

Abstract

The new law of telecommunication sector in Indonesia is enacted by the government in 1999. The law no 36/1999 on telecommunication is considered increase the growth of telecommunication industry in Indonesia because the new law supports the fair competition and include the anti monopoly in the industry.

However, the government still hold the exclusive right of monopoly power of two state-owned companies in the telecommunication sector. Several factors such the agreement with WTO, the agreement with the IMF and the law of anti-monopoly forced the government to make change in the telecommunication policy.

The ISP industry is influenced deeply by the monopoly power of the infrastructure provider because the industry depends on the fixed telephony and the broadband satellite to operate the business which provides by the state-owned companies. Moreover, the unfair competition in the industry because the state-owned company has more benefit by the exclusive power.

The implementation of new law is not need the ISP industry expectation. The condition of government is being asked by the ISP industry because of the poor implementation and lack of readiness of the government to face the changes in the internet industry.

Moreover, the future of the ISP industry in Indonesia consider very good because the market still growing. However, the infrastructure problem still the main problem for the industry to have significant growth.