

Comparison of Online Transportation Regulatory Framework in Indonesia and Several ASEAN Member States

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Abstract

This research is motivated by the need to adjust online transportation regulations in Indonesia with technological developments and rapidly changing societal dynamics. The main issue raised is how the regulatory framework of online transportation in Indonesia is and how it compares to several ASEAN member countries. The discussion shows that regulations in Indonesia still use a conventional approach that is less adaptive to online transportation innovation, often causing legal vacuums and uncertainty for stakeholders. The conclusion of this study states that existing regulations need to be updated to be more comprehensive and responsive to changes. The advice given is that the government should adopt best practices from other ASEAN countries to create more effective regulations, including paying attention to fairness, safety, and welfare aspects for both users and service providers.

I. Introduction

Indonesia, as a developing country, recognizes the importance of law as the main foundation in carrying out the life of the nation and state. Legal principles are used as a guide to achieve certainty, justice, and community welfare. Law is not only a tool of power, but an instrument that leads to the welfare of human life. Thus, punishment in Indonesia becomes a battlefield of struggle and struggle in an effort to achieve happiness in life.

Satjipto Rahardjo emphasized that the role of humans and society has a very important role in legal dynamics. In this view, law is not an entity that exists for itself, but rather a tool intended to meet human needs and happiness. Therefore, the law must be seen in its own context, as an existing instrument to provide benefits and justice for society¹.

With this perspective, law is not only a formal rule, but also a means to improve the quality of life and happiness of human beings. This understanding reflects the view that punitiveness is not only limited to compliance with legal norms, but also as a joint effort to achieve justice and prosperity for the entire community.

Basically, transportation law in the use of transportation services is closely related to the transportation system used. Especially in the delivery of goods involving inter-island and inter-country travel, it is often necessary to combine several types of transportation. To overcome this complexity, it is necessary to find an efficient solution to facilitate the process of shipping goods.

In this case, a breakthrough or innovation is needed in the transportation system, which allows the use of more than one mode of transportation but with one contract or transportation document. This system is known as multimodal transportation, where goods can be transported using different types of transportation such as ships, trains, trucks, or planes, but still use a single contract as the legal basis for such ²shipments.

The use of multimodal transportation has efficiency benefits because it allows transportation service users to overcome different geographical and infrastructure barriers. Thus, transportation laws must be able to accommodate these aspects so that the process of shipping goods can run smoothly and in accordance with the regulations that apply in each mode of transportation used.

The change in society towards the digital era is a major transformation that affects many aspects of daily life. Alvin Toffler, a futurist, has identified and outlined the transition of society through three different eras, namely agrarian, industrial, and communication. The era of digital society can be considered the pinnacle of the communication era.

In the digital era, information and communication technology is the main driver of change. The internet plays a central role in connecting people, facilitating access to information, and providing a platform for a wide range of activities, including online business, distance learning, and online transactions³.

The existence of the internet and digital technology has changed the way people

¹Sabian Usman, *Fundamentals of Legal Sociology*, Pustaka Belajar, Yogyakarta, 2009, p. 2.

²Sentosa Sembiring, *Law of Sea Transportation*, Nuansa Aulia, Bandung, 2019, p. 3.

³A. Toffler, *The Third Wave*, Marow, New York, 1988, p. 241.

communicate, work, shop, and even celebrate their daily lives. All of this becomes possible without being constrained by geographical or physical space limitations. For example, the ability to order food, shop online, or invest in stocks through online platforms reflects how people can participate in various activities without having to be in direct contact with the physical space where the activity takes place.

However, these changes also pose a number of challenges related to data security, privacy, and the social impact of reliance on technology. Therefore, the development of adequate policies and regulations is becoming increasingly important to ensure that technological advances can provide maximum benefits while maintaining ethical and security aspects.

The important role of online transportation in facilitating the daily lives of Indonesian people. Go-Jek, as one of the pioneering technology companies in Indonesia, has succeeded in changing the paradigm in transportation services and opening up opportunities for various other transactions through online platforms. Go-Jek not only provides a solution to the problem of congestion in Jakarta, but also becomes a multifunctional platform that includes various services, such as online motorcycle taxis, *food delivery*, courier services, bill payments, and ticket purchases for various events. This proves that online technology and applications have the potential to change lifestyles and create significant efficiencies⁴.

The success of Go-Jek has also inspired the emergence of other online transportation services, such as Grab and a number of other applications that provide various similar services. Indonesian people are increasingly adopting this concept because it provides convenience, speed, and comfort in carrying out daily activities.

The importance of technology's role in online transportation also creates new business opportunities, empowers motorcycle taxi drivers, and supports economic growth in this sector. However, this growth also raises a number of issues related to regulations, worker protection, and business competition. Therefore, the development of balanced policies and supporting innovation is essential to maintain a balance between technological advancement and socio-economic interests.

