

Review on the National Airport Arrangement Post-Determination of International Airports in Indonesia

Prepared by:

Hendra Ong (Partner) and Arya Rema Mubarak (Associate)

On 2 April 2024, in the spirit to arrange the use of airports in Indonesian territory and encourage the strengthening of national aviation industry¹, Minister of Transportation has issued Minister of Transportation Decree Number KM 31 Year 2024 on Determination of International Airports (“**KM 31/2024**”) and Minister of Transportation Decree Number KM 33 Year 2024 on National Airport Arrangement (“**KM 33/2024**”). Following the issuance of KM 31/2024 and KM 33/2024, international airports which initially consisted of 34 (thirty-four) airports were cut to 17 (seventeen) airports.

The change airports’ status as abovementioned has instigated a lot of public discussion, among others, about (i) the impacts on the tourism industry in regions which have been deprived of international airport²; and (ii) paradigm of “degradation” of airports that no longer hold its status as an international airport.³ This overview will set out legal aspects in the application of KM 31/2024 and KM 33/2024 and the impacts arising in the compliance aspects for both airport operators and the public in general.

1. Legal Overview in the Airport Sector

a. National Airport Arrangement

Law Number 1 Year 2009 on Aviation as amended by Law Number 6 Year 2023 on Promulgation of Government Regulation in Lieu of Law Number 2 Year 2022 on Job Creation into a Law (“**Law 1/2009**”) stipulates that national airport arrangement (*tatanan kebandarudaraan nasional*) means a national airport planning system covering (i) role, function, use, hierarchy, and classification of airports; and (ii) national master plan for airports.⁴ Furthermore, Minister of Transportation Regulation Number PM 39 Year 2019 on National Airport Arrangement as amended by Minister of Transportation

Regulation Number PM 40 Year 2023 (“**PM 39/2019**”) stipulates that national airport arrangement is prepared with the aim to achieve integrated, reliable, efficient operations of airports that could compete on a global level to support national and regional development with Indonesian archipelagic vision (*wawasan nusantara*).⁵

b. Role, Function, Use, Hierarchy, and Classification of Airports

Law 1/2009 jo. PM 39/2019 stipulates the role, function, use, hierarchy, and classification of airports as a part of the national airport arrangement. However, in relation to the issuance of KM 31/2024 and KM 33/2024, given that the airports national master plan (“**Airport National Master Plan**”) sets forth, among others, use, hierarchy, and classification of airports⁶, **this overview will not further describe the role and function of airports as specified in regulations on the airport sector.**

¹ KM 31/2024, Preamble.

² [Bandara internasional: Kemenhub cabut status internasional 17 bandara karena sepi dan menggerus devisa negara - Apa reaksi warga? - BBC News Indonesia](#)

³ [Polemik Bandara Internasional dan Bandara Domestik | kumparan.com](#)

⁴ Law 1/2009, Article 193.

⁵ PM 39/2019, Article 4.

⁶ Law 1/2009, Article 199

Use of Airports: International and Domestic Airports

Law 1/2009 stipulates **the use of airports consists of international airports and domestic airports**⁷ and defines:

- (i) **international airports** as an airport which serves domestic aviation route and international aviation route⁸; and
- (ii) **domestic airports** as an airport which serves domestic aviation route.⁹

In this case, the Minister of Transportation bestowed upon the authority to determine which airport(s) categorized by its use as an international airport by taking into consideration:¹⁰

- (i) Airport National Master Plan;
- (ii) state defense and security;
- (iii) tourism growth and development;
- (iv) national air carriage interests and capabilities;
- (v) national economic development and foreign trade; and
- (vi) consideration of the relevant minister (i.e. minister(s) which bestows upon authority related to immigration, customs, and quarantine affairs in the context of placement of personnel).¹¹

Beside the difference in served aviation route as stated above, there is no stipulation within laws and regulations which highlight a significant difference in international airports and domestic airports other than a stricter airport management technical requirements for international airports (for example, qualifications for head of airport which are set higher for international airports as governed in Minister of Transportation Regulation Number PM 83 of 2017 on Civil Aviation Safety Regulation Part 139 concerning Aerodrome).

