



Indonesia: Broadcasting Services

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Summary

The television broadcasting industry in Indonesia has grown significantly in the last ten years until the end of 2005, with the number of stations increasing to 86 in more than 50 cities and almost all the provinces in Indonesia. The number will continue to increase as 218 TV station operators have applied for operational licenses. Indonesian TV stations require the involvement of foreign investors for financial support and expertise in the industry.

Pay TV has been available in Indonesian for the past 13 years but subscribers have remained low until the past two years with new developments affecting all of the pacesetters. According to Clarity Research report in May 2008 on "Indonesia in View", the number of pay-TV subscribers (individual residential and SMATV) has more than doubled to reached 785,300 at the end of March 2008; with 6610,100 individual residential subscribers and 125,200 SMATV subscribers.

Market Demand

The Indonesian pay TV market is in its infancy compared to Indonesian Free to Air TV (FTA). There are ten privately owned national and one government owned Free to Air TV stations each reaching some 80-185 million people throughout Indonesia. Currently, there are over 667,000 pay TV subscribers. However, the Indonesian pay TV sector is changing fast and many new developments are expected in the coming years. In 2006 Lippo Group's Kablevision, a pay TV leader in Indonesian, signed a joint venture agreement with Malaysian-based Astro All Asia Networks. The alliance has shaken up the pay TV sector bringing more awareness about pay TV and driving subscriber numbers higher. Indovision, First Media (formerly Kabelvision), Astro and Telkomvision are the main players in the pay TV sector accounting for more than 98% of the market shares.

A number of Indonesian broadcasters are attracting foreign partners in a bid to strengthen their business base. The latest to make the move is private TV network Cakrawala Andalas Televisi (ANTV) which is partnering with Hong Kong-based cable and satellite operator Star TV. The partnership, signed in Jakarta in September 2005, is expected to strengthen ANTV's position in the Indonesian broadcasting industry, while Star TV acquired a 20 percent stake in one of Asia's fastest-growing TV and advertising markets.

Currently no operators are offering IPTV services in Indonesia. The government has not decided which technology to adopt. Telkomvision is researching the possibility of utilizing its parent company's, PT Telkom IP backbone to provide cable TV direct to homes.

The Indonesian government is currently conducting trials to adopt digital broadcasting and will announce the most suitable digital broadcast standard for its terrestrial DTV broadcast. Indonesia is currently testing the following standards: Digital video broadcasting-terrestrial (DVB-T) and digital multimedia broadcasting –terrestrial (DMB-T) and DVB-H and DMB for mobile TV. Indonesia is also considering the US-developed Advanced Television Systems Committee (ATSC) standard as well. The national digital team is also conducting trials on DVB-IP services.

The Indonesian advertising industry spending on TV and print media spots grew 19 percent in the first quarter of 2007, reaching \$798.75 million, according to ACNielsen Indonesia. Of the amount spent, 66 percent went to 19 surveyed television stations, 30 percent to 82 newspapers and 4 percent to 127

surveyed magazines and tabloids. Television stations benefited most from advertising by hair care producers who spent a total of \$36.47 million.

Market Data

National TV penetration has reached 75% of Indonesian population; however, authorized pay TV penetration is still low with 0.6% penetration.

TV Penetration

CHARACTERISTICS	PENETRATION
Population	230 million
Households	53.5 million
TV penetration	75%
FTA penetration	75%
Parabola penetration	9%
Cable/ Satellite TV	1.2%
Authorized Pay TV	0.6%

Source: AGB Media Research and Clarity

TV Broadcasting Stations in Indonesia

NATIONAL SCALE	LOCAL/REGIONAL SCALE
Anteve	Bali TV
Global TV	Bandung TV
Indosiar	Batam TV
tvOne	Bengkulu TV
Metro TV	Deli TV
RCTI	Jaktv
SCTV	JTV
TPI	Kaltim TV
Trans TV	Lampung TV
TV 7	Lombok TV
TVRI	Makasar TV
	Megaswara
	NLN TV
	O Channel
	Palu TV
	Papua TV
	Riau TV
	Semarang TV
	Others

Source: Director General of POTS and Telecommunications

Broadcast Reaches Indonesian Population

TV STATION	REACH		
	Province	Towns	Population (million)
TVRI	30	389	195.2
Indosiar	22	176	170.0

RCTI	33	390	169.9
SCTV	25	260	167.8
ANTV	17	126	147.9
Trans TV	16	141	138.8
TPI	19	138	129.7
Metro TV	24	279	118.0
Global TV	18	148	110.4
Trans 7	15	97	101.9
tvOne	9	84	94.9

Source: industry sources

Pay-TV Operators

PAY-TV STATION
Indovision
Astro
First Media
Telkomvision
IM2
M2V
Metra
Fasindo
Megavision
Bali Interaktif
Visicom TV
Globalcom
Global Vision

Source: Industry sources and Clarity

Best Prospects

Digital migration will open up more opportunities to develop new businesses. A huge market is definitely present for transmitters. The 11 Indonesian national TV networks have more than 700 transmitters across the country. In addition, around 100 local stations in the regional areas will need their transmitters and other facilities upgraded to digital later.

