-performing, and ethical and have special knowledge, skills, and behavior. The role and mandate of DGCE has evolved over time in response to environmental changes, new trends, and emerging challenges.

As one of the sources of revenue from the customs and excise sector, DGCE has collected state revenue in 2023 of IDR286.2 trillion (95.4%) of the target according to Presidential Regulation number 75 of 2023. This revenue decreased from 2022 which reached IDR293.08 trillion (98.01%) of the target. The decrease in customs and excise sector revenue was indirectly caused by the volatility of commodity prices due to the global economic slowdown and geopolitical conflicts. The importance of quality DGCE Human Resources (HR) is to have good attitudes, behavior and competence to support organizational performance. High demands on DGCE are demands for high professionalism so that employee attitudes, behavior and competence are very important. Customs Administration is basically very vulnerable to corrupt practices, because the work environment opens up great opportunities for customs employees to exploit their power for personal gain. Maintaining integrity is a challenge for every Customs Administration.

Carrying out the function of community protector, for example, DGCE takes action against drugs, alcoholic beverages, and endangered animals.

In 2023, BC has taken action 41,574 times with the value of the goods resulting from the enforcement amounting to IDR 9,965 billion. This number is an increase from previous years, as shown in Table 1 below:

**TABEL 1. Customs Enforcement DGCE**

| YEAR | NUMBER OF ENFORCEMENT | VALUE OF GOODS RESULTING FROM ENFORCEMENT (Rp) |
|------|-----------------------|--|
| 2019 | 21.062                | 5,69 billion                                   |
| 2020 | 21.779                | 6,11 billion                                   |
| 2021 | 28.857                | 24,45 billion                                  |
| 2022 | 39.715                | 22,4 billion                                   |
| 2023 | 41.574                | 9,965 billion                                  |

Source: <https://www.beacukai.go.id/statistik.html>

As an institution that deals directly with service users, in carrying out supervision and services, DGCE is vulnerable to being highlighted and receiving complaints, both from the business community and individuals. In the midst of an unfavorable global situation, the current challenge faced by Customs Administration around the world is operating in a rapidly evolving environment, with increasing trade volumes, new business models and security threats and organized crime putting pressure on Customs Administration to improve its capabilities.

The integrity of DGCE, other government institutions, and private sector entities is critical to the growth and economic welfare of a country, and if there is no integrity, it will have a negative impact on the welfare of society through loss of efficiency and effectiveness. In some countries that are largely dependent on revenue collected by Customs Administration, problems related to integrity, including corruption, reduce the revenue available for development and thus in many ways jeopardize the government's ability to invest in the future.

In an increasingly globalized world, where goods and people increasingly cross borders, and speed to market is of the utmost importance to both supply chain actors and end consumers, Customs Administration are now called upon to facilitate legitimate trade and protect borders. However, it is often difficult for Customs Administrations to strike a balance between these two functions, which can often undermine each other. This is especially true when changing political or economic circumstances require Customs Administration to immediately prioritize import security or trade facilitation. In addition, Customs performance is often seen as a reliable barometer of how the public perceives the quality and integrity of the government as a whole. Therefore, the WCO provides a strong case for greater focus on Customs integrity.

In Semester I 2024, DGCE was under intense scrutiny from various parties: service users, online media, and the general public on social media. Both

those who submitted complaints directly, and those who took refuge through anonymous accounts. Based on statistics, the most complaints submitted to DGCE were as shown in Table 2.

**Table 2. Most Frequently Submitted Complaint Categories**

| Categories  | 2023 | 2024 |
|---|------|------|
| Information on Violations in the Customs and Excise Sector  | 250  | 188  |
| Request for information   | 195  | 91   |
| Fraud in the name of DGCE   | 246  | 71   |
| Complaints on employee attitudes and behavior, service quality, employee performance, Service Level Agreement | 109  | 64   |
| Objections to the determination of import duty and tax  | 73   | 49   |
| Others  | 248  | 242  |

Table 2 above shows that complaints regarding alleged integrity violations and complaints related to the professional attitude of DGCE officers are still problems faced by DGCE. This unfavorable situation disrupts the condition of DGCE, especially those at the forefront of service and supervision. However, this can be a momentum for reflection as an organization that continues to learn to become better.

