

Cross-Border Shuttle Trade Indonesia And Egypt: Challenges And Solutions

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Abstract: With the development of technology, it is possible to establish communication with people among countries, with the aim to offer products and services to potential customers abroad. Shuttle trade business is mushrooming among millennials, this is motivated by the desire to take a vacation to a certain destination, so courier service open up opportunities to stay efficient on vacation by performing shuttle trade activity through Whatsapp Group or Instagram. The purpose of the research is to identify challenges and solutions in performing a cross-border shuttle trade business. This study applied action research method and qualitative approaches through in-depth online interview with 30 respondents consisted of travelers, requesters, and candidates of travelers and requesters occupied in Egypt and Indonesia. The result indicates that challenges of the shuttle trade are price competition, packing, platform, and custom clearance. A final solution given is that there must be a competitive price, safety packaging, special and legal platform to perform the shuttle trade activity that can give guarantee over the unexpected situation such as damaged goods, delayed arrival of goods, and goods has not arrived.

Keywords: Action Research, Cross-Border, Platforms and Delivery Services, Shuttle Trade, Challenges and Solutions

1. INTRODUCTION

1.1 Background

Based on research results published in January 2019 showed that active users of social media reached 150 million people or 56% of the total population, an increase of 20% from the previous survey. And based on the results of the same research, it shows that 48% of the population are an active mobile social media users (gadgets) with more than 130 million users (Kemp, 2019).

The increase in technology, resulting in the growth of internet use and the use of mobile phones is a potential for the national digital economy (Tayibnapis et al., 2018).

So this is what makes e-commerce, online transportation, online stores and other businesses. Internet-based, this will be the strength of the digital economy in the Southeast Asia region, especially Indonesia. with people in other countries, not a difficult activity to offer products and services to potential customers abroad (Borremans et al., 2018).

Even though the internet has succeeded in crossing boundaries, the fact is that there are not many entrepreneurs who are comfortable using technology for business expansion. The accumulation of technology strategies can be used if the products and services are spread throughout Indonesia, it will be an opportunity for market expansion abroad with the development of the internet (Hastuti et al., 2020).

Table1. Indonesia-Egypt Import Commodities




























HS4	Product code	Product label 	Indonesia's Imports from Egypt			Egypt's exports to world		
			Value In 2017	Value In 2018	Value In 2019 	Value in 2017	Value In 2018	Value in 2019
	TOTAL	All products	252,358	139,747	135,381 	26,434,038	29,483,042	30,632,553
	31	Fertilisers	40,049	50,462	46,864 	1,099,281	1,387,923	1,335,293
	08	Edible fruit and nuts; peel of citrus fruit or melons	21,566	27,462	30,276 	1,281,922	1,397,403	1,416,762
	25	Salt; sulphur; earths and stone; plastering materials, lime and cement	27,376	28,903	22,793 	389,925	445,879	475,692
	17	Sugars and sugar confectionery	11,686	15,475	15,748 	357,125	314,077	253,746
	07	Edible vegetables and certain roots and tubers	5,586	1,760	3,637 	1,070,250	911,239	1,105,218
	62	Articles of apparel and clothing accessories, not knitted or crocheted	1,838	2,028	2,258 	989,766	1,067,587	1,097,829
	33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	76	44	1,752 	545,943	559,281	586,292
	40	Rubber and articles thereof	589	1,874	1,704 	85,642	106,891	129,656
	68	Articles of stone, plaster, cement, asbestos, mica or similar materials	574	850	1,207 	188,946	240,115	237,942
	09	Coffee, tea, maté and spices	767	1,309	1,075 	31,842	39,378	43,063
	15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	340	1,575	1,000 	165,986	121,018	200,056
	20	Preparations of vegetables, fruit, nuts or other parts of plants	0	199	966 	404,043	425,085	409,167

