



**THE PORT  
OF LOS ANGELES**  
Executive Director's  
Report to the

Board of Harbor Commissioners

**DATE: NOVEMBER 26, 2019**

**FROM: TRADE DEVELOPMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND THE INDONESIA PORT CORPORATION PT PELABUHAN INDONESIA II PERSERO**

**SUMMARY:**

Staff requests approval of the Memorandum of Understanding (MOU) between the City of Los Angeles Harbor Department (Harbor Department) and Indonesia Port Corporation PT Pelabuhan Indonesia II Persero (IPC Persero) to promote business and trade development; collaborate on port infrastructure and management; share best practices on port operations, including digital supply chain efficiency; improve cyber security measures; and work in partnership on environmental programs. The Harbor Department views Indonesia as an important trading partner, and with the recently imposed tariffs on Chinese goods, Indonesia imports to the Port of Los Angeles have increased 8.6%, and exports have increased 9.4% during the first six-months of 2019. The MOU will become effective upon its signing for a term not-to-exceed five (5) years and will support trade economic development and collaboration on significant port operational practices. The Harbor Department will not directly incur any incremental expenses if this MOU is approved, and any future costs arising from this collaboration will be brought forth for consideration at a later date.

**RECOMMENDATION:**

It is recommended the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the Memorandum of Understanding between the City of Los Angeles Harbor Department and Indonesia Port Corporation PT Pelabuhan Indonesia II Persero;

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3. Authorize the Executive Director and/or his designee to execute the Memorandum of Understanding between the City of Los Angeles Harbor Department and Indonesia Port Corporation PT Pelabuhan Indonesia II Persero; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Over the past decade, Indonesia's economy has grown exponentially and is an emerging market in Southeast Asia. Indonesia today is the sixteenth (16<sup>th</sup>) largest economy in the world, with a GDP over U.S. \$3 trillion, and the largest economy in Southeast Asia.

In 2018, Indonesia was the Los Angeles region's eleventh (11<sup>th</sup>) largest trading partner, with Los Angeles being Indonesia's top U.S. trading partner, handling almost thirty-percent (30%) of all U.S. trade with Indonesia. Indonesia total trade value with Los Angeles was \$7.90 billion with exports at \$1.95 billion and imports at \$5.95 billion in trade value. Trade between Indonesia and Los Angeles continues to grow significantly as we experienced during the first six-months of 2019, with an increase in imports of 8.6% and an increase in exports of 9.4%.

IPC Persero is an Indonesian State-Owned Enterprise under the guidance of the Ministry of Transportation of the Republic of Indonesia that specializes in seaport operations, development, and investment. IPC Persero operates twelve (12) seaports in ten (10) provinces of Indonesia, including the Tanjung Priok Port Jakarta which handles over 50% of Indonesia's total trade value.

Last year, a new trade route emerged with a direct shipping service from the Tanjung Priok Port Jakarta to the Port of Los Angeles. As a result, both ports came together to jointly produce a video to promote the new trade route, which was highlighted at an international conference and at a trade promotion event at the Los Angeles Residence of the Consul General of the Republic of Indonesia earlier this year.

Harbor Department staff from various divisions (Trade Development, Government Affairs, and Cargo Marketing) have participated in numerous trade events and meetings with Indonesian Officials, including the Consul General of the Republic of Indonesia in Los Angeles, over the past five (5) years that has led to the cultivation of this MOU to promote trade, cooperation and understanding of each's other role in global trade.

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The purpose of the MOU is to promote cooperation focusing on trade promotion; collaboration on port infrastructure development and management; sharing best practices on port operations, including digital supply chain efficiency; improving cyber security measures; and working in partnership on environmental programs. The MOU will support trade economic development and collaboration on significant port operational practices. The MOU will become effective upon its signing for a term not to exceed five (5) years, and either party may terminate the agreement by providing written notification to the other.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of a Memorandum of Understanding between the City of Los Angeles Harbor Department and Indonesia Port Corporation PT Pelabuhan Indonesia II Persero to promote trade, economic development, and collaboration on significant port operational practices, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Approval of the proposed MOU will not obligate the Harbor Department to incur any incremental expenses aside from staff time to administer the agreement. Commitments outlined in the MOU will fall under the normal course of business which is budgeted and approved by the Board on an annual basis. Any future costs arising from this MOU and which may lead to additional spending will be brought forth to the Board for consideration at a later date.

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**CITY ATTORNEY:**

The Office of the City Attorney (CA) has reviewed and approved the MOU between the City of Los Angeles Harbor Department and Indonesia Port Corporation PT Pelabuhan Indonesia II Persero as to form and legality.

**TRANSMITTAL:**

1. Memorandum of Understanding between the City of Los Angeles Harbor Department (Port of Los Angeles) and Indonesia Port Corporation PT Pelabuhan Indonesia II Persero.

FIS Approval: MB (initials)

CA Approval: JM (initials)



MARISELA CARABALLO DIRUGGIERO  
Director of Trade Development



DAVID LIBATIQUE  
Deputy Executive Director  
Stakeholder Engagement

APPROVED:



FOR

EUGENE D. SEROKA  
Executive Director

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