Border management is an integral part of state management, which operationally is an activity of handling or managing borders and border areas. In line with the reorientation of development policies in border areas, through the Law of the Republic of Indonesia Number 43 of 2008 concerning State Territory which mandates the Government to establish a Border Management Agency at the central and regional levels in order to manage border areas. Based on the mandate of the Law, the Government through Presidential Regulation Number 12 of 2010 established the National Border Management Agency (Badan Nasional Pengelola Perbatasan - BNPP). In the context of managing state borders and border areas, BNPP prioritizes synergy of policies and programs, so that the weaknesses and limitations that have existed so far, namely ad-hoc and partial and ego-sectoral handling of state borders, which have resulted in overlapping and redundancy as well as mistargeting and inefficiency in border management, are expected to be corrected.

BNPP membership consists of 18 Ministries/Non-Ministerial Government Institutions and 13 Governors in Border Areas. One of the members of BNPP is DGCE. BNPP is expected to be able to strengthen and make effective the tasks carried out by Ministries and/or Institutions and Regional Governments in realizing Border Areas as the Front Terrace of the Unitary State of the Republic of Indonesia. Through coordination with Ministries and Institutions directly related to handling state

borders, BNPP is expected to be able to encourage and facilitate the creation of policies and programs for managing state borders and developing border areas in an integrated manner.

Maintaining trust among all stakeholders involved in cross-border trade requires integrity from all parties. CBM is needed to ensure that all processes and procedures are carried out in a transparent, accountable manner and comply with international standards and best practices.

## 2. LITERATURE REVIEW

### 2.1. First part CBM Concept

With different terms but with relatively the same goal, namely to increase the effectiveness and efficiency of border procedures, several international institutions initiated the elaboration of this joint work. WCO uses the term Coordinated Border Management (CBM), the European Union uses the term Integrated Border Management, the World Bank uses the term Collaborative Border Management while the Organization for Security and Cooperation in Europe (OSCE) uses the term Comprehensive Border Management. The concept of collaboration essentially aligns the interests of several non-customs border institutions, policy makers, and international organizations.

According to WCO (2009), CBM is a border management approach that involves public agencies working together in a coordinated manner to achieve common goals so as to provide a cohesive government response to border management challenges. CBM is a logical way to manage border operations to ensure efficient and effective processes and procedures used by all regulatory agencies involved in border security and regulatory requirements that apply to travelers, goods, and means of transport crossing international borders. The purpose of a coordinated border management system is to facilitate trade and traveler clearance while ensuring secure borders.

*Background Paper – WCO Inter-Agency Forum on Coordinated Border Management (2009)*, introduces the evolved thinking of the WCO about CBM and outlines its major principles:

Coordinated Border Management (CBM) represents an approach to manage borders involving public service agencies working across portfolio boundaries in a coordinated manner to achieve a shared goal thus providing a cohesive government response to the challenges of border management. CBM can be referred to as meaning a logical way to manage border operations to ensure efficient and effective processes and procedures used by all regulatory agencies who are involved in border security and regulatory requirements that apply to travellers, goods and conveyances crossing international borders. The objective of a coordinated border management system is to facilitate trade and the clearance of travellers at the same time ensuring secure borders (WCO, 2009).

## 2.2. Second Part CBM Implementation

To implement CBM, a common understanding of the concept of CBM is required, namely an approach for cross-border regulatory institutions that have the same mindset, implementing steps, mechanisms, and official communication channels to ensure that regulations run well, efficiently and effectively. To further support the implementation of CBM, there are various relevant World Customs Organization (WCO) instruments and tools, including The Revised Arusha Declaration, the WCO Model Code of Ethics and Conduct, the Integrity Best Practices Compendium and the Integrity Development Guide, the Revised Kyoto Convention, Risk Management, Single Window, WCO Data Model, and the SAFE Standard Framework.

The implementation of CBM in Indonesia has been the subject of research and study. A study conducted by the University of Indonesia highlighted several challenges in managing border areas in Indonesia, including issues of security and sovereignty, community welfare and protection, public services and infrastructure, governance and sustainability of behaviour, dependence on neighboring countries, cross-border crime, security, management and protection of national assets, and government decentralization. Saherimiko's findings (June 2014) concluded that the development of border areas has not been able to provide an optimal contribution to the acceleration of infrastructure development in border areas. This has an impact on the socio-economic life of people who are poor in infrastructure and do not have good accessibility, which is greatly influenced by socio-economic conditions in neighboring countries. The findings of Rusmiyati, et. al (2022), show that immigration and customs officers are reluctant to be placed at border posts because in addition to the lack of incentives, there is also a lack of guaranteed security, especially against pressure from local residents who cross borders illegally. Research by Syaferi, et.al. (2023) shows that regulating state territory can encourage development in Indonesia's border areas. Better management of inter-state borders is needed because there are several obstacles in implementing cross-border regulations.

