

## **Procedure for Exporting Wooden Table Furniture to the United States based on Non L/C at PT EASTWIND MANDIRI**

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### **ABSTRACT**

PT Eastwind Mandiri is an exporter of wooden-based furniture. To export their products, they need to prepare the goods, required documents, shipping arrangements, and payment processing after finding a buyer. This project explains the steps involved, starting from finding buyers, preparing the products and documents for export, to managing payments. Several parties are involved in this process, including Customs, Freight Forwarders, Ports, Surveyors, the Department of Industry and Trade, and Banks. The purpose of this research is to analyze the export procedure and payment procedure in exporting wooden table furniture to the United States without using a Letter of Credit (L/C). The research methods include observing the process, conducting interviews, and reviewing related information. This research uses secondary data in the form of documents used for the export of PT Eastwind Mandiri. The study shows that PT Eastwind Mandiri follows all required laws and regulations for exporting, including proper documentation and procedures. The payment method used is CAD (Cash Against Document), where payment is made after the buyer receives the shipping documents. This entire process is summarized in a simple flowchart for clarity.

**Keywords:** procedure, export, furniture

### **Prosedur Ekspor Furniture Meja Kayu ke Amerika Serikat berdasarkan Non L/C di PT EASTWIND MANDIRI**

#### **Abstrak**

*PT Eastwind Mandiri merupakan eksportir furnitur berbahan dasar kayu. Untuk mengekspor produknya, mereka perlu menyiapkan barang, dokumen yang dibutuhkan, pengaturan pengiriman, dan pemrosesan pembayaran setelah menemukan pembeli. Proyek ini menjelaskan langkah-langkah yang terlibat, mulai dari menemukan pembeli, menyiapkan produk dan dokumen untuk ekspor, hingga mengelola pembayaran. Beberapa pihak yang terlibat dalam proses ini, termasuk Bea Cukai, Freight Forwarder, Pelabuhan, Surveyor, Departemen Perindustrian dan Perdagangan, dan Bank. Tujuan dari penelitian ini adalah untuk menganalisis prosedur ekspor dan prosedur pembayaran dalam mengekspor furnitur meja kayu ke Amerika Serikat tanpa menggunakan Letter of Credit (L/C). Metode penelitian meliputi observasi proses, melakukan wawancara, dan meninjau informasi terkait. Penelitian ini menggunakan data sekunder berupa dokumen yang digunakan untuk ekspor PT Eastwind Mandiri. Studi ini menunjukkan bahwa PT Eastwind Mandiri mematuhi semua undang-undang dan peraturan yang diperlukan untuk ekspor, termasuk dokumentasi dan prosedur yang tepat. Metode pembayaran yang digunakan adalah CAD (Cash Against Document), di mana*

*pembayaran dilakukan setelah pembeli menerima dokumen pengiriman. Seluruh proses ini dirangkum dalam diagram alir sederhana untuk kejelasan.*

***Kata kunci: prosedur, ekspor, furnitur***

## **INTRODUCTION**

PT Eastwind Mandiri is one of the industrial companies that processes wood into furniture products. This company is active in processing forest products by producing furniture and exporting it abroad. The company is located in Semarang, Central Java, that makes the business activities of this company easily accessible because it is an industrial area and an economic center in Indonesia.

In the period from 2017 to 2021, the average production of round wood in Java was about 8.50 million m<sup>3</sup> (according to 2021 statistics). In 2022, approximately 8.18 million m<sup>3</sup> of round wood was produced in Java (Central Statistics Agency, 2022). Furniture has become one of the strategic commodities for the Indonesian economy and is among the top 4 goods that are widely exported from Indonesia. In January to December 2022, furniture made up 10.08% of Indonesia's total non-oil and gas exports with a FOB value reaching 1,130.20 million US\$ in 2022 (Statistics, Central Statistics Agency of Central Java, 2022).