Table 2. Indonesia-Egypt Export Commodities

HS4	Product code	Product label 	Indonesia's exports to Egypt			Egypt's imports from world		
			Value In 2017	Value In 2018	Value In 2019 	Value in 2017	Value In 2018	Value in 2019
	TOTAL	All products	1,253,624	1,033,514	1,012,782 	66,763,870	82,444,514	78,657,518 
	15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	879,933	606,062	603,060 	1,403,331	1,373,567	1,224,240 
	55	Man-made staple fibres	99,591	104,849	101,264 	729,702	825,144	809,155 
	09	Coffee, tea, maté and spices	55,082	58,732	61,981 	496,620	566,167	538,675 
	40	Rubber and articles thereof	44,988	52,035	45,599 	782,612	954,163	900,436 
	48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	22,667	47,845	29,742 	1,158,511	1,406,022	1,366,770 
	44	Wood and articles of wood; wood charcoal	13,928	24,834	19,637 	1,317,907	1,580,897	1,438,357 
	87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	1,239	12,504	19,505 	3,145,008	4,805,651	4,694,910 
	21	Miscellaneous edible preparations	6,009	9,638	16,474 	219,512	246,600	288,649 
	54	Man-made filaments; strip and the like of man-made textile materials	12,217	6,733	13,316 	945,534	1,159,433	1,097,185 
	84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	14,184	13,044	11,339 	5,752,667	6,533,279	6,690,046 

From the data above, it can be seen that the relations between Egypt and Indonesia in multilateral trade are going well by Indonesian and Egyptian general trading companies. From the data displayed by trademap, it can be seen that the goods are the main choice for Indonesia to import goods through Egypt, and the data in Figure 3 shows the export data of Indonesia-Egypt which is dominated by Animal

and Vagateble, the data is data on the import- export of goods in large quantities between Indonesia and Egypt in 2017-2019.

In addition to imports in large quantities, the existence of Jastip (shuttle trade) is an activity to offer several goods from a certain destination, both domestically and abroad (Mulia, 2020).

The jastip business is mushrooming among millennials, this is motivated by the desire to take a vacation to a certain destination, courier service business people open up opportunities to stay efficient on vacation, jastip offers are usually done with a smartphone via Whatsapp Group or social media such as Instagram (KOMALA, 2018).

The business carried out by travelers and the Indonesian diaspora that is carried out through airlines is the sale and purchase of baggage which is often done by Egyptian students when they are about to travel back to their homeland and this is done the other way around, but these airlines have different policies in adding additional baggage, this is caused by the limited amount of baggage provided by regular passengers, different from member passengers of the airline with an accumulation of 70 kg per flight (Emirates, 2021).

In the business of entrusting and buying and selling baggage, there is a risk of deposit and buying and selling of baggage but it is still a limitation, because cross-country trade has certain regulations such as the import duty tax itself which is regulated in Law Number 17 of 2006 concerning Customs, the imported goods are subject to the tariffs regulated in Article 12.

In the regulation that imported goods which are not included in the prohibited or restricted goods may be sent to Indonesian recipients, and import duties are also regulated in the Regulation of the Minister of Finance (PMK), number 112/PMK .04/2018 concerning Amendments to the Regulation of the Minister of Finance (PMK), number 182/PMK.04/2016 concerning Provisions for Import of Consigned Goods.

Article 13 regulates the exemption of import duty with a maximum value of FOB USD 75.00, means that the goods may be sent to the recipient who is in Indonesia without charging an entry fee on condition that the value of the goods sent does not exceed FOB USD 75.00. If the value of the shipment exceeds FOB USD 75.00, then the shipment is

subject to import duty (Republik Indonesia, 2016).

As for the Export Duty Tariff regulated in the government regulation of the republic of Indonesia against BKP (taxable goods) in the Indonesian government regulation letter No. 55 of 2008 it is determined based on the percentage of the Export Price (advalorem), in article 4 Chapter 2 Export Duty is calculated based on the formula as following: $\text{Export Duty Rate} \times \text{Number of Units of Goods} \times \text{Export Price} \times \text{Currency Exchange Rate}$ (PPRI, 2008).

2. LITERATURE REVIEW

2.1 Cross-Border Shuttle Trade

Cross-border is a business activity between countries with the involvement of several parties who help running the business, such as shuttle traders (Smallbone & Welter, 2012).

An empirical research stated that the most important factor in a cross-border entrepreneurship is trust. To be more specific, personal trust is very crucial not only for initiate a cross-border business but also for maintenance and development (Welter & Smallbone, 2008).

Shuttle trade is an activity of buying a product abroad with the aim of resale the product in another country (OECD, 2004).