Consumers, the majority of whom come from the middle class in urban and rural-urban areas, feel significant benefits from the existence of Online Transposting. Support for the existence of the two companies also comes from these consumers. However, it should be considered that if Online Transpostasi is considered a technology company and not a transportation company, the government should immediately formulate a more comprehensive policy compared to the Regulation of the Minister of Transportation (Permenhub).

As a consequence of the change in the status of applicators to transportation service companies, drivers will automatically become employees. Online Transpostasi may feel worried because their financial burden will increase according to the number of drivers. The status of "partnership" that has been emphasized will also disappear automatically, having an impact on the relationship between applicators and drivers which will be more similar to the relationship between workers and employers.

⁴Dian Mandayani Ananda Nasution, Legal Review of Online Application-Based Transaction and Transportation Services, *Resam-Jurnal Hukum*, Vol. 04, No.01, 2019, pp. 17-30.

However, the partnership status itself still raises uncertainty regarding the status and working relationship between drivers and applicators. This can be seen from the heated debate among drivers regarding the status of partnership employment relationships. The government has responded to the existence of online transportation through the issuance of the Minister of Transportation, but this regulation is still reaping pros and cons in the community. Stakeholders in the transportation services sector are also still struggling to reach a good understanding of the implementation of the regulations that will be enforced, resulting in a lack of policy optimization⁵.

The status of partnerships in the online transportation industry in Indonesia reveals a number of uncertainties that affect the relationship between drivers and applicators. Despite the response from the government through the issuance of the Permenhub, the polemic surrounding the status of the employment relationship continues to raise uncertainty.

First, the debate among drivers reflects disagreement over the true definition of partnership status. Some consider it a form of temporary employment, while others consider that it should be recognized as a full employment relationship. This uncertainty creates an atmosphere of discomfort and dissatisfaction among drivers, which can have an impact on productivity and service quality.

Second, the government's response through the Minister of Transportation is trying to provide direction for regulations, but the pros and cons that appear in the community show that there is no clear consensus. This creates confusion among stakeholders, including drivers and applicators, who may find it difficult to adapt to the rules that may change.

Third, the implementation of regulations still faces obstacles in reaching understanding among transportation industry stakeholders. Difficulties in reaching consensus on the interpretation and application of regulations can result in a lack of policy optimization, slow down the progress of the sector, and potentially create legal loopholes.

In this context, further efforts are needed to align perceptions and expectations between the parties involved. Holding inclusive dialogue and consultation can be a positive step towards reaching a more solid agreement on the status of partnerships, creating a stable working environment, and promoting sustainable growth in the online transportation industry in Indonesia.

The statement that the law always lags behind the development of society is often a debate in the world of academics and legal practitioners. In the context of online transportation, both online motorcycles (online motorcycle taxis) and online cars, regulations have been issued to provide a legal basis and protect the interests of users and service providers.

For online motorcycle taxis, the Regulation of the Minister of Transportation Number PM 12 of 2019 has regulated the safety protection of motorcycle users used for the benefit of the community. Meanwhile, for online cars, regulations have been regulated in the Regulation of the Minister of Transportation Number PM 118 of 2018. This regulation explains that special rental transportation is a door-to-door transportation

⁵Faris Widiyatmoko, Dynamics of Online Transportation Policy, *Journal of Urban Sociology*, Volume 1 / No. 2 / October, 2018, pp. 55-68.

service with a driver, has an operating area within an urban area, from and to airports, ports, or other transportation nodes, as well as ordering using an information technology-based application, with the amount of tariff listed in the application.

Although these regulations try to accommodate the existence of online transportation, sometimes the void of norms is still a legal problem. This situation arises when legal problems arise, but there are no clear legal norms or regulations to answer them. If this norm vacuum is forced to be filled, it can cause conflict in society and can even trigger protests or even criminal legal action. Therefore, it is important to continue to develop regulations that are in accordance with the development of society and technology, so that the existence of online transportation can run better and in an orderly manner in accordance with legal principles.

A comparison of Indonesia's experience with several countries such as Thailand, Singapore, and Australia shows significant differences in the approach to online transportation services. These countries tend to adopt policies that recognize the existence of online taxis, with the aim of providing legal certainty and providing space for governments to oversee their operations. This legal certainty is considered important to create order and protection for users of online transportation services⁶.

In this case, the striking difference lies in the absence of online transportation services using motorcycle vehicles in Indonesia. While in other countries, the growth of two-wheeled online transportation services is in line with four-wheeled transportation, in Indonesia this is not happening rapidly. The main problem in regulating online transportation in Indonesia arises because of the existence of two-wheeled transportation which is not as popular as four-wheeled transportation.

