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Government Policy on the Settlement of PT Telkom Direct Long Distance Implementation Issue

Following the Director General Post & Telecommunication as chairman of the Indonesian Regulatory Board (BRTI) letter addressed to PT Telkom No: 520/BRTI/Telkom/X/2007 dated October 2, 2007 on the Notification related to the Implementation of PT Telkom's Direct Long Distance (DLD) access Code in Five Cities which then followed by a similar letter No:358/BRTI/Telkom/X/2007 dated October 31, 2007 on the Second Notification related to the Implementation of PT Telkom's Direct Long Distance (DLD) access Code in Five Cities, additionally, pending response from PT Telkom, the Government has continuously conducted a comprehensive study, both internally within the Communications and Informatics Department and BRTI and externally within the Integrated Team (which members consists among others government officials from the Department of Communications & Informatics, BRTI, Department of Finance, Office of the Ministry of State Owned Enterprises as well as representatives from the Indonesian infocom Society and Universities).

Based on the outcome of the comprehensive study, the Government has determined to issue a Minister of Communications & Informatics Regulation on the Fourth Amendment to the Minister of Communications Regulation No.KM 4 Year 2001 on the 2000 National Fundamental Technical Plan). The rationale of such amendment relates to article 10, article 19 and article 25 of Law No. 36 year 1999 on Telecommunications and the necessity to accelerate the nation's telecommunication development in particular teledensity, hence the Government find it necessary to amend the DLD access code implementation as stipulated in the Minister of Communications Regulation No.KM 4 Year 2001.

The implementation of the opening of the access code has been conducted carefully and comprehensively, based on the spirit to share the existing infrastructure, increase the efficiency, teledensity and service quality to ensure legal certainty in conducting business. Consequently, the decision is based on four underlying principle, legal, technology (existing technical readiness and technology future development), business (investment requirement and fairness) and the enhancement of public services (in particular teledensity and even distribution). As a consequence, the opening of the access code will be conducted regionally not nationally, as the teledensity and penetration in each region are varied.

Based on the above, the first phase of the opening of the access code operated in Indonesia will be implemented in Balikpapan numbering region. Accordingly, on April 3, 2008 at the latest, the Customers within the Balikpapan numbering region may choose between the DLD service provided by PT Telkom with access code "0" or the DLD service provided by Indosat with access code "011". On the coming phases, each numbering region will be evaluated to observe the competition readiness which is calculated based on the comparison between the number of customers and the number of operators.

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