

Indonesia's technology black market here to stay: analysts

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An Official from Research in Motion (RIM) Indonesia displays a BlackBerry playbook in Jakarta on April 25, 2011. Indonesians are among the hungriest gadget consumers in the world, and the most coveted products can be found at slashed prices on the country's thriving black market.

Research in Motion's (RIM) PlayBook tablet is due to launch in Indonesia in August, news that should have set the country's legions of BlackBerry fans alight with anticipation.

Instead the announcement was met with an indifferent shrug -- PlayBooks have been available on the country's thriving technology [black market](#) for weeks.

Vicky, a vendor at Mall Ambassador in Jakarta, a bustling hub for all things electronic, had stocks of the [PlayBook](#) in April, even ahead of the

product's global launch in New York.

"I'm not sure exactly where these are from. They come here on boats. We usually get stuff like this from Mexico or the US," she told AFP.

Analysts say the black market costs the government millions of dollars in unpaid consumption taxes, but it is happy to turn a blind eye to the [illegal trade](#) because telecommunications generate so much money in other ways.

"All those satellites and antennas you see on top of buildings, they are funded by the private sector. So the government is now sitting pretty collecting bandwidth money," said Debnath Guharoy of Roy Morgan market research.

"They are issuing licences worth millions of dollars which costs them nothing, really. I don't think the black market is going away."

Capitalising on Indonesian technophiles who just cannot wait until August, Vicky jacked up the PlayBook's retail price to 9.75 million rupiah (\$975) compared to \$699 for the most expensive version in the United States.

But come August, PlayBooks will be selling at slashed prices alongside cut-rate smartphones, netbooks and cameras.

Affluent Indonesians are already lapping up cheap hand-held tablets. The country's latest sex scandal involved a conservative Muslim lawmaker who was busted watching pornography on his Samsung Galaxy tablet in parliament.

Suhanda Wijaya, of the Indonesian Chamber of Commerce and Industry, said it was impossible to control shipments of illegal products

into a huge country of 17,000 islands.

"Indonesia is very open because it is an archipelago. We can only really monitor five major gateways," he said.



A woman uses her BlackBerry phone in Jakarta. BlackBerry has between two and three million users in Indonesia, accounting for three to five percent of the smartphone's global market.

On top of evading the 10 percent luxury tax, suppliers and vendors can also ignore the five percent sales tax by trading solely in cash, making for significantly cheaper products.

"Smuggling goods into the country hurts the industry because it makes it very difficult for companies that want to do the right thing to compete with cheaper products," Wijaya said.

It can be impossible to tell the difference between a smuggled product and an authorised one. The difference is only in the warranty card. An authorised product will have a manufacturer's warranty, while a smuggled one will have a distributor's warranty.

Gregory Wade, RIM's Southeast Asia managing director, said the Canadian company which makes BlackBerry smartphones was trying to educate consumers about the benefits of buying legitimate products.

"We've run a number of campaigns wrapped around the concept 'peace of mind' and the values and benefits of purchasing authorised products. We continue to support and invest very heavily into that," he said.

But product developers like RIM can still turn a profit no matter how their goods arrived in Indonesia. They earn the same amount per unit regardless of where they were released.

And to RIM, Indonesia is an important business opportunity. BlackBerry has between two and three million users in Indonesia, accounting for three to five percent of the smartphone's global market.

Wade said RIM was expecting to ride the wave of BlackBerry's popularity in Indonesia, a rapidly developing country of 240 million people.

"Regardless of price sensitivities and regardless of socio-economic environment, we firmly believe Indonesia will be one of the top markets for tablet opportunity across (Southeast Asia)," he told AFP.

"It's not simply because of the sheer population, but certainly because [Indonesians](#) love technology. They gravitate to technology; that's evident in the way they're gravitating to the BlackBerry."

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