## 2.3. Corruption Problems in Customs Institutions

Corruption problems are problems that not only harm an institution but can also harm state finances in general. According to Fjeldstad, et.al., corrupt practices often become obstacles for Customs institutions in carrying out their duties of collecting revenue, facilitating industry and trade, and protecting domestic security from the trade of illegal goods (including weapons and narcotics). Most government revenues, 30-50% of total tax revenues in low-income countries are Import Duties and PDRI. In some developing countries, estimates show that 30% or more of customs revenues are lost due to rampant corruption. Danijela and Vasileska (2012) concluded that widespread corruption can destroy the legitimacy

of customs administration and greatly limit its capacity to contribute to government goals. According to McLinden (2005), high levels of corruption drastically reduce the effectiveness of government agencies and Customs is often referred to as one of the most corrupt government agencies.

According to Keen (2003), basically no one likes to pay taxes. Likewise, importers and/or their agents will take every opportunity and make every effort to reduce their tax burden, including, if necessary, bribing Customs officers. In addition to reducing the tax burden, importers are also interested in obtaining the goods as quickly as possible. This puts Customs officials in a strong position to obtain bribes in order to "facilitate" the release of their goods. According to Nagy and Clark (2022), the risk of corruption within customs institutions can occur due to the nature of customs work which is directly related to collecting money and the discretionary authority of officials to enforce various laws and regulations. The most important institutional factors that cause a lack of integrity in the customs sector include complex administrative, fiscal, and trade policies. Examples of these factors are suspension regimes, exceptions, free trade zones, preferential treatment agreements, special taxes and duties; restrictive tax and foreign trade systems; high tax and tariff rates; complicated and bureaucratic procedures; and weak transparency and accountability. At the professional level, this may include poor salaries and a lack of effective preventive, investigative and disciplinary measures.

Corruption in the Customs Administration is full of economic and political motives, the perpetrators are Customs officials and officers at the central and regional levels. They secure corruption by cooperating with other government institutions, especially law enforcement and banking to become their supporters and protectors. The loopholes that trigger the emergence of corruption are document administration; inspection and examination; cargo shipping security issues; and issues of the dynamics of legal and illegal international trade (Arif and Arifin, 2016).

There are several modes of corruption in the customs sector. Corrupt activities that are usually carried out by customs officers vary from one country to another and are not limited to extortion, patronage, nepotism, embezzlement, bribery and cronyism in exchange for money or goods (Tarar, 2010). The types of bribery in the customs sector also vary, from 'turning a blind eye' to serious actions by helping to smuggle illegal goods. Therefore, it is difficult to comprehensively describe all forms of corruption that occur in Customs. Hors (2001), classifies various forms of corruption that occur in Customs into:

1. Routine corruption

Occurs when importers/agents bribe customs officers in order to complete customs procedures normally or expeditiously

2. **Fraudulent corruption**  
Occurs when importers/agents persuade customs officers to 'turn a blind eye' to certain procedural requirements in order to reduce tax obligations or other import/export obligations.
3. **Criminal corruption**  
Occurs when importers/agents bribe customs officers so that they can smuggle goods that are not in accordance with the provisions or are prohibited or restricted from circulation, such as drugs or weapons or other goods.

Corruption is a symptom of the lack of integrity and professionalism of the perpetrators. In customs institutions, the concept of integrity means providing services that meet the expectations of clients and stakeholders. The WCO Revised Integrity Development Guide emphasizes the fact that integrity challenges remain a major obstacle to reform and have a negative impact on the pride, esprit de corps, and professionalism of the organization as a whole. One definition of corruption, by Hubert (2018) is associated with integrity, which views corruption as a synonym for any type of wrongdoing by officials in terms of actions that are contrary to the public interest. Corruption is synonymous with crime, political and bureaucratic diseases. Corruption is synonymous with unethical behavior or integrity violations.

Some Customs Administration have difficulty in managing their resources professionally. The absence of, for example, clear recruitment standards, standardized job descriptions, competency profiles, beneficial promotion policies, comprehensive learning and development programs, and professional career paths hampers the ability of these customs institutions to improve their performance.

#### **2.4. Professionalism and Integrity in Customs Administration**

In the CBM concept, professionalism and integrity are important for Customs and Cross Border Regulatory Agencies (CBRAs) because:

- Enhance public trust and confidence
- Prevent significant revenue leakage
- Contribute to voluntary compliance
- Facilitate international trade, foreign direct investment and economic development
- Enhance the level of national security and public protection.