In response to this dynamic, it is necessary to conduct in-depth analysis and careful consideration in designing online transportation regulations in Indonesia. A fair approach is needed for all parties involved, considering the differences in the characteristics of two-wheeled and four-wheeled online transportation. Balanced and market-development-oriented policy measures can help create an environment conducive to the growth of online transportation, while maintaining the safety and well-being of users and service providers.

Regulations regarding online transportation in Indonesia look fragile and partial, reflecting difficulties in dealing with technological developments and societal changes. The approach used by the government seems to still be fixated on conventional transportation regulations, which are integrated and comprehensive. This creates a mismatch with the dynamics of online transportation that is more innovative and fast-changing.

In this context, it reflects the need to compare the regulatory approach in Indonesia with other ASEAN countries. A critical analysis of the regulatory frameworks used by these countries can provide insight into the successes or weaknesses of the approaches taken.

It is important to highlight the differences between online and conventional transportation regulations and emphasize the need to adapt to changing technological dynamics and consumer behavior. By detailing comparisons with ASEAN countries, we

⁶Academic Manuscript, *LLAJ Bill*, Center for Law Drafting, Expert Body of the House of Representatives of the Republic of Indonesia, May 2018, pp. 63-66.

can identify *best practices* and possibly introduce innovations in online transportation regulation in Indonesia. This is a relevant step to achieve a more responsive and effective setting in the face of future challenges.

Considering the background context that has been described, the author formulates the title of the research as follows: "Comparative Analysis of the Regulatory Framework for Online Transportation in Indonesia with Several ASEAN Member States."

2. Research Method

This study adopts a normative legal research method using a legislative and comparative legal approach. The focus of this approach lies in an in-depth analysis of various applicable regulations, taking into account relevant legal aspects. Data collection is carried out through literature studies, where researchers collect information and literature from various sources to support the analysis⁷.

The results of the study were then analyzed and elaborated with a qualitative descriptive approach. This approach involves comparing applicable legal theories with the reality that occurs in the field. Therefore, the analysis carried out is interpretive and in-depth, showing how legal regulations can be applied and relevant in the context of the situation at hand.

The purpose of this research is to provide a deeper understanding of the relationship between applicable legal theories and realities on the ground, with a special focus on aspects of law that have relevance. A qualitative descriptive approach was chosen to allow for a detailed and in-depth explanation of the legal issues that are currently the focus of the research.

3. Results and Discussion

a. Online Transportation Regulatory Framework in Indonesia

Online transportation has become an integral part of the transportation system in Indonesia. The presence of online transportation provides an efficient and effective alternative for the community. However, regulations regarding online transportation are experiencing various dynamics and legal challenges. This article aims to analyze the various regulations that have been implemented to regulate online transportation in Indonesia and identify the legal issues that arise from the implementation of these regulations.

1) Law No. 22 of 2009 concerning Road Traffic and Transportation

Law No. 22 of 2009 is the main legal basis that regulates traffic and road transportation in Indonesia. However, this law does not specifically regulate the provisions of online transportation. This creates a legal vacuum that requires special handling through more specific laws and regulations.

2) Government Regulation of the Republic of Indonesia No. 37 of 2017 concerning Traffic Safety and Road Transportation

Government Regulation No. 37 of 2017 also does not specifically regulate the provisions for online transportation. Like Law No. 22 of 2009, this regulation focuses more on traffic safety and road transportation in general without touching on the aspect of online transportation in particular.

⁷Peter Mahmud Marzuki, *Legal Research*. Kencana Prenada Group, Jakarta, 2007, p. 35.

- 3) Regulation of the Minister of Transportation Number PM 32 of 2016 concerning the Implementation of Transportation of People with Public Motorized Vehicles Not on the Route
Permenhub Number PM 32 of 2016 is one of the initial regulations that tries to regulate the implementation of transportation of people with public motor vehicles not on the route, including online transportation. However, this regulation was rejected by online taxi service providers because it was considered not in accordance with conditions in the field. The government finally decided to revise Permenhub 32/2016.
- 4) Regulation of the Minister of Transportation Number PM 26 of 2017 concerning the Implementation of Transportation of People with Public Motorized Vehicles Not on the Route
Permenhub Number PM 26 of 2017 is the result of a revision of PM 32/2016. However, in August 2017, the Supreme Court (MA) canceled 14 articles in Permenhub 26/2017 through decision No. 37 P/HUM/2017. The Supreme Court considers that this Permenhub is contrary to the laws above, such as Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs) and Law No. 22 of 2009 concerning Traffic and Highways (LLAJ).
- 5) Regulation of the Minister of Transportation Number PM 108 of 2017 concerning the Implementation of Transportation of People with Public Motorized Vehicles Not on the Route
Permenhub Number PM 108 of 2017 tried to improve the previous regulation but again faced cancellation by the Supreme Court on May 31, 2018 through decision Number 15 P/HUM/2018. The Supreme Court canceled several articles because Permenhub 108/2017 reloaded norm material that had been canceled in the previous decision. The main reason for the cancellation is contrary to Law No. 8 of 1999 concerning Consumer Protection and Law No. 20 of 2008 concerning MSMEs.
- 6) Regulation of the Minister of Transportation of the Republic of Indonesia Number PM 12 of 2019 concerning the Protection of the Safety of Motorcycle Users Used for the Benefit of the Community
- 7) PM 12/2019 is the first regulation that legally recognizes the existence of online motorcycle taxis. However, this regulation still requires some special attention, including:
 - a) Postponement of the increase in ojol service fees.
 - b) Injustice to the driver in the suspension process.
 - c) Unclear rights and obligations of related actors.
 - d) The absence of evaluation indicators and sanctions for violators of the rules.
 - e) There is no coordination arrangement between related institutions.