Key Suppliers

Presently, most broadcast equipment is still imported. The major suppliers in Indonesian market include the United States, Japan, and European countries. Key companies competing in the market include Jumpro Thomson, Harris, Itelco, Rohde & Schwarz, Thales, Miranda, Sony, JVC, and Avid. U.S. providers are also well-known for supplying editing/post-production equipment and software.

Prospective Buyers

Production houses have become potential end-users of studio equipment (cameras, lightings, monitors, sound systems and effect). Production houses have grown rapidly for the last three years. Production houses and content providers will grow in line with the growth of private televisions.

Indonesia's major broadcast companies are listed below.

Major Broadcast Networks

FREE-TO-AIR TV STATION	PAY-TV STATION
Anteve	Indovision
Global TV	Astro
Indosiar	First Media
tvOne	Telkomvision
Metro TV	IM2
RCTI	M2V
SCTV	Metra
TPI	Fasindo
Trans TV	Megavision
Trans 7	Bali Interaktif
TVRI	Visicom TV
	Globalcom
	Global Vision

Source: Industry sources and Clarity

Market Entry

Only domestic companies may apply for a broadcast license. Once the operating license is granted, 20% of the company may be divested to a foreign company. Department of Communication and Information Technology (Depkominfo) regulations require that any satellite company delivering signals to Indonesia have a government permit (landing right). A condition for Depkominfo to issue a landing right for a foreign satellite signal is that a reciprocal arrangement is in place permitting Indonesian satellites to serve customers in the originating country. Depkominfo has indicated that it will strictly apply this reciprocal requirement to Indonesian pay-TV operators using foreign satellites. With regards to foreign content providers using foreign satellites, the Department has indicated enforcement action is unlikely (source: Indonesian in View Market Update – May 2008 for CASBAA 2008).

The appointment of a knowledgeable agent for the products is critical. U.S. suppliers should appoint an agent that can be fully responsible for all marketing aspects in the country. Appointing a local agent is also important to bridge the culture and language problems, to promote the products and new technology, to ensure after-sales services and installation, and to give market intelligence information to the supplier.

Market Issues & Obstacles

There are no major market barriers for telecommunications products. Tariffs range from 0 to 15 percent. Effective January 1, 2002, Indonesia, along with its regional partners, fully implemented the ASEAN Free Trade Agreement (AFTA). Indonesia has now reduced tariffs for all products included on its original commitment (7,206 tariff lines) to five percent or less for products of at least 65 percent ASEAN origin. The government will reduce rates on 66 remaining tariff lines, mostly in the chemicals and plastics sectors, to the 5 percent AFTA ceiling in 2003.

Protection of intellectual property rights (IPR) in Indonesia is hampered by inadequate enforcement of the relevant laws and regulations. Problems in IPR protection raised by industry include: rampant software (90%), audio, and video disk piracy; pharmaceutical patent infringement; apparel trademark counterfeiting; an inconsistent and corrupt law enforcement regime, and problematic judicial system. The lack of effective IPR protection and enforcement serves as a considerable disincentive to foreign

investment in high technology projects in Indonesia. The Indonesian court system can be frustrating and unpredictable, and effective punishment of pirates of intellectual property is rare. Foreign companies therefore must be vigilant and creative in building strategies to protect their products from infringement.

Foreign rightsholders often work with local law firms and security consultants to arrange for police raids on counterfeiters. Others conduct periodic seminars on the adverse effects of IPR infringement on the Indonesian economy, one of which is reduced investment by foreign companies.

Ultimately, the course taken by companies to protect intellectual property rights will depend on the product. As an example, one U.S. company decided to identify first the counterfeiters of its products and then proceeded to work with them and sign them as legal licensees of its products. Some computer software companies provide free training and/or sell their software at competitive prices, while warning that copies of their product may contain damaging viruses. Also, companies with well-known trademarks seek to defend themselves by registering them early or seeking a cancellation of an unauthorized registration through the Ministry of Justice. In general, acquiring a strong local partner or agent can help in defending trademarks and intellectual property, as long as the arrangement remains amicable.

There are two key laws covering the telecommunications and broadcasting sectors:

- Telecommunication Law – Undang Undang No 36/199 (Law No 36/1999)
- Broadcasting Law – Undang Undang No 32/202 (Law No 32/2002)

Both these laws are administered within the Department of Communications and Information Technology (Depkominfo), with the provision that the Broadcasting Law also gave birth to a new independent body, the Indonesian Broadcasting Commission (KPI), that also has a regulatory role. These two bodies do not have the same view of each others jurisdiction.

Trade Events

ICT 2009

Venue: Jakarta International Expo

Date: TBD

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Resources & Key Contacts

Indonesian State Ministry of Communication and Information: www.kominfo.go.id

Cable & Satellite Broadcasting Association of Asia: www.casbaa.com

For More Information

The U.S. Commercial Service in Jakarta, Indonesia can be contacted via e-mail at: Email: kalung.riang@mail.doc.gov; Phone: (62-21) 526-2850; Fax: (62-21) 526-2859 or visit our website: www.buyusa.gov/indonesia/en.

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