Integrity is an important aspect in CBM. DGCE and stakeholders must ensure that all actions and decisions made are carried out in an honest, transparent and accountable manner. This is to maintain public trust in these institutions. There are several ways to maintain integrity in CBM:

- **Transparency:** All processes and procedures must be clear and open to scrutiny. This includes

the exchange of information between institutions and the public.

- **Accountability:** Institutions must be held accountable for their actions. This includes having a mechanism to investigate and address any allegations of violations.
- **Professionalism:** Staff must be trained and behave professionally. This includes adhering to ethical standards and avoiding conflicts of interest.
- **Collaboration:** Effective collaboration across agencies, i.e. sharing best practices and learning from each other.
- **Continuous Improvement:** Regular review and updating of policies and procedures can help ensure that they remain effective and relevant.

Lewis (2013) examined the issue of integrity referring to the WCO Revised Arusha Declaration, as the main source of guidance for customs institutions in implementing an anti-corruption system. In his research, there are several important issues that dominate efforts to eradicate corruption and encourage ethical behaviour by customs officers around the world. Lewis found that all strategic responses carried out by Customs, if integrity is not inherent in the process, are unlikely to succeed. Without integrity there will be no proper border management, no effective revenue collection and no public trust in the BC institution. The solution proposed by Keen (2003, pp. 156-65) is to ensure the integrity of the system that not only improves integrity in customs administration but also ensures continued vigilance to ensure that every action taken continues to run as intended.

Professionalism and integrity are very important in every implementation of CBM. Public trust and organizational credibility must be firmly built within the Customs Administration. Regulations including SOPs must be established and implemented so that the DGCE operates on the basis of established processes and standard operating procedures, not through personal relationships and informal networks. As part of the Ministry of Finance, DGCE needs to implement the Values of the Ministry of Finance. The first two of these values are integrity and professionalism. Integrity, namely that customs officers in thinking, speaking, behaving, and acting do it well and correctly and always uphold the code of ethics and moral principles. While professionalism, namely that in working, the Leaders and all Civil Servants in the Ministry of Finance do it thoroughly and accurately based on the best competence and full responsibility and high commitment. According to Webster, Professionalism is the conduct, aims, or qualities that characterize or mark a profession or a professional person. According to Nagy and Duchesneau (2022), professional and skilled customs personnel and a coherent integrity management framework are part of the main foundations of

modern customs administration institutions and professionals.

A customs administration that has good resources, is professionally trained, and is value-based will be more likely to operate with integrity. To maintain and uphold integrity, the Ministry of Finance has an Integrity Framework through KMK No. 323 of 2023 which is a guideline for all employees of the Ministry of Finance including DJBC. As a way of thinking, working, living, attitude and behavior of employees that refers to the values of integrity. This is in line with the WCO guidelines (2012) that the Customs Administration and other competent authorities must establish programs to prevent employee integrity violations and to identify and combat integrity violations. In the Integrity Framework, Leadership is a dominant factor because it is the foundation for upholding integrity through Tone from the Top, Walk The Talk, and Know Your Employee. This is in line with Janos and Clark (2022), that the main responsibility for creating an environment conducive to integrity and preventing corruption must rest on the shoulders of the leadership. Leaders must exemplify values through words and actions; demonstrate honesty, prudence, and rigorous management of public resources and assets; and create an institutional climate and incentive structure that encourages high standards of ethics, service, and accountability.

#### 4. RESEARCH METHODOLOGY

This study is a qualitative study with a descriptive analysis approach which is a method that functions to describe or provide an overview of the object being studied through data or samples that have been collected as they are without conducting analysis and making conclusions that apply to the public (Sugiyono, 2017). The data collection technique is carried out by collecting primary, secondary and tertiary materials in the form of scientific articles, books, journals, organizational reports and official organizational websites and online news related to the concept and practice of implementing professionalism and integrity carried out by the Directorate General of Customs and Excise, Ministry of Finance of the Republic of Indonesia as part of the CBM concept