The dynamics of online transportation regulations in Indonesia show that there is an urgent need for comprehensive and adaptive regulations to technological developments and the needs of society. Existing laws and regulations still need to be adjusted to accommodate various aspects related to online transportation. Synergy is needed between the government, online transportation service providers, and the community to create fair, effective, and sustainable regulations.

Online transportation arrangements in Indonesia are still fragile and partial, in

contrast to conventional transportation. The government tends to regulate online transportation like conventional transportation, without adjusting to the development of information technology. Bureaucratic reform involving cross-ministries and state agencies is needed to ensure safety, security, and policy effectiveness, in accordance with the 2020-2024 National Transportation Master Plan.

Information technology, if misused, can be a means for unlawful acts, although it also changes people's behavior and lifestyle globally. The internet as an information and electronic communication medium has made the world borderless, changing social, cultural, economic, and law enforcement patterns. Information technology is currently a double-edged sword: in addition to improving well-being and progress, it also has a negative impact.

To respond to the development of transportation in the era of disruption, significant reform of transportation laws is needed. This update must present major changes that provide legal certainty and be able to keep up with legal developments in Indonesia, so that it can respond to effective law enforcement in this era.

b. Comparison of the regulatory framework for online transportation in Indonesia with several ASEAN member countries

1) Online transportation regulations in the Philippines

The Philippines was the first country to regulate online transportation through DOTC Decree No. 2015-011 on May 8, 2015. The regulation classifies companies such as Grab and Uber as Transportation Network Companies (TNCs) and their drivers are also called TNCs⁸.

The Philippine government recognizes the importance of regulating online transportation to protect consumers and keep up with digital developments. In 2015, the Philippines became the pioneer of this regulation. Uber and Grab dominate the market in the Philippines, giving people plenty of public transportation options, especially in the congested capital Manila⁹.

The presence of online transportation companies in the Philippines brings innovation in service and cost, with competitive prices and easy access. This regulation distinguishes between online and conventional modes of transportation, thus causing pros and cons among the public¹⁰.

Pro:

- a) The company can provide comfort and safety with 24-hour service and a blacklist system for unsatisfactory drivers.
- b) Consumers get more choices of comfortable and safe modes of transportation.

⁸Philippine Institute for Development Studies, "The need for new age regulations for new age businesses: The case of Mobile Application-Based E-Hailing in the Philippines", accessed on https://cuts-hrc.org/pdf/The-need-for-new-age-regulations-for-new-age-businesses-The-case-of-Mobile-Application-Based-E-Hailing-in-the-Philippines_Mr.-Francis-Quimba.pdf, on October 08, 2023

⁹ Neil Jerome Morales, Reuters, "Philippines issues rules on ride-sharing services, as taxis threaten court", accessed in <https://www.reuters.com/article/us-philippines-uber-idUSKBN0NY15Y20150513>, on October 08, 2023.

¹⁰Saksith Chalermpong, et, al, "Ride Hailing Applications In Southeast Asia: A Literature Review," *International Journal Of Sustainable Transportation*, Vol. 17, No. 3, 2023, pages, 298-318

- c) Online transportation partners or drivers earn about 30% higher compared to jobs in conventional transportation.

Cons:

- 1) Conventional transport protested the regulation as it limited their fleet while online transport was not restricted.
- 2) Conventional transportation revenues are down more than 50% per day.
- 3) Conventional transportation is demanding the termination of online transportation modes because they are considered not to pay levies or taxes like them.

Although the Philippines was the first country to issue an online transportation regulation, it is not perfect and follows the principle of trial and error. From 2015 to 2018, the rule underwent many revisions, with the DOTC receiving about 18 improvement records. The Philippine government continues to receive input, including from ride-hailing companies, to improve these regulations in the future¹¹.

The Philippines has been a pioneer in online transportation regulation, facing challenges and dynamics in its implementation. Despite the pros and cons, these regulations are recognized as important for creating a transportation system that is safe, comfortable, and keeps up with digital developments. The Philippine government needs to continue to make adjustments and improvements to regulations to balance the interests of all parties involved.

