



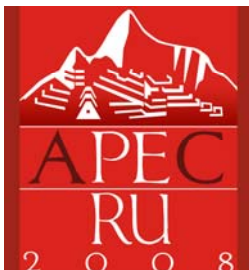
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Agenda Item: 7

INDONESIA'S RECENT REGULATORY AND POLICY DEVELOPMENTS

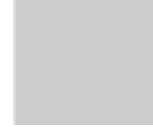
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**38th APEC Telecommunications and Working
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INDONESIA'S RECENT REGULATORY
AND
POLICY DEVELOPMENTS



Agenda item:

Plenary

Submitted by:
INDONESIA

INDONESIA'S RECENT REGULATORY AND
POLICY DEVELOPMENTS

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INDONESIA'S RECENT REGULATION AND POLICY DEVELOPMENTS

APEC Telecommunications & Information Working Group (TEL WG)
Lima, Peru, 23 – 28 March 2008

1. TELECOMMUNICATIONS STATISTICS

In the first semester of 2008, the status of telecommunications is as follows:

Fixed line subscribers 21.4 millions (including Fixed Wireless Access) – penetration of 9.6%)

Mobile subscribers 113.2 millions (50.34% penetration)

Internet users 30 millions
Internet subscribers 2.8 millions

Broadband subscribers: 650.000 (0, 3% penetration), consist of ADSL, FTTH, 3G, HSDPA)

2. RECENT POLICY AND REGULATION

A. TELECOMMUNICATIONS

a. Provision of Universal service Obligation (USO)

Government has won law case from the high court, from an operator who sued the Government for not having the winner of the previous USO tender.

Government is ready to invite operators to provide telecommunications services in the villages (could be in the form of Universal access such as a kiosk), which consist of telephony, and internet ready with minimum speed of 56kbs. Technology is neutral, could used existing network, IP based or even NGN with maximum tariff of the existing PSTN.

USO covers 32,000 villages which are divided into 11 USO Zones; each operator could bid for one or more Zones.

The tender would be concluded before end of the year and all programs is expected to be completed by end of 2009.

In the mean time, several operators, under CSR (Corporate Social Responsibilities) has provided telecommunication facilities to some remote islands and ships. Some of them they found it can be profitable.

b. Interconnection and retail tariff

Since MCIT regulation on interconnection no 8 year 2006 was issued and enacted as per 1 January 2007, the traffic increases rapidly. Due to that re-calculation based on the traffic data was calculated. In February 2008 announced the new guidelines on the re-calculation of interconnection tariff. This new guidelines resulted in reduction of 20 – 40% interconnection to mobile, transit and long distance. The operators were obliged to implement it by 1 April 2008. Since then the operators especially the mobile reduced the tariff by up to 40 %

MCIT regulation No 9 year 2008 on Mobile tariff and No. 15 year 2008 on PSTN tariff. This regulation giving the industry guidelines on using tariff formula. The Operators are given flexibility on de-averaging the different kind of tariff and allowing doing promotion for a period of time as long as informing to regulator within 5 days after it was implemented and following the guidelines.

At presents, cellular mobile tariff, especially on-net tariff in Indonesia is among the lowest in the region.

c. Quality of Services.

Soon after the announcement of the new interconnection tariff, and to avoid that the Operators not to make “Price War”, without quality assurance, Government issued regulation on the minimum requirement for QoS – Quality of Services for basic telephony services for PSTN – for local, domestic long distance and international , Cellular Mobile, Fixed Wireless Access.

d. Ending the duopoly era for Fixed Services

In 2004, Government has end the exclusivity right of PT TELKOM for domestic fixed line services, and PT Indosat for international fixed services, starting with DUOPOLY, of PT TELKOM and PT Indosat both became Full Network and Services Provider of Fixed Line Services, for Local , domestic long distance and International,

Earlier this year, Government has awarded the third International Operators, which expected to offer services before end of the year.

Currently, Government has announced to tender the third operator for domestic long distance services, as well as additional of local and long distance services.

This will end the duopoly era. For fixed line services.

e. Broadband Wireless Access (BWA)

Indonesia is encouraging the domestic telecommunications suppliers to participate in supplying the equipment for the BWA services.

The frequency available at present is in the 2.3 GHz and 3.3 GHz bands.

Therefore, DGPT regulation on specification for subscriber's station equipment, base station equipment and antenna equipment for BWA based on 802.16d Nomadic at 2.3 GHz and 3.3 GHz were issued

This tender for the first phase of BWA provisions will be announced soon.

The country will be divided into 14 BWA Zones. The bidder could bid for one or more zones.

f. Telecommunication Equipment Certification

Government has issued MICT Regulation no 29 year 2008 on telecommunications Equipment Certification

g. Regulation on Leased Line

Following the regulation on Leased Line no 3 year 2007, BRTI has announced the dominant operator in provision of leased line.

Also BRTI / DGPT regulation no 115 year 2008 has approved the Document Leased Lined Offer of the Dominant Operator, which already publish in DGPT, BRTI and Operator website

h. Tower Sharing.

Earlier this year Government has issued MICT Regulation No 2 Year 2008 on Tower Sharing, for efficiency and reduce investment cost

To smoothen the implementation, recently three Ministers: I.e. Communication and IT, (MICT), Internal Affairs and Finance.

B. APPLICATIONS / CYBER

- a. Law no 11 year 2008 on Information and Electronic Transaction is enacted since April 2008
- b. Law on Freedom of Accessing Public Information was issued recently. This law ensuring transparency on the public information and the freedom of public to access. Public information.

3. REGULATIONS UNDER DISCUSSION

Currently Government is finalizing regulations, among others:

A. ON TELECOMMUNICATIONS

- a. Draft MCIT regulation in Frequency Radio Allocation of Broadband Wireless Access as the bases to implement the tender.
- b. Draft MCIT regulation about satellite orbit for telecommunication.
- c. Draft Minister Regulation that stipulated of fine and sanction for telecommunication providers who fail to fulfill their commitment, or regulation requirement.
- d. Draft Amendment of Minister Regulation on Table of Frequency Allocation No. 5/2001
- e. Draft of MCIT regulation about telecommunication and broadcasting tower.
- f. Draft MCIT Regulation on Spectrum fee base on bandwidth. Currently, the Spectrum fee is based on the number of based station built. This is regarded does not encourage Operators to use frequency efficiently, and discouraging Operators to use new technology to increase the Quality of Services.
- g. Draft of MCIT regulation or minimum QoS standard requirement for internet and BWA services. .
- h. Draft MCIT regulation on monitoring and tariff of multimedia services and telecommunication value added services in the market mechanism framework.

B. CYBER REGULATION

- c. Draft Government Regulation on Electronic Signature
- d. Draft Government Regulation on Reliability of Information System
- e. Draft Government Regulation on Opened Electronic Transaction