Airport Hierarchy: Hub Airport and Spoke Airport

Law 1/2009 stipulates that airport hierarchy consists of hub airports¹² and spoke airports and defines:

- i. **hub airports** as an airport which has a wide coverage of services from several airports, which serves passengers and/or cargo in large numbers, and which influences economic development nationally or in several provinces¹³; and

- ii. **spoke airports** as an airport which has a limited coverage of services and influence on economic development.¹⁴

Furthermore, Law 1/2009 jo. PM 39/2019 classifies hub airports as follows:

- (i) hub airport with primary scale of service which serves passengers in an amount no less than 5,000,000 (five million) persons per year;
- (ii) hub airport with secondary scale of service which serves passengers in an amount no less than 1,000,000 (one million) but less than 5,000,000 (five million) persons per year;
- (iii) hub airport with tertiary scale of services which serves passengers in an amount no less than 500,000 (five hundred thousand) but less than 1,000,000 (one million) persons per year,

Whereas spoke airports as an airport which (i) has a limited coverage of services and influence on economic development; (ii) act as destination or supporting airport for hub airports; and (iii) act as supporting infrastructure in local services.¹⁵

Airport Classifications

Law 1/2009 stipulates that airport classification consists of several classes of airport determined based on the service capacity and operational activities of the airport. Service capacity as referred means the airport's ability to serve the largest type of aircraft and number of passengers and/or goods including:¹⁶

- (i) code number in the form of runway length measurements based on Aeroplane Reference Field Length; and
- (ii) code letter in the form of calculation according to wingspan and the width or distance between aircraft's outer gears,

with the following criteria:¹⁷

⁷ Law 1/2009, Article 196.

⁸ Law 1/2009, Article 1 point 37.

⁹ Law 1/2009 Article 1 point 36.

¹⁰ Law 1/2009, Article 256 paragraphs (1) and (2).

¹¹ Law 1/2009, Article 256 paragraph (3).

¹² Law 1/2009, Article 197.

¹³ Law 1/2009, elucidation of Article 197 and PM 39/2019, Article 1 point 7 and 17.

¹⁴ PM 39/2019, Article 1 point 8 and 17.

¹⁵ PM 39/2019, Article 17.

¹⁶ Law 1/2009, Article 198.

¹⁷ PM 39/2019, Annex IV.

Code Number	Based on Aeroplane Reference Field Length	Code Letter	Wingspan	Outer Mean Gears Distance
1	ARFL < 800m	A	wing span < 15	outer mean gear < 4.5 m
2	800m ≤ ARFL < 1200m	B	15 m ≤ wing span < 24 m	4.5 m ≤ outer mean gear < 6 m
3	1200m ≤ ARFL < 1800m	C	24 m ≤ wing span < 36 m	6 m ≤ outer mean gear < 9 m
4	1800m ≤ ARFL	D	36 m ≤ wing span < 52 m	9 m ≤ outer mean gear < 14 m
		E	52 m ≤ wing span < 56 m	9 m ≤ outer mean gear < 14 m
		F	56 m ≤ wing span < 80 m	14 m ≤ outer mean gear < 16 m

Table 1 – Airport Classification

c. Airport National Master Plan and Airport Master Plan

PM 39/2019 stipulates that Airport National Master Plan is a national policy directive on airports and constitutes guideline for determination of location, preparation of master plan, construction, operations, and development of airports.¹⁸ Furthermore, Airport National Master Plan includes (i) national policy on airports; and (ii) determination of airports planned location along with its respective use, hierarchy, and classification of airports¹⁹, and serves as guideline used in the airport master plan (“Airport Master Plan”).²⁰

