

Indonesia**Issues and background**

The Postal Law was signed by the Indonesia President on 14 October 2009. The concerns which Express Delivery Service (EDS) companies have in relation to the draft Postal Law, shared by other delivery service providers in Indonesia, include:

1. **An extremely broad definition of postal services that covers various non-postal services**, including EDS. "A postal service is a service provision for communication in writing or electronic mail, packet delivery services, logistics services, financial transaction services, and a post agency for the public" [Article 1(1)].
2. **Restricting foreign delivery services providers to only operate up to Indonesia's international gateway**, which would adversely affect the ability of EDS providers from performing a full international service, in particular, the contiguous domestic leg of international shipments:
 - (a) The provision of postal services can be carried out by Indonesian business entities and private enterprises defined as "business entities established by Indonesian citizens, either individually or collectively" [Article 4 (2c) Explanatory Notes]
 - (b) A domestic postal service provider is one where "all or majority of the shares are owned by Indonesian citizens and/or Indonesian business entities" [Article 11 (1a) Explanatory Notes]
 - (c) "The operational area of the collaboration between the foreign postal service provider and domestic postal service provider is restricted to provinces or capitals with an international airport and/or harbour only" [Article 12 (1e)]
3. **The obligations imposed on the private sector to support the provision of Universal Postal Service:**
 - (a) "The postal service provider must contribute to the financing of the Universal Postal Services" [Article 15 (4)]
 - (b) "Every transport company...shall prioritise the delivery of Universal Postal Services" [Article 16 (1)]

Recent developments:

The EEA's sister organization in Asia, the Conference of Asia Pacific Express Carriers (CAPEC) is working with the Delegation of the European Commission and the European Business Chamber of Commerce in Indonesia to:

- (a) Ascertain the views of the new Minister of Communications and Information Technology, Tifatul Sembiring, on the implementation of the Postal Law, which was drafted before his appointment on 22 October 2009.
- (b) Broaden support for joint efforts by working with the American Chamber of Commerce and local business associations, such as the Indonesian Chamber of Commerce and Industry (KADIN).
- (c) Build evidence-based arguments through a study to be commissioned by the World Bank Jakarta on the potential impact of the Postal Law on local industries and export sectors in the broader economy.
- (d) Keep this issue on the radar of the political decision-makers.

CAPEC has made the following recommendations to the Indonesian government:

1. EDS, whether defined under courier services or as a separate classification, should be recognized to be distinct and separate from postal services.
2. A price-weight multiple provision should be incorporated for the postal monopoly on the principle that postal services and EDS are qualitatively different services that complement each other to serve different market segments and demands.
3. International gateway and other market access restrictions should be removed, and foreign ownership regulated, based on the Investment Law and DNI, which was intended as "a single legislative to provide greater certainty to investors by making all restrictions on direct investment clearly available in a single document" (Source: The World Bank and PEPI report, December 2008)
4. Promote a level and competitive playing field, by recognising express mail services (EMS) as outside the USO and a competitive service to EDS; an independent regulator; financial transparency of the public postal services provider; etc.

Next Steps:

The EEA invites all appropriate parties, and in particular the EC, to send letters to the Indonesian Minister/Ministry of Communication and Information Technology, with copies to the Coordinating Minister/Ministry for the Economy and Minister/Ministry of Trade, in which they request further public-private partnership consultations in the policy process for the drafting of the Postal Law implementation regulations.

Contact details:**EEA Secretariat:**

Cecilia Kindstrand
ckindstrand@apcoworldwide.com
 +32 (0)2 645 98 11

EEA/CAPEC Contact:

Dave Tan
 Executive Director
 Conference of Asia Pacific Express Carriers (CAPEC)
davetanhk@capec.org
 +65 (0) 6248 4541