The high competitiveness of Indonesian furniture comes from its unique designs and special raw materials, such as rattan, bamboo, and teak wood, which make it stand out compared to furniture from other countries (Salim & Munadi, 2017). PT Eastwind Mandiri produces various types of furniture, including office equipment, home accessories, kitchen decorations, etc. When exporting its popular products to international markets, such as the United States, the company must meet certain requirements and provide specific documents. The United

States, in particular, has strict standards for allowing products to enter its market.

This research focuses on the export process for indoor wooden furniture between PT Eastwind Mandiri and one of its buyers. The export process starts with finding buyers, preparing products and export documents, and handling payments. It involves several parties, such as customs, freight forwarders, ports, surveyors, the Department of Industry and Trade, and banks. PT Eastwind Mandiri must follow all terms in the trade contract to ensure smooth document preparation, shipping, and payment.

Based on the background and problem statement, the objectives of this research are: 1. To analyze the export procedures for wooden table furniture products to the United States at PT Eastwind Mandiri. 2. To explore non-L/C payment methods and the documents required to support export activities.

## **METHOD**

In the preparation of this final project, the author uses data collection methods that serve as research references such as observation, interviews, and literature studies. The first step taken is observation, where the author is directly involved in preparing the necessary documents in the export process during the author's fieldwork practice. Then the author conducts direct interviews with two employees of PT Eastwind Mandiri in the export accounting division. To gather additional information or references needed, the author uses literature studies by referring to scientific journals and

books related to export procedures and documents.

## **RESULT AND DISCUSSION**

Export is a trade system conducted by individuals or business entities and institutions aimed at trade between countries. Export can be defined as the transportation of goods in a certain quantity from one country to another, whether for trade or not for trade, while fulfilling the customs obligations that have been determined (Purwinto M, 2008).

The process of export usually begins with promotion and demand, or receiving orders from buyers. PT Eastwind Mandiri receives orders by having the company owner conduct business trips abroad while bringing product catalogs to offer PT Eastwind Mandiri's production goods abroad. The export process can take some time and involves several steps that will be carried out by the export division, such as document preparation, shipping goods to the port, and payment processes.

### **Document Preparation Process**

The document preparation process includes:

#### **1. Documents Based on Sales Contract:**

##### **a. Invoice**

The invoice is a purchase receipt issued by PT Eastwind Mandiri for valid purchase documents. The invoice contains the name of the exporter and the name and address of the importer. Along with information about the goods ordered by the importer, including description, quantity, and total price.

##### **b. Packing List**

PT Eastwind Mandiri creates a packing list for the goods ordered by the importer, which contains information about the goods,

quantity, and net weight of the goods to be exported.

##### **c. Bill of Lading**

The bill of lading document contains a dated document for the shipment of goods for export. PT Eastwind Mandiri uses Flexport services for shipping services. This document serves as proof of cargo receipt and can be used to claim the goods at the destination port. It is issued by the shipping company and contains the sender's name, recipient's name, and a description of the cargo.

#### **2. Documents According to the Ministry of Trade**

##### **a. V-Legal**

For shipments of wood-based products, the Indonesian government requires a V-Legal document. This document is issued by LVLK (Timber Legality Verification Agency) to monitor wood usage through the SVLK (Timber Legality Verification System). The V-Legal document is printed in 7 copies, each serving a specific purpose. The regulations that govern the flow of goods are in accordance with the HS Code. The wooden table furniture must have a V-Legal document for the shipping approval under the regulations that match the HS Code 94.

##### **b. PEB and NPE**

The Export Declaration Document (PEB) is issued by Indonesian Customs for the shipment of goods after obtaining the exporter's permission to receive the NPE (Export Service Note).