Minister of Transportation Regulation Number PM 55 Year 2023 on Rules and Procedures for Establishing Airport Locations and Helicopter Landing and Takeoff Sites (“PM 55/2023”) stipulates that the Airport Master Plan is the guideline for construction and development of airports, covering all demands and use of land and airspace for aviation activities and aviation supporting activities by taking into consideration the technical aspects, defense and security,

social culture and other related aspects which at least include:

- i. demand forecasts of passenger and cargo service requirements;
- ii. facility requirements;
- iii. facility layout;
- iv. airport development phases;
- v. land requirements and utilizations;
- vi. airport working area (*daerah lingkungan kerja bandar udara* (DLKr));
- vii. airport area of interest (*daerah lingkungan kepentingan bandar udara* (DLKp));
- viii. flight operation safety area (*kawasan keselamatan operasi penerbangan* (KKOP)); and
- ix. noise area boundary.

2. Impacts of KM 31/2024 and KM 33/2024 on Airport Planning Compliance with Laws

Based on the above, we note that KM 31/2024 and KM 33/2024 has determined 17 (seventeen) international airports, from originally 34 (thirty-four) airports stipulated within Annex IA Minister of Transportation Decree Number KM 166 Year 2019 on National Airport Arrangement (“KM 166/2019”) as follows:

International Airports pursuant to KM 31/2024 and KM 33/2024	Airports no longer having a status as International Airport pursuant to KM 31/2024 and KM 33/2024
Sultan Iskandar Muda Airport	Maimun Saleh Airport
Kualanamu Airport	Raja Sisingamangaraja XII Airport
Minangkabau Airport	Raja Haji Fisabillah Airport
Sultan Syarif Kasim II Airport	H. AS. Hanandjoeddin Airport
Hang Nadim Airport	S.M. Badaruddin II Airport
Kertajati Airport	Raden Inten II Airport
Soekarno-Hatta Airport	Husein Sastranegara Airport
Halim Perdanakusuma Airport	Adi Soemarmo Airport
Kulon Progo Airport	Jenderal Ahmad Yani Airport
Juanda Airport	Adi Sutjipto Airport
I Gusti Ngurah Rai Airport	Banyuwangi Airport
Zainuddin Abdul Majid Airport	El Tari Airport
Komodo Airport	Supadio Airport
Sultan Aji Muhammad Sulaiman Airport	Juwata Airport
Sam Ratulangi Airport	Pattimura Airport
Sultan Hassanuddin Airport	Frans Kaisiepo Airport
Sentani Airport	Mopah Airport

Table 2 – Change of Status of International Airports pursuant to KM 31/2024 and KM 33/2024

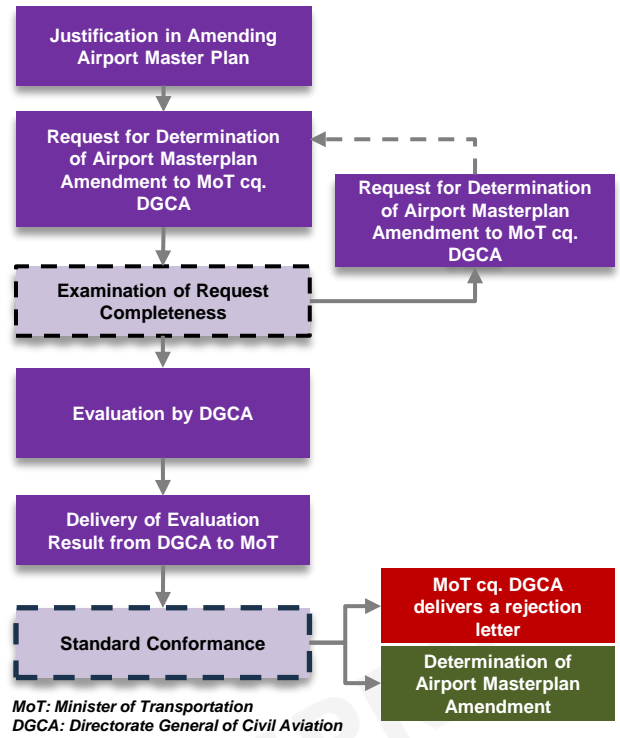
¹⁸ PM 39/2019, Article 16.