2) Online Transportation Regulations in Malaysia

At the beginning of the emergence of online transportation in Malaysia or Online Transportation Companies (PTO), there were no specific regulations to regulate online transportation services themselves such as regulating traditional taxis in a regulation, especially for driver license registration, vehicle inspection, and operational requirements¹².

Online transportation in Southeast Asia started with MyTeksi, Malaysia's first online taxi platform, which was later followed by Grab, a start-up founded by Anthony Tan and Hooi Ling Tan in 2012. Grab introduced the concept of an e-hailing service that initially utilized the existing taxi fleet in Malaysia. As of June 2013, the service averaged one booking every eight seconds, or nearly 10,000 bookings per day. Uber then came to Kuala Lumpur with a soft-launching in October 2013¹³.

However, since its inception in July 2018, the Malaysian Ministry of Transport has introduced regulations related to *e-hailing services that all e-hailing companies must comply* with in order for them to cooperate legally.¹⁴

¹¹*Ibid.*

¹² The Star, "Higher E-hailing fares expected," no. from <https://www.thestar.com.my/news/nation/2019/07/08/higher-e-hailing-fares-expected/>, 2019., accessed February 27, 2023.

¹³ Ahmad Sahir Jais and Azizan Marzuki, "E-Hailing Services in Malaysia: Current Practices and Future Outlook", *Planning Malaysia: Journal of The Malaysian Institute of Planners*, Vol. 18, No. 3, 2020, pp. 127.

¹⁴ Astro Awani, "The kingdom begins to regulate E-hailing," from <https://www.astroawani.com/video-malaysia/kerajaan-mula-kawal-selia-e-hailing-234806>, accessed on February 27, 2023.

In the world of online transportation, there are two types of services: ride hailing and ride sharing. Ride sharing is a ride-sharing service where vehicle owners enter their routes and destinations into a digital application, and users can choose a vehicle that is unidirectional. Ride sharing can be both profit and non-profit, with social and environmental goals. Meanwhile, ride hailing is a digital transportation service with a sense of a private vehicle where there is only a driver and passengers without other passengers. Users can determine the route as needed, even changing the destination halfway, although the cost will adjust. The presence of online transportation is driving regulations for the efficiency of traditional and online taxis, which gives rise to conflicts such as unfair competition between taxi drivers, lack of protection for passengers and drivers, as well as loss of government revenue due to lack of permits and taxes for e-hailing drivers.

The rapid development of technology and the internet has encouraged the online taxi industry to use e-hailing applications. This technology makes it easier for customers to order vehicles and encourages innovative use of technology. This development disrupted conventional taxis, causing e-hailing to take over their market, which became a problem for the Malaysian government¹⁵.

The Malaysian government is trying to make e-hailing services a legitimate public service, given its rapid development and its role as an intermediary. Regulation and oversight are needed to ensure legal certainty for the taxi industry, which will benefit taxi drivers, e-hailing drivers, passengers, e-hailing app companies, device companies, and local app system development entrepreneurs¹⁶.

E-hailing in Malaysia is regulated under the Ministry of Transport Malaysia, and all providers must register with the Land Public Transport Agency (APAD), Companies Commission of Malaysia (SSM), and Malaysian Cooperative Commission (SKM) to operate legally. Starting in October 2019, e-hailing drivers must comply with rules such as annual vehicle inspections at PUSPAKOM, medical and criminal background checks, and obtain a public service vehicle (PSV) license. Drivers must also have additional e-hailing insurance, contribute to the Social Security Organization (SOCSO), and have safety tools such as fire extinguishers.

Previously, e-hailing was not specifically regulated, but from July 12, 2018, regulations on e-hailing were put into effect, and from October 12, 2019, only drivers who comply with all regulations can operate. The government's decision to legalize e-hailing services through amendments to the Land Public Transport Act 2017 and the Commercial Vehicles Licensing Board Act 2017 provides a legal basis and allows for supervision of online transportation service providers. Vehicles used in e-hailing must have a public service vehicle (PSV) license.

Legalizing e-hailing services helps solve labor issues, consumer protection, and property rights in online transportation, as well as create healthy competition between operators. However, regulatory requirements and costs can be an

¹⁵ Halimah Abdul Manaf, Ahmad Martadha Mohamed, Zuriana Zahrin, "Exploring Regulatory Policies On E-Hailing Services in Malaysia", *Atlantic Press, Proceedings of the International Conference on Public Organization (ICONPO 2021)*

¹⁶ K. Wyman, "Taxi Regulation in the Age of Uber," vol. New York U, 2017.

obstacle for e-hailing business actors, so they need to consider the business model, requirements, and tariffs charged to consumers so that they do not conflict with related regulations¹⁷.