#### 5. RESULTS AND FINDINGS

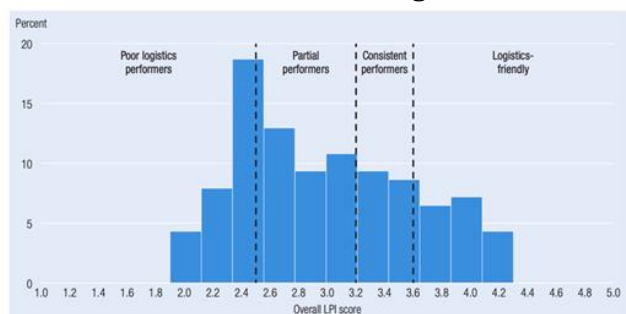
##### 5.1. Findings

In 2023, the World Bank published the Logistic Performance Index (LPI) report as a tool for comparing logistics performance between countries. The LPI is an interactive comparison tool that shows the value of a country's logistics performance in general, and aims to provide an overview of the challenges and opportunities that may be faced in a country's trade logistics performance. The LPI issued by the World Bank can help a country identify the right policies to improve its national logistics performance. The World Bank measures the index based on a survey of stakeholders in a particular

country. Respondents were asked about the efficiency of customs in their export-import destination countries, then asked to give a score on a scale of 1-5. A score of 1 means very low efficiency, and a score of 5 is very high.

Indonesia's logistics performance in 2023 has decreased to 61st place out of 139 countries, which was originally ranked 45th in 2018. This condition is quite a contrast compared to several countries that experienced improved performance, namely the Philippines which rose 17 ranks (from 60 to 43), Malaysia which rose 11 ranks (from 41 to 30), India which rose 6 ranks (from 44 to 38), and Singapore which rose 6 ranks (from 7 to 1). Indonesia's LPI score is still on a scale of 2.50-3.20 throughout 2007 to 2023. Based on this score, Indonesia is still categorized as a partial performer, with the most logistics constraints seen in low and middle income countries. Indonesia is categorized as a Partial performer, namely a country with the most logistics constraints seen in low and middle income countries (46 countries in the middle quartile and the second quartile from the bottom), as shown Table 3 below. These logistics constraints include inadequate infrastructure, lack of technological development, geographic and demographic conditions, and logistics network connectivity.

**Table 3. LPI Score Categories**



Source: Worldbank 2023

Of the 6 LPI preparation indicators, Efficiency of customs clearance and restrictions. DGCE service (2.67 to 2.8) rose 1 rank from 62 to 61. Singapore's customs service scored 4.2, the highest in ASEAN and even the highest on a global scale. 4 indicators experienced a decrease in value as shown in Table 4, namely:

**Table 4. Indonesia LPI Score**

| Indonesia LPI          | Score (Before) | Rank (Before) |
|------------------------|----------------|---------------|
| Overall                | 3.0 (3.15)     | 63 (46)       |
| Custom                 | 2.8 (2.67)     | 61 (62)       |
| Infrastructure         | 2.9 (2.89)     | 59 (54)       |
| Competence and quality | 2.9 (3.10)     | 67 (44)       |
| International shipment | 3.0 (3.23)     | 62 (42)       |
| Tracking and           | 3.0 (3.30)     | 66 (39)       |

|            |            |         |
|------------|------------|---------|
| tracing    |            |         |
| Timeliness | 3.3 (3.67) | 62 (41) |

Source: World Bank (2023)

Various efforts need to be made to increase the LPI score which aims to improve Indonesia's logistics performance in general. Improving Indonesia's LPI needs to be done by optimizing CBM, starting from integrated cross-ministerial/relevant agency planning, as well as involving stakeholders, especially business actors. This is because logistics management is multi-sectoral and multi-stakeholder. Several ministries/institutions, coordinating ministries, and local governments are related to the logistics sector. One program that has very good potential for implementation is the National Logistics Ecosystem (NLE). NLE is a logistics ecosystem that aligns the flow of international goods and documents from the arrival of the means of transport until the goods arrive at the warehouse. The implementation of NLE focuses on data exchange, process simplification, and elimination of repetition and duplication. NLE is a collaboration of ministries/institutions, logistics platforms, banking, and State-owned Enterprises (SOE) - Badan Usaha Milik Negara (BUMN).

The decline in Indonesia's LPI score was exacerbated by events that worsened the reputation of DGCE. DGCE were widely highlighted by the public because of several cases of imposing import duties and shipping fines that went viral on social media. These cases include: a netizen bought shoes for IDR 10.3 million but was charged an import duty of IDR 31.8 million, a YouTuber received an action figure robot for review content but was charged an import duty that did not match the actual price; receiving a braille keyboard grant for Special Schools (SLB) but was treated as a shipment and subject to import duty. Although DGCE was not entirely at fault in the incident, the effect of the continuous news coverage made the public doubt the professionalism and integrity of DGCE officers.