¹⁹ PM 39/2019, Article 28.

²⁰ PM 39/2019, Article 28.

In addition to the above determination of international airports, KM 33/2024 also provide the following changes:

- a. for **airports which retains its international airport status:**
 - (i) Kertajati Airport is classified as a 4E airport (previously 4C); and
 - (ii) Halim Perdanakusuma Airport is determined as a hub airport with secondary scale of service (PS) (previously hub airport with primary scale of service (PP));
- b. for **airports which loses its international airport status:**
 - (i) Husein Sastranegara Airport is determined as a hub airport with tertiary scale of service (PT) (previously hub airport with secondary scale of service (PS)); and
 - (ii) Juwata Airport is determined as a spoke airport (P) (previously hub airport with secondary scale of service (PS)).



Matrix 1 – Master Plan Change Application Submission Flow

3. Potential Cost Increase and Benefits of KM 31/2024 and KM 33/2024 to the Society

Beside the amendment of Airport Master Plan, the following are the potential cost-benefit impacts of the issued KM 31/2024 and KM 33/2024 to the public:

Cost	Benefit
Decreased level of accessibility out of and/or into Indonesia in areas that do not have international airports.	Increase in domestic flights at domestic airports due to the role of domestic airports in feeding international passengers to the nearest international airport.
Declining levels of foreign tourists in regions without international airports.	The increase in international and domestic passengers at international airports is due to the concentrated point of entry and/or exit Indonesia.
-	Cost efficiency in airport operations for airports which loses its international status with limited international flights served prior to KM 31/2024 and KM 33/2024.
-	Strengthening airport hub and spoke principle.

Table 3 – Potential Cost-Benefit Impacts of KM 31/2024 and KM 33/2024

With respect the above amendment of use, classification, and hierarchy of airports in Airport National Master Plan, airport operators (both international airports and domestic airports impacted by issuance of KM 31/2024 and KM 33/2024 or other non-affected airports) ideally should start to adjust its respective Airport Master Plan, specifically in connection with the demand forecasts of passenger and cargo service requirements (both domestic and international passenger), given that the reduction of international airports would potentially have impacts which are, among others, the increasing number of:

- a. international and domestic passengers in international airports, due to centralized point of entry and point of exit of air transportation in Indonesia; and
- b. domestic travels (both international and/or domestic passengers) in domestic airports, due to the role of domestic airports which become pivotal in feeding international and domestic passengers to the closest/relevant international airport.

The abovementioned amendment of Airport Master Plan is made in accordance with the provisions of PM 55/2023 as follows:

4. **Conclusion**

Indonesian Law defines and differentiate “international airport” and “domestic airport” based on its coverage of flights served by said airports, with respect to several higher requirements related to technical airport management for international airports.

With the issuance of KM 31/2024 and KM 33/2024, the Government of Indonesia has reduced the number of international airports from 34 (thirty-four) to 17 (seventeen) airports. Furthermore, said issuance also changes several international and/or domestic airports hierarchy and/or classification (specifically, airports which previously were international airport).

In relation to the foregoing, we are of the view that it is necessary to further review the change of hierarchy and/or classification as referred to above, given that KM 31/2024 and KM 33/2024 will impact the projections of domestic and/or international passengers set out in the Airport Master Plan of each airport. For such reason, airport operators also ideally amend its respective Airport Master Plan by taking into account to the conditions specified in KM 31/2024 and KM 33/2024.

- o0o -

The article above was prepared by Dentons HPRP's lawyers

This publication is not intended to be a comprehensive review of all developments in the law and practice, or to cover all aspects of those referred to. Readers should take legal advice before applying the information contained in this publication to specific issues or transactions or matters. For more information, please contact us at dentons.hrp@dentons.com.

No part of this publication may be reproduced by any process whatsoever without prior written permission from Hanafiah Ponggawa & Partners.