Every e-hailing vehicle in Malaysia must obtain a PSV license, which also applies to conventional taxis. Initially, this process was difficult and expensive for part-time drivers. However, in July 2019, the government made it easier with special provisions, such as:

- 1) General Requirements: Malaysian citizens, above the age of 21, have a driver's license, have no criminal record, and are not blocked by the relevant authorities. Drivers must also apply for an Electronic Vehicle Permit (EVP) and obtain a Drivers Electronic Card (EKP) from APAD.
- 2) Vehicle Requirements: The vehicle must have a minimum 3-star rating from ASEAN NCAP, have 4-11 passenger seats, conduct regular inspections if they are over 3 years old, not more than 10 years old, and display a mark as an e-hailing vehicle.

These regulations limit who can become an e-hailing driver, although many have made it a side hustle for additional income¹⁸.

The relationship between an e-hailing service company (PTO) and its driver is a business partner relationship, not a subordinate-employer relationship, so it is not included in labor law. E-hailing drivers are different from conventional taxi drivers who are employees and get certain rights, such as insurance and employee benefits. E-hailing drivers do not get the facility because they are not employees, so they do not get welfare and rights such as insurance and other employee rights¹⁹.

The relationship between the driver and the e-hailing service company (PTO) is peer-to-peer with a profit sharing basis, which is regulated in a written agreement. The PTO acts as a liaison between the driver and the consumer, without the subordinate-employer relationship as in labor law.

In order for the rights of e-hailing drivers to be accommodated, the government plays a role in monitoring transportation prices so as not to harm consumers and drivers.

Advantages of arranging online transportation in Malaysia:

- 1) Strict Driver Registration: Drivers must meet strict requirements to obtain a permit, reducing the possibility of license abuse and unlawful action.
- 2) Vehicle Requirements: Vehicles must meet certain requirements, ensuring the legality and quality of the vehicles used as online transportation.

Disadvantages of online transportation regulations in Malaysia:

¹⁷ Todd, L., Amirullah, A., & Hui Xing, C. "E-hailing Regulations: Striking the Right Balance". *Institute for Democracy and Economic Affairs (IDEAS)*, Kuala Lumpur, 2018.

¹⁸ Zico Law, "Regulating E-Hailing In Malaysia, Is There Over Regulation ? *Asian Insider*, December 2018

¹⁹ Rosenblat, A. (2020). Gig Workers Are Here to Stay. It's Time to Give Them Benefits. *Harvard Business Review*, quoted from Nur Iwani Abdul Rahman, Rozailin Abdul Rahman, Murni Mahmud, "Applying Theory to Empirical Phenomena: Love-Hate Relationship of E-Hailing Driver-Platform Provider in the Sharing-Economy Services.

- 1) Intrigue Between Drivers: There is still unfair competition between online and conventional transportation drivers.
- 2) Absence of Employment Relationship: There is no superior-subordinate relationship between the PTO and the driver, so the rights and obligations and legal protections that usually exist in labor law do not apply.
- 3) Online Transportation Regulations in Singapore

The entry of Uber in 2013 and Grab in 2014 into Singapore ushered in the emergence of ride-hailing businesses in the country, with the government granting permits and supporting the development of these businesses. The government sees ride-hailing as a boost to the development of point-to-point transportation in Singapore. The merger between Grab and Uber in March 2018 saw Grab dominate the ride-hailing market in Singapore, resulting in a significant decline in competition and a surge in fares in Grab's services. Online taxi drivers have also experienced a decline in revenue. With high daily mobility, the government is trying to advance its public transportation services, including ride-hailing. The right steps from the government are very important so that the community, business people, and the country can benefit from the existence of this relatively new ride-hailing business²⁰.

Gojek's expansion to Singapore began with beta testing in November 2018, before officially operating on January 10, 2019. Gojek CEO, Andre Soelistyo, called Singapore a unique market with major challenges in transportation, given its relatively small population but advanced technology and economy, as well as high daily mobility levels. The Singapore government continues to make reforms to improve its public transportation system, including in the on-demand transportation sector.

Regulations related to ride-sharing services in Singapore are regulated in the Point-to-Point Passenger Transport Industry Act No. 20 of 2019 issued on 13 September 2019. This regulation covers the online transportation industry that serves trips from one point to another without fixed routes, such as conventional taxis, Gojek, and Uber²¹.

The creation of this regulation is also an effort by the Singapore government to maintain the investment climate, promoting the country as a hub for business research, development, and innovation by offering tax incentives, research grants, and partnership opportunities with domestic research institutions. Singapore is also investing heavily in the technology development sector and is seeking to become a regional hub for digital innovation and cybersecurity.