This type of business is influenced by season. Such as it will make more profit in fall and less profit in summer. The record of previous shuttle trade is also affecting the current one. It will boost more sales if the previous shuttle trade went smoothly (Sahin et al., 2008). Airfrov and Titipbeliin.com are the example of shuttle trade provider in Indonesia.

Airfrov is a discovery platform that contains trending goods from abroad. People also view request pages from various countries to see what other people want. A platform that helps Indonesians who want to

store their goods abroad. Through the traveler they entrust their ordered goods. The way it works is also easy, people who want to deposit goods must register on the Airfrov website or register via a mobile application that can be downloaded via Android/IOS as a requester (Purwanti, 2020).

Titipbeliin.com is the first legal courier service solution in Indonesia that includes tax as a cost component according to the value of the goods as regulated by the Minister of Finance. Purchases under 75 USD get tax free then purchases from 75 to 1500 USD are subject to 7.5% Import Duty, 10% VAT & 10% PPh and purchases above 1500 USD are subject to Import Duty tax according to the percentage of goods from the HS Code rate, 10% VAT and 10% PPh (Dinisari, 2019).

In the business world, contracts have a very important role because the continuity of future business activities will depend on how well and in detail the contracts are made to maintain and regulate the rights and obligations of both parties to the contract (Rachmawati 2015).

Wakalah can also be interpreted as protection (al-hifzh), sufficiency (al-kifayah), dependents (al-dhamah), or delegation (al-tafwidh), which is also interpreted as giving power or representing. The delegation of power by one person as the first party to another as the second party in matters represented in this case the second party) only carries out something to the extent of the power or authority granted by the first party, but if the power has been exercised as required, then all the risk and responsibility for carrying out the order is entirely on the first party or the authorizing party (Madinah et al., 2019).

Hadits serve as the sharia basis of shuttle trade business is in the form of wakalah contract. Requester can be considered as Muwakkil, because these two parties are the people who represent the traveler. While the representative in this contract is a traveler, the party who represents in the country of origin to make transactions.

Lastly muwakkal fihi is a deposit from the requester. The legality of wakalah contract is stated in the hadits below (Musa, 2013):

“The Prophet sallallaahu ‘alaihi wasallam had given him one dinar so that he could buy a sacrificial animal or a goat. Then he bought two goats and he sold one of them for one dinar. Then he came to him with a goat and a dinar. Then he prayed for him to get a blessing in buying and selling. If he buys land, he will definitely get a profit. (HR. Abu Daud)”

3. RESEARCH METHODOLOGY DATA COLLECTION AND DATA

3.1 Analysis Techniques

In this study using qualitative research methods. The purpose of using qualitative methods is to be able to better understand and describe the character of the informants in depth in relation to the variables of the promotion mix and customer loyalty.

Qualitative research method is a research method used to examine objects that are natural, where the researcher in this case is the key instrument of the research. Data collection techniques from qualitative methods are carried out by triangulation, data analysis is inductive, and emphasizes meaning rather than generalization (Sugiyono, 2015).

The method used by researchers is an action research, in the traditional view it is a problem-solving research framework, where collaboration occurs between researchers and clients in achieving goals (Bell et al., 2018).

3.2 Result and Discussion

3.2.1 Characteristics of Respondents

Interviews regarding respondent characteristics are conducted by identifying based on respondent experience, gender, and current domicile.

Table 3. Classification of Respondent Distribution

No.	Classification of Respondents		Sum	Percentage (%)
1	Experience	Traveler	12	40%
		Requester	11	36,7%
		Candidate Traveler/Requester	7	23,3%
2	Gender	Man	24	80%
		Woman	6	20%
3	Current Domicile	Egypt	25	83,3%
		Indonesia	5	16,7%

According to classification of respondents based on experience of shuttle trade activity, 12 people are travelers, 11 people are requesters, and 7 people are among the candidates of travelers and requesters. Respondents based on gender was dominated by men with a total of 24 male respondents and it indicated men dominate in the Egyptian student market in comparison with the number of female respondents were 6 people. Meanwhile the classification of respondents based on the domicile during the interview was in 2 countries, Indonesia and Egypt.

The domicile of the Egyptian respondent dominates with 25 people indicated most of the respondents are active in Egypt.