#### **3. Documents According to the Restrictions of the United States.**

##### **a. Fumigation certificate**

The fumigation certificate is used to confirm that the products have been

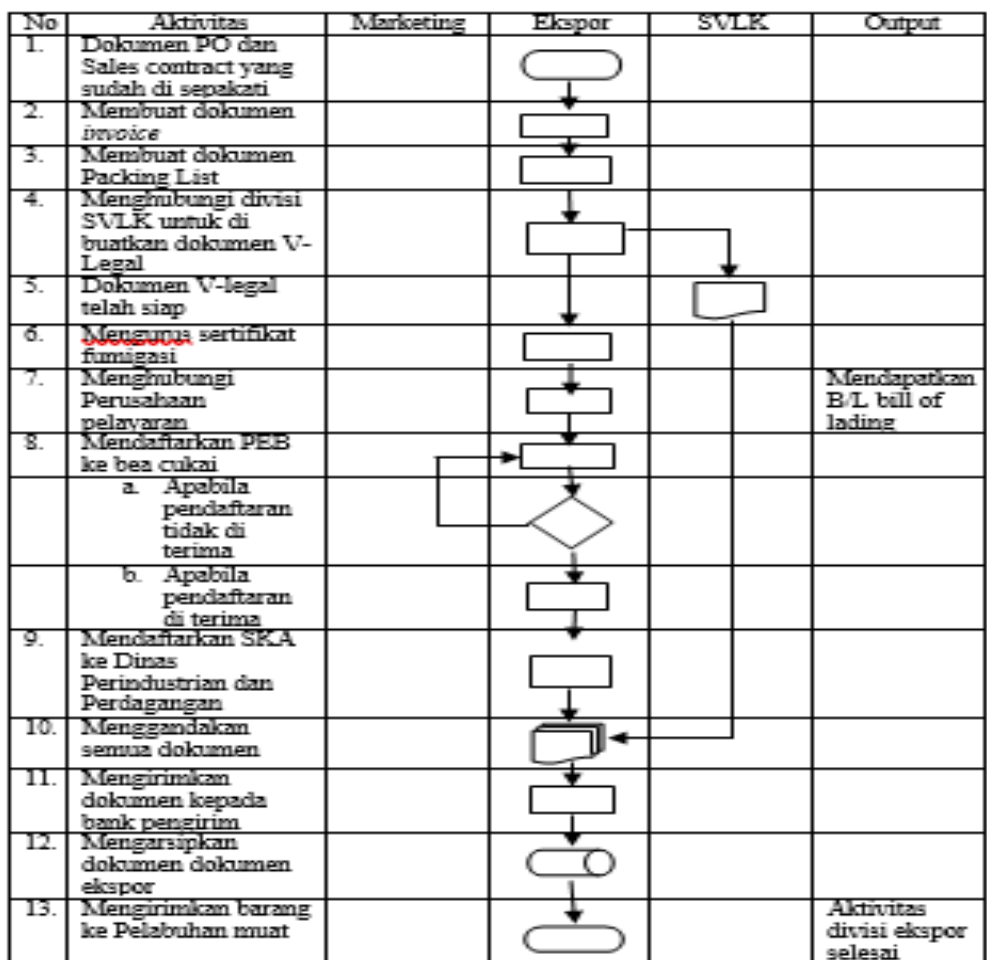
treated with fumigants to eliminate pests. According to U.S. Customs restriction regulations, exporters must complete the fumigation certificate.

b. Certificate of Origin

The Certificate of Origin is required by U.S. Customs to show where the

goods come from, helping to identify their country of origin.

The activities of the export division in the export of goods of PT Eastwind Mandiri are described at Picture 1.



Picture 1 EXPORT DIVISION ACTIVITIES

The next process is carried out by shipping the goods to the port. PT Eastwind Mandiri uses FOB (Free On Board) incoterms for the shipping process using a ship. This means PT Eastwind Mandiri is responsible for delivering the products and loading them onto the ship. After that, the importer takes over the responsibility and pays for the costs from

when the goods are shipped until they reach the importer's location.