Previously, Singapore had responded to the influx of ride-hailing businesses by issuing a registration framework for taxi booking service operators in 2015. The Singapore government considers ride-hailing services to be an innovation

²⁰ Yolanda Sari Silitonga, "Singapore's Policy Facing the Online Transportation Industry: A Case Study of Gojek's Entry into Singapore", *Student Online Journal, Department of International Relations Faculty of Social and Political Sciences Riau University*, Vol. 7, No. 2, December 2020.

²¹ Nabila, Marsya. Gojek Explains Long-Term Strategy: Including Expansion in Malaysia and the Philippines, quoted from Yolanda Sari Silitonga, 2019. *Loc. Cit*

needed in the point-to-point transportation industry. In 2017, Singapore updated regulations related to ride-hailing services, focusing on passenger safety priorities, including permit or license requirements for drivers and stickers for online taxis that have passed the test.

The Point-to-Point Passenger Transport Industry Act of 2019 is a regulation issued by the Singapore government to regulate point-to-point (P2P) transportation, with the aim of ensuring sustainable benefits for citizens from the growing P2P transportation. Passed in August 2019, the regulation came into force in October 2020 with the Land Transport Authority (LTA) as the supervisory authority under the Ministry of Transport of Singapore.

The main focus of these P2P transportation regulations includes:²²

- 1) Licenses for P2P Service Operators: The LTA regulates P2P operators based on the type of service provided, such as street-hail or ride-hail.
- 2) Passenger and Driver Safety: The LTA establishes safety requirements for licensed operators.
- 3) Support for the Development of the P2P Industry: The LTA prohibits exclusive arrangements that can bind drivers, to facilitate the existence of an open and innovative market.
- 4) Travel Fare Regulation: The Public Transport Council of Singapore (PTC) is empowered to regulate the travel fares of ride-hailing operators such as Gojek and Grab. Although PTC does not set a definitive formula for ride-hailing transportation rates, they can control excessive costs.

The Singapore government stated that P2P transportation services can meet the needs of passengers and drivers, with the aim of achieving a balance through collaboration between responsible operators, smart passengers, and safety-prioritizing drivers. Prior to the advent of ride-hailing platforms such as Uber in 2013, conventional taxis were the main provider of P2P transportation in Singapore.

Online transportation regulations in Singapore, especially with the presence of platforms such as Grab, have increased people's mobility and provided more options in point-to-point transportation²³. Although these regulations regulate transportation prices to maintain healthy competition, the drawback is the absence of employment protection for drivers. Although many work full-time, they do not get social security or health as in traditional employment.

4) Online Transportation Regulations in Thailand

Challenges in the development of transportation policy in Thailand are mainly related to the large population in Bangkok, the difficulty of creating an adequate public transportation system for everyone. Other problems include an

²²*Point-to-Point Passenger Transport Industry Act of 2019*

²³Ministry of Transport of Singapore. 2019. Opening Speech by Senior Minister of State for Transport Dr Janil Puthuchearu on Second Reading of Point-to-Point Passenger Transport Industry Bill 2019. Accessed from < <https://www.mot.gov.sg/newscentre/news/Detail/opening-speech-bysenior-minister-of-state-for-transport-dr-janilputhuchearu-on-second-reading-of-point-topoint-passenger-transport-industry-bill2019/>> accessed on February 28, 2023

excessive focus on large projects in urban areas without paying attention to secondary road infrastructure and market regulation issues for passenger cars. On the other hand, the Thai government is working with other countries in Southeast Asia to improve cross-border transportation corridors. Transportation policy in Thailand has evolved in tandem with urban development planning, with an initial focus on economic growth, utility infrastructure, and industrialization²⁴.

The Thai government's policy to develop transportation includes allowing online transportation companies to operate in the country. Grab was the first company to enter the ride-hailing business in Thailand, launching its GrabTaxi service in Bangkok in October 2013. This is an important step as it is the first taxi booking mobile app in Thailand, introducing the concept of taxi booking via smart devices. Grab comes with a strong social mission to improve the lives of passengers and taxi drivers in Thailand, and is revolutionary in the country's transportation world. With its easy-to-use and quality services, Grab has quickly become an online taxi icon in Thailand²⁵.

GrabTaxi aims to help taxi owners, drivers, and passengers in Thailand. With the advent of Grab, operational costs for taxi owners and drivers have become more efficient as they can reach passengers close to them through the app, reducing the need to roam the main roads. For passengers, Grab offers accessibility, punctuality, and safety in their journey. GrabTaxi plans to partner with 30% of the total 110,000 taxis in Bangkok, serving about one-third of the 2 million people who use taxis daily²⁶.

The GrabTaxi operating system in Thailand is similar to that in other countries. Drivers need to register and pass the administrative requirements, as well as use the GrabTaxi app on their smartphones. Drivers who don't have a smartphone can earn it through microfinance paid out of their monthly income. Passengers need to download the app, sign up, and create a profile to book a taxi. The taxi booking process is quick and easy, with confirmation in less than a minute after booking.