Another problem that also affected DJBC's reputation was the detention of thousands of packages of Indonesian Migrant Workers' goods at Tanjung Emas and Tanjung Perak Ports due to the implementation of Minister of Trade Regulation Number: 36 of 2023 concerning Import Policies and Regulations. Although BC only implemented the provisions, the Indonesian Migrant Workers Protection Agency (BP2MI) asked the Directorate of Customs and Excise of the Ministry of Finance to provide discretion to release thousands of Indonesian Migrant Workers' (PMI) shipments that were still being detained. In the near future, there were also problems related to the import of goods. A total of 26,415 containers of imported goods were detained at the ports of Tanjung Priok, Jakarta and Tanjung Perak, Surabaya for more than 3 months. The containers containing imported goods were detained at the ports due to the implementation of Minister of Trade Regulation Number 36 of 2023 in conjunction with

Minister of Trade Regulation Number 7 of 2024 concerning import prohibitions and restrictions. The container contains 7 commodities whose imports are tightened in Permendag 36/2023, including iron, steel, textiles, textile products, chemical products, electronic products, and other commodities whose imports require additional import permits, such as Import Approval (PI); Technical Approval (PT); and Surveyor Report (LS).

Regarding corruption cases, during Semester I 2024 DJBC received public attention and criticism due to cases involving several DJBC employees, namely:

1. REH, reported to the Corruption Eradication Commission (KPK) on suspicion of not submitting LHKPN correctly. The results of the investigation found a conflict of interest that also involved his family.
2. AP, former Head of Customs and Excise was sentenced to 10 years in prison and a fine of IDR 1 billion, subsidiary to six months in prison after being proven to have received gratuities of IDR 58.9 billion.
3. ED, former Head of Customs and Excise was detained by KPK investigators after being named a suspect in a case of alleged gratification and money laundering because he was suspected of receiving gratification from a businessman amounting to IDR 18 billion by exploiting his position at DGCE.
4. RR, a retired Head of Regional Office was named a suspect by the Attorney General's Office in a case of alleged corruption in PT X sugar import activities in 2020-2023. RR, is suspected of committing an unlawful act by revoking the decision to freeze the PT X bonded zone permit so that it could import sugar. For his actions, RR is suspected of receiving a sum of money.

The problems mentioned above indicate that there are still problems occurring in DGCE related to the professionalism and integrity of its employees.

## 5.2. Discussion

Indonesia's logistics performance based on the 2023 Logistic Performance Index (LPI) fell from 45th place (2018) to 61st place out of 139. From the custom indicator, Indonesia's score rose from 2.67 to 2.8. This is because in Indonesia, clearance time takes 7 days with a physical inspection rate of goods of 8%, while Singapore and Malaysia have a clearance time of 1 day with a physical inspection rate of goods of 2%. In terms of customs and infrastructure, the LPI score has improved, while other LPI indicators such as punctuality of delivery, ability to track shipments and others have decreased. On the other hand, it is necessary to simplify business processes due to duplication in government service business processes. Another factor is the asymmetry of information related to the need for and provision of logistics services. Several of these things result in bottlenecks that accumulate into logistics costs. Indonesia's

logistics cost ratio to GDP is 24% (World Bank, 2020), the highest among ASEAN countries.

DGCE's professionalism was questioned in dealing with people who had just returned from abroad at international airports. Several times there were debates from people who refused to have their goods checked by Customs officers. There was also the problem of goods from Indonesian migrant workers from abroad being held up. The narrative circulating in the community, the process of managing goods was complicated by Customs even though the goods sent were not in the category of goods to be traded in Indonesia. Complaints related to the Customs service system at various airports arose from Indonesian citizens who had just returned from abroad because they were subject to Import Duty, fines and sanctions on personal belongings. There was a tradeoff between supervision and service provided by Customs officers. On the one hand, they are required to monitor the traffic of illegal goods, on the other hand, Customs officers are still required to provide good service. The Customs policy using the principle of self-assessment in the form of a declaration based on awareness (e Customs Declaration) is an effort by Customs to provide convenience to people coming to Indonesia but is often used by individuals to manipulate Import Duty and taxes or avoid provisions on prohibitions and restrictions. The DGCE needs to make improvements so that it can achieve a combination of increasing demands, acceptance, but still provide good service to the community.