3.2.2 Problem Test

To support the research results, the authors conducted research for approximately 3 months starting from May 2021 to August 2021. The problem test was conducted to obtain information related to the challenges in performing shuttle trade activity.

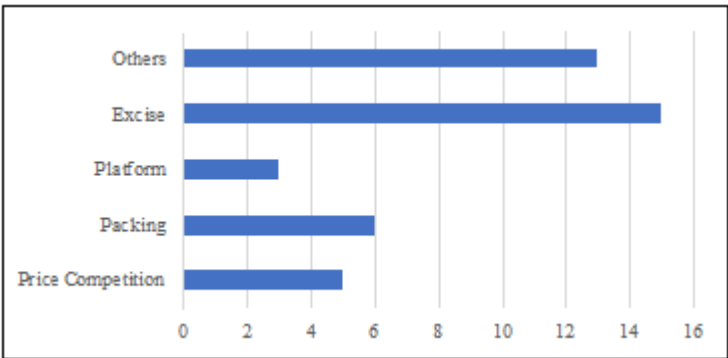


Figure 1. Shuttle Trade Challenges

The data obtained from this study are that the majority of the shuttle trade challenges is custom clearance. This problem is very complex, both from the respondent’s obligation to pay taxes due to applicable regulations and customs officials who are

unprofessional in determining taxes so that when the goods are detained the requester must pay for the goods. The problem of packaging concerns the security of the goods so that they are safe and in a good condition during shipping. It is feared that the

goods will not arrive and damaged. When in custom clearance, because customs regulations do not allow to bring new goods in large quantities so most of the goods are detained.

Immigration is a challenge for goods that are allowed in the country of origin can be a big problem if the goods brought by the traveler violate the rules of the destination country, even resulting in being deported by the destination country. The platform becomes a problem among travelers and requesters, requesters who do not have a network to entrust goods from their country of origin are very difficult to find the right person to trust. Other problems or challenges are complex, half of the baggage is empty, resulting a loss in ticket purchases. Another problem is competing with new baggage sellers who interfere the market price of baggage.

Based on the problems obtained from the respondents, the authors conducted a solution test to see if the solution was in accordance with what respondents expected.

a. A special platform for shuttle trade activity

In an effort to deal with problems for travelers and requesters, there is no special platform for shuttle trade activity. After giving a visual description of a specific shuttle trade platform, 83% of respondents agreed, because it will become easier, safer and more reliable.

With a percentage of 17% of the total respondents, they disagreed with the existence of the platform that government would find out and force them to pay taxes and threaten the business of Egyptian students. Additionally, with their limited habits with technology so it is more comfortable not to use a special platform and prefer the conventional method.

b. Security guarantee of goods

Based on these data, all of the respondents agree with the security guarantees provided by shuttle trade platform. The security of goods is very important so that the goods arrive at the

destination country safely. However, when the seller has made every effort to ensure the goods safety and there is still damage to the goods, then it is the responsibility of the customer with a warning in advance that goods brought by the partner has high risk of damage.

c. Guaranty if the goods has not arrived

It is crucial to maintain customer trust when the desired item has not arrived. Thus the test related to the guaranty existence showing good result. All respondents agreed if there is a guarantee for goods that has not arrived.

d. Faster delivery

Usually the sea route for delivery can take weeks and even months. As for the air route, it will be faster. Thus all respondents agreed on a faster route.

e. Legality

The existence of legality for shipping in two countries is very important for consumers, with legality consumers will be more interested in using the services offered. Most of the respondents agreed upon the legality of a shuttle trader which can be in the form of a specific company. With the legality assurance, there would get guarantees for an error or fraud during delivery.

Meanwhile 7% of the respondents disagree with the existence of legality because they prefer to managed the goods delivery personally rather than entrusting a specific platform.

f. Star Feature

Technological progress is developing rapidly, in various fields including the service sector. The rating feature has been used by various platforms in Indonesia. This feature is used to ensure and maintain a good performance image in certain sellers, shops or destinations. Based on the data above, all respondents agreed that a shuttle trade platform should provide star rating feature.

g. Pricing standard

From the data obtained, most respondents with a percentage of 90% agreed if there were a fixed price offered by the platform according to the ticket price of the airline. So that travelers

do not need to lower prices to maintain sales. However 10% of respondents disagree because if the price is set by the platform there will be profit sharing, so that the income earned by travelers will be decreasing.