The initial cost of GrabTaxi is 25 Baht, with 20 Baht directly to the driver and 5 Baht to the company. The fare is then calculated after the passenger boards, and payment can be made in cash or by credit card. The Thai government issued regulations to pave the way for ride-hailing companies, giving legal recognition to drivers operating in the industry. This step helps clarify the legal status of drivers and provides official permission for them to register their personal vehicles as taxis for use in online transportation applications²⁷.

²⁴Narong Pamlaktong, et. al, *Chapter 12: Road Transportation In Thailand*, Thailand, Development Research Institute, p. 267

²⁵ Pajaree Ackaradejruangsri, "Insights on GrabTaxi: An Alternative Ride Service in Thailand", *Review of Integrative Business and Economics Research*, Vol. 4 No. 3, 2015, p. 50

²⁶Richard Barrow, "GrabTaxi Launches their Mobile App in Pattaya City" on <https://www.richardbarrow.com/2014/09/grabtaxi-launches-their-mobile-app-in-pattaya-city/>, accessed on 07 May 2023

²⁷Kraisorn Rueangkul, "Thai Cabinet Approves Ministerial Regulation Authorizing Personal Vehicle Registrations for Ride Hailing Applications, on <https://www.dfdl.com/resources/legal-and-tax-updates/thai->

The rules set out the requirements that must be met to become an online transportation driver in Thailand, including having a Driver's License, a clean criminal record, a vehicle that is a maximum of 9 years old with a maximum capacity of 7 passengers, and affiliation with an online transportation company registered with the Thai Ministry of Transportation. In addition, the vehicle used must be equipped with a sticker of a transportation service provider or ride-hailing and equipped with a GPS system²⁸.

Vehicles used for online transportation are divided into three categories: small vehicles, medium vehicles, and large medium vehicles. Fares for passengers vary depending on the vehicle category chosen. For small and medium-sized vehicles, the fare is capped at 50 Baht for the first two kilometers and no more than 12 Baht for each additional kilometer. Meanwhile, for medium-sized vehicles, the fare is capped at 200 Baht for the first two kilometers and a maximum of 50 Baht for each additional kilometer. When a vehicle stops or there is a traffic jam, the fare will also vary between 3 Baht to 10 Baht depending on the vehicle category²⁹.

Online transportation rules in Thailand allow anyone to become a driver, maintaining healthy competition. The government also regulates electric vehicles for this service. Vehicles must be equipped with a communication system and divided by category. The fare is set at a maximum limit. However, the rules do not list the employment provisions between the company and the driver, only recognizing the partnership relationship. Indonesia can pay attention to this in making online transportation regulations that pay attention to passenger safety and fairness.

A comparison of the regulatory framework of online transportation in Indonesia with several ASEAN member countries shows variations in regulatory approaches and emphasis on certain aspects. Indonesia has adopted a series of regulations to improve safety, security, and service quality in this industry. On the other hand, the Philippines is a pioneer in regulating online transportation with a focus on consumer protection and adaptation to digital developments, while Malaysia emphasizes strict requirements for driver registration and vehicle inspections to ensure safety. Singapore, with regulations such as the Point-to-Point Passenger Transport Industry Act, aims to ensure the sustainable benefits for the public of point-to-point transportation services, while Thailand places an emphasis on the flexibility of access to drivers by taking into account strict vehicle requirements. From this analysis, Indonesia can evaluate these various approaches to update its online transportation regulations to meet the needs and challenges that exist in the country

cabinet-approves-ministerial-regulation-authorizing-personal-vehicle-registrations-for-ride-hailing-applications/ accessed on 07 May 2023

²⁸*Ibid.*

²⁹National News Bureau Thailand, "Royal Gazette Announces Thailand's New Regulations For Online Ride-Hailing Service", on <https://thainews.prd.go.th/en/news/detail/TCATG210625134226098> accessed on 07 May 2023

4. Conclusion

The conclusions of this study are as follows:

- a. Online transportation regulations in Indonesia are still in the process of evolution and face various challenges. Although there have been efforts to regulate through various regulations, these regulations still need further adjustment because they still have weaknesses and gaps. Synergy is needed between the government, online transportation service providers, and the community to create comprehensive, adaptive, and sustainable regulations.
- b. The regulatory framework for online transportation in ASEAN member states shows variations in regulatory approaches and emphasis on specific aspects, ranging from a focus on consumer protection and adaptation to digital developments in the Philippines, strict requirements for driver registration and vehicle inspections in Malaysia, to Singapore's efforts to ensure sustainable benefits for society from point-to-point transportation services. From this comparison, Indonesia can evaluate various approaches to update its online transportation regulations to suit the needs and challenges faced.

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