In principle, every item from abroad that enters Indonesia will be designated as an import, so that it will be subject to import duties and taxes which are implemented by DGCE. There has been a shift in the import method which was originally carried out by importing companies, shifting to individuals who import directly, including through e-commerce and importing consignments. Based on the provisions of the Minister of Finance Regulation Number (PMK) Number 96 of 2023, customs notification of imports of consignments is made by self-assessment, so that importers are fully responsible for notification of imports of goods. This regulation aims to protect domestic industry and the community from imported goods that are potentially dangerous. Although imports via consignments are smaller than imports using other media, the amount is quite significant. As of January 2024, there were 449,519 consignment notes (CN), 339,787 CN (February 2024), 420,782 (March 2024), and 232,554 CN (April 2024). This shift in import methods needs to be properly mitigated by DJBC to avoid the risk of problems due to public ignorance in fulfilling import procedures.

Early 2024, the public noticed 3 viral cases that appeared in public and on social media, related to Customs services. The viral cases were shoe shipments, shipments of goods for special schools (SLB), and also shipments of action figures. The shoe shipment case was complained about by netizens on social media because shoes worth IDR 10 million were

subject to an import duty of IDR 30 million. The Customs stated that this case arose because there was a discrepancy in the value of shoes sent from abroad through a consignment service company that was lower than the original price.

In two cases regarding the imposition of Import Duty and Taxes on the purchase of shoes and the delivery of action figures, indications were found that the price notified by the consignment service company (PJT) was lower than the actual price (under invoicing). Regarding the La Braille Grant Goods from South Korea for Special Elementary Schools, the goods were detained because customs did not receive notification of the grant goods. It was only later that DJBC found out that the Braille keyboard was a gift after being enlivened by the social media account X. The shipping service and the recipient of the goods had not yet informed Customs that the goods were a gift, so the process of completing the goods was hampered because the permits had not been completed. Thus, the root of the problem occurred because the importer (SLB) did not understand how to submit customs notifications correctly and at the same time take care of permits to obtain exemptions from import duties and PDRI.

The Customs Agency must implement many regulations which are regulations entrusted by various ministries/institutions (K/L). This is a complicated task, a state task, sometimes disturbing the comfort of the community. However, there is also a goal, namely maintaining the Indonesian economy. One example is a case that has attracted the attention of the public, namely the existence of 26,415 containers of imported goods piled up and stuck at the ports of Tanjung Priok and Tanjung Perak due to the implementation of the Minister of Trade Regulation Number 36 of 2023 concerning import prohibitions and restrictions.

DGCE has made many efforts to improve employee integrity. The DJBC integrity improvement program is outlined in the theme of the Strategic Initiative for Strengthening Integrity, Organizational Culture and Institutions, namely the Strategic Initiative for Controlling Integrity Vulnerable Points and Revitalizing Organizational Culture. Activities carried out in order to improve employee integrity include: Monitoring Compliance Asset Reporting with ALPHA and LHKPN, Implementation of the Gratification Control System, and Implementation of the Integrity Zone towards WBK and WBBM.

DGCE is expected to be able to implement the development of a user-friendly application system that has high reliability in order to simplify services to avoid passenger congestion at the arrival gate for aircraft passengers from abroad

The problems faced by DJBC can be seen from 2 sides, namely:

- a. Internal problems
  - officers are less communicative;
  - overloaded workload
  - lack of officer competence

- lack of employee integrity

b. External problems

- confusing regulations from other Ministries/ Institutions
- the general public do not understand customs procedures and that in addition to DGCE there are several other authorities at the border.

## 5. CONCLUSIONS

To overcome the causes of these problems, there are several steps that DGCE needs to take, namely:

- a. In relation to Human Resources, it is necessary to provide employee training in the service sector so that they have a humanistic and customer-oriented approach. In addition, DGCE needs to adjust the number of HR needs with the service workload.
- b. In relation to communication, DGCE needs to build strong communication with the community and stakeholders regarding procedures, authorities, and responsibilities of each. In addition, DGCE needs to strengthen the Contact Center so that it is always available and provides solutions to complaints submitted by service users. It is necessary to create standards in responding to complaints from service users so that the community better understands the existing regulations. Customs needs to be more proactive in providing education to the community regarding policies from various ministries and institutions that must be implemented by DGCE according to the mandate of the Law.
- c. In relation to the supervision business process, DGCE needs to identify cross-K/L regulations that are not aligned and immediately coordinate to find a solution.