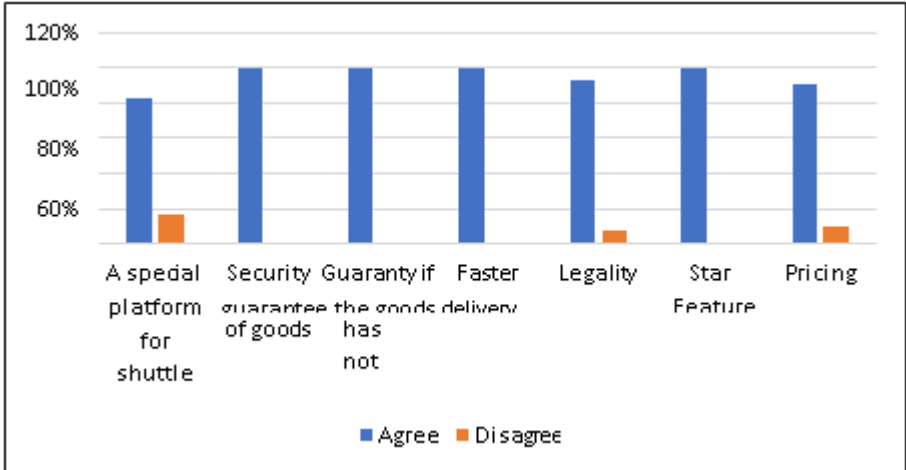


Figure 2. Proposed Solution

3.3.3 Solution Test.

After determining the solution offered by respondents, there will be a validity assurance of each

solution from respondents point of view. This is necessary to ensure agreement with the whole respondents.

Table 5. Result of The Solution Test

Variable	Problem	Solution	Results
Customs Tax	Most of respondent assume the payment of customs tax is not in accordance with the government's financial regulations in imposing goods tax from the country of origin.	Legality of the company, with the legality of the company will help to take care of customs taxes on goods brought by travelers.	Valid
Packing	Packing is the second biggest problem, related to detained goods and prohibited goods in the destination country. So that when exposed to x-	Inspection of items that are allowed to be carried.	Valid

Table 5. Result of The Solution Test (Advanced)

	ray, the item is detained.		
Price competition	Price competition is a problem for baggage sellers who have been in business for a long time, but there are price-crushing competitors from new entrants who damage prices as well as the market.	Pricing is determined by the platform, so that new entrants who do not have value will find it more difficult to compete if consumers prioritize security to ensure the goods arrival.	Valid
Platforms	The problem is that there is no special platform for shuttle trade activity, resulting many customers worried about fraud and untrustworthy sellers.	Create a special platform for shuttle trade activity between Indonesia and Egypt.	Valid
Item safety	Some respondents feel that the damage to goods during delivery applies to fragile type of items.	Provide goods security guarantees if the goods received are damaged.	Valid
Fraud	When entrusting goods to unknown party there will be the possibility of the goods has not arrived.	Provide a star rating feature.	Valid

4. CONCLUSION

This research was finally completed with the fulfillment of all expected respondent data. In addition to the constraints of the second stage of the interview, Al-Azhar University students took the exam for more than a month which retard the interview process. In the end these obstacles can be overcome so that this research obtains the expected results.

The overall objective of this research was to identify the challenges in performing shuttle trade activity and also provide the solution to overcome the challenges. By interviewing 30 respondents among travelers and requesters the information resulted from this study indicated the challenges of shuttle trade are in the context of price competition, packing, platform, and custom clearance. Those problems such as detained goods, price fluctuation, unavailability

of a specific and legal platform that shuttle trader send the goods illegally, and also damaged items when it arrived at the destination country. After interviewing the possible result expected by respondents, a final solution given is that there must be a special and legal platform to perform the shuttle trade activity that can give guarantee over the unexpected situation such as damaged goods, delayed arrival of goods, and goods has not arrived. This platform can set a standard price that will minimize price fluctuation among shuttle traders.

In the end, future studies are needed in order to explore the more detailed barriers and solutions for shuttle trader especially in other country. There has to be different findings since every country has different regulations. Future studies can focus on platform for shuttle trade because technological development should gain special attention from academic point of view. Hopefully this can contribute to sector innovation, especially in the field of shuttle trade.

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