The documents required for the shipping process after PT Eastwind Mandiri contacts the shipping party using a forwarder, the forwarder will arrange transport and the shipping process of the goods. The forwarder will provide a sea waybill as a notification and draft to confirm that the export goods are ready to

be shipped. The shipping process requires several documents, including the B/L (Bill of Lading), PEB (Export Goods Notification), and NPE (Export Service Note).

In order for the bill of lading document to be issued, it requires an invoice and packing list documents. The B/L or sea waybill includes details about the exporter (PT Eastwind Mandiri) and the importer. In the sea waybill, there is a description of the goods loaded with the total cartons complete with the container size and container number. PT Eastwind Mandiri, assisted by the forwarder, manages the PEB (Export Goods Notification) which is issued by the Directorate General of Customs and Excise before the goods reach the loading port. The PEB is issued once all the administrative requirements, export taxes, and goods are cleared and ready for shipping. This document is used to verify and report exports from Indonesia. The PEB document includes the invoice, packing list, and shipping instructions.

Once the PEB document is issued and approved, and all administration is complete, PT Eastwind Mandiri will receive the NPE that's also called Export Service Note. This document is issued by the Export Document Examination Officer based on the submitted PEB. The NPE is used to ensure that the goods are allowed to enter the customs area for loading. It also includes notes on the inspection of the export goods.

After completing the PEB, NPE, and B/L, PT Eastwind Mandiri prepares the SKA (Certificate of Origin) or COO (Certificate of Origin) to the destination country, the United States. The company uses SKA Form A for this process. The SKA or Certificate of Origin contains the name and address of the producer of the goods or exporter, namely PT Eastwind Mandiri. It includes the name of the importer and

their address. There is transportation information and the route sent using a ship from the loading port of Tanjung Emas Semarang, Indonesia, to the port of Charleston, SC, USA, with the departure date. The SKA also contains information about the goods with the container number and seal number. There is a description of the goods loaded in the container, total cartons of the product with total gross weight and net weight (Kg), and there are dates and invoice numbers.

### **Payment Process**

PT Eastwind Mandiri uses a Non-L/C payment method called CAD (Cash Against Document). This payment method benefits both parties between the exporter and importer. This method provides assurance that payment will be received before the shipment of goods, while for the importer, documents are received before payment, allowing them to check the feasibility and quality of the goods before receiving the shipment. Payment is made by the importer to the exporter after the shipment documents have been sent to the importer through the receiving bank. This method ensures that the exporter will receive payment before the goods are shipped, while the importer can access the required documents to claim the goods at the destination port. As the exporter, PT Eastwind Mandiri prepares all the documents agreed upon in the sales contract. These documents are then submitted to the bank chosen by the exporter, which forwards them to the importer's bank. This process allows the importer to make the payment as agreed.

## **CONCLUSION AND RECOMMENDATIONS**

### **Conclusion**

The conclusion of the final project research on the export procedure of

wooden table furniture to the United States at PT Eastwind Mandiri is as follows:

1. The export procedure carried out by PT Eastwind Mandiri is in accordance with the applicable laws and regulations. All processes regulated in the Minister of Trade's regulations are carried out effectively.
2. The Restriction regulations from the United States related to indoor wooden table furniture products only use invoices, COO or Form A, and fumigation certificates for the goods to enter the unloading port of the United States. There are no other requirements from U.S. Customs. The Indonesian government also uses legal V documents for exporting wooden table furniture. More detailed and specific documents depend on each buyer.
3. The non-L/C payment method with Cash Against Document is chosen because this method is beneficial for both parties between the exporter and importer, even though the designated bank is not a guarantor in international trade transactions. In addition, the CAD method does not require various requirements and is easy to conduct for transactions.

### Recommendations

Based on the export procedures of PT Eastwind Mandiri, the recommendations that can be given for the advancement of the company and the readers are regarding the creation of documents. Involving third parties can lead to delays in sending documents, which can affect deadlines and result in higher costs for the exporter. It is advisable that the company can handle the export documents themselves.

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