## REFERENCES

- ACVentures. (2020). Logistics Landscape in Indonesia. ACVentures.
- Arfin, Arif Nugraha. Analisis Mengenai Lubang-Lubang Korupsi di Sektor Bea Dan Cukai. Jurnal BPPK, Volume 9 Nomor 2, 2016.
- Augusto Azael Pérez Azcárraga, Tadatsugu Matsudaira, Gilles Montagnat-Rentier, Janos Nagy, and R. James Clark. June, 2022. Customs Matters Strengthening Customs Administration in a Changing World. International Monetary Fund
- Danijela, Miloshoska and Larisa, Vasileska (2012). Customs Professional Integrity: The Case of The Republic of Macedonia. 4th International

Conference on Governance Fraud Ethics and Social Responsibility.

Enhancing Government Effectiveness and Transparency: The Fight Against Corruption. CHAPTER 4. Customs Administration: Corruption in Customs: How can it be Tackled? World Bank.

Keen, M (ed.) 2003, Changing Customs: challenges and strategies for the reform of customs administration, International Monetary Fund, Washington, DC. Dalam journal: World Customs Journal.

Ken Research. (2019, March). Indonesia Logistics and Warehousing Market Outlook to 2023 – Driven by Infrastructure Spending for Airport and Seaports Albeit by Poor Existing Road Network.

Muhammad Syafei, M. Rafi Darajati, Adityo D. Sudagung. Border Area Management: How Should Indonesia Reform? Faculty of Law Universitas Tanjungpura. Departement of International Relations Universitas Tanjungpura. Uti Possidetis: Journal of International Law. Vol. 4 No. 3 (2023).

Putu Franciska Fajarini, S.Log., M.S.M. Junior Consultant Supply Chain Indonesia. Logistics Performances Index (LPI).

Rusmiyati, Mesy Faridah, Alma'arif, Afni Nooraini (2022). Manajemen Perbatasan. CV Cendekia Press.

Saherimiko. Pembangunan Kawasan Perbatasan di Kalimantan Barat (Dalam Perspektif Ekonomi Politik). Fakultas Ilmu Sosial dan Ilmu Politik Universitas Tanjungpura. Jurnal Ilmu-Ilmu Sosial dan Humaniora. Vol. 19. No.1, Juni 2014.

Transparency and integrity in customs capacity building projects: a preliminary study. Patrik Heinesson. Integrity Develpoment Guide. WCO. 2021 Edition.

WCO. Coordinated Border Management. An inclusive approach for connecting shareholders.

World Bank. (2023). The Logistics Performances Index 2023. Washington: World Bank. Publication.

<https://insight.samudera.id/menyoroti-turunnya-peringkat-logistic-performance-index-lpi-indonesia-2023-dari-2018/>

<https://supplychainindonesia.com/logistics-performances-index-lpi-komponen-dan-metode-pengukurannya/>

<https://www.hukumonline.com/berita/a/ribut-ribut-kasus-importasi-barang--begini-penjelasan-bea-cukai-lt662fb9198f163/?page=3> 29 April 2024

<https://www.cnnindonesia.com/ekonomi/20240516071753-532-1098248/daftar-pegawai-bea-cukai-yang-pernah-tersandung-kasus-terkait-harta>

<https://news.detik.com/berita/d-7342156/kejagung-tetapkan-eks-kanwil-bea-cukai-riau-jadi-tersangka-kasus-impor-gula>

<https://nasional.kompas.com/read/2024/04/29/17301961/terkait-impor-barang-kiriman->

[kemenkeu-dan-bea-cukai-terima-kritik-dan?page=all](https://kemenkeu-dan-bea-cukai-terima-kritik-dan?page=all)

<https://news.detik.com/berita/d-7315093/desakan-agar-bea-cukai-berbenah-buntut-kasus-viral-bea-masuk/2>

<https://www.antaraneews.com/berita/4185120/bp2-mi-minta-bea-cukai-beri-diskresi-barang-pmi-yang-masih-tertahan>

<https://www.cnbcindonesia.com/news/20240517191116-4-539184/imbis-aturan-impor-26415-kontainer-menumpuk-di-tanjung-priok>

<https://www.cnnindonesia.com/ekonomi/20240429085916-532-1091579/sri-mulyani-sorot-3-kasus-viral-bea-cukai-sepatu-impor-hibah-alat-slb>

This article is licensed under the terms of the Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License (<http://creativecommons.org/licenses/by-nc-sa/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution, and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license, and indicate if changes were made. Any derivative works must be distributed under the same license as the original.

