The Compilation of Indonesian Laws and Regulations Concerning Business Competition
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of Indonesian Laws and Regulations
Concerning Business Competition
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*Unofficial Translations*

Prepared by Partnership for Business Competition

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LAW OF THE REPUBLIC OF INDONESIA
NO.5 OF 1999

CONCERNING
THE PROHIBITION OF MONOPOLISTIC PRACTICES AND UNFAIR BUSINESS COMPETITION

UPON THE MERCY OF GOD THE ALMIGHTY
PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering:

a. that the development in economic sector must be directed toward the realization of public welfare based on Pancasila and the 1945 Constitution;

b. that democracy in the economic sector demands equal opportunity for its citizens to participate in the production process and marketing of goods and/or services, in a healthy, effective and efficient business climate, so that it can boost economic growth and market economy to function properly;

c. that every person engaged in business in Indonesia must be in a fair and proper competitive situation, so that it doesn’t cause centralization of economic power on certain entrepreneurs, without disregarding the agreements already made by the Republic of Indonesia under international contracts;

d. that in order to realize Points a, b, and c referred to above, on the initiative of the House of Representative, it is deemed necessary to draft a Bill Concerning the Prohibition of Monopolistic Practices and Unfair Business Competition;

Bearing in mind:

Article 5 Paragraph (1), Article 21 Paragraph (1), Article 27 Paragraph (2), and Article 33 of the 1945 Constitution,

Upon the Approval of
THE HOUSE OF REPRESENTATIVES OF THE REPUBLIC OF INDONESIA

HAS DECIDED:
To enact:
THE LAW CONCERNING PROHIBITION OF MONOPOLISTIC PRACTICES AND UNFAIR BUSINESS COMPETITION

CHAPTER I
GENERAL PROVISIONS

Article 1
In this Law, that which is intended by:
1. Monopoly is the control of production and/or marketing of certain goods and/or use of services by one entrepreneur or a group of entrepreneurs.
2. Monopolistic practices is the centralization of economic power by one or more entrepreneurs causing the control of production and/or marketing of certain goods and/or services, resulting in an unfair business competition and can cause damage to the public interests.
3. Centralization of economic power is the obvious control of the relevant market by one or more entrepreneurs which enables them to fix prices of the goods and/or services.
4. Dominant position is a situation where an entrepreneur does not have any significant competitor in the relevant market with regard to the market share being controlled, or the entrepreneur is in the highest position among its competitors in the relevant market with regard to its financial capability, ability to have access to the suppliers or sales, and ability to adapt to the supply and demand of certain goods or services.
5. Entrepreneur is an individual person or a company, in the form of legal or non-legal entity established and domiciled or engaged in activities within the legal territory of the Republic of Indonesia, conducting various kinds of business activities in economic sector through contracts, both individually or collectively.
6. Unfair business competition is the competition among entrepreneurs in conducting their production activities and/or in marketing goods and/or services, conducted in a manner which is unfair or contradictory to the law or hampering business competition.

7. Contract is an action by one or more entrepreneurs to bind themselves with one or more other entrepreneurs under any name, either made in writing or not.

8. Business conspiracy is a form of cooperation conducted by entrepreneurs with other entrepreneurs with the intention to control the relevant market in the sole interest of the conspiring entrepreneurs.

9. Market is an economic institution in which the buyers and sellers can directly or indirectly conduct trading transaction of goods and/or services.

10. Relevant market is a market related to the range or certain marketing area of the entrepreneurs for the same kind or type of goods and/or services or substitutes of the said goods and/or services.

11. Market structure is the market condition which provides indications on the aspects of important influence to the entrepreneur’s behavior or market performance which consists of, among others, the number of sellers and buyers, restriction of entrance and exit to the market, product diversity, distribution system, and market share control.

12. Market behavior is any action taken by the entrepreneur in their capacity as suppliers or buyers of goods and/or services in order to achieve the goals of the companies, for example in profit, asset growth, sales target and competition methods used.

13. Market share is the percentage of selling or buying value of certain goods or services controlled by the entrepreneurs in the relevant market in a certain calendar year.

14. Market price is the price paid in the transaction of goods and/or services in accordance with the agreement achieved among the parties in the relevant market.

15. Consumer is any user and/or consumer of goods and/or services, both for his/her own usage or consumption or for other people’s benefits.

16. Goods is any object, both tangible or intangible, movable or immovable, that can be traded, used, utilized, or taken advantaged by the consumers or entrepreneurs.

17. Services is any service in the form of work or performance traded in the society to be used by the consumers or entrepreneurs.
18. Business Competition Supervisory Commission is a commission formed to oversee entrepreneurs in conducting their business activities to ensure that they do not conduct monopolistic practices and/or unfair business competition.

19. District Court is a court, as referred to in the existing legislation regulation, in which the domicile of the entrepreneurs are located.

CHAPTER II
PRINCIPLE AND OBJECTIVE

Article 2

Entrepreneurs in Indonesia in conducting their business activities are based on economic democracy by considering the balances between entrepreneurs’ interest and public interest.

Article 3

The objectives of this law:

a. to maintain public interest and improve the efficiency of the national economy as one of the means to improve public welfare;

b. to create a conducive business climate through healthy business competition, thus securing equal business opportunity for large, middle and small scale entrepreneurs;

c. to prevent monopolistic practices and/or unfair business competition by the entrepreneurs; and

d. to create effectiveness and efficiency in business activities.

CHAPTER III
PROHIBITED CONTRACTS

Part One

Oligopoly

Article 4

(1) Entrepreneurs are prohibited from making any contracts with other entrepreneurs with the intention to jointly control the production and/or the marketing of goods and services that can cause monopolistic practices and/or unfair business competition.
(2) Any entrepreneur can be suspected or considered as jointly controlling production and/or marketing of goods and/or services, as referred to under Paragraph (1) of this article, if two or three entrepreneurs or groups of entrepreneurs own more than 75% (seventy five percent) of the market share of one type of certain goods or services.

Part Two
Price Fixing
Article 5
(1) Entrepreneurs are prohibited from making any contract with other business competitors in order to fix prices on certain goods and/or services to be borne by the consumers or clients in the same relevant market.
(2) Provisions as referred to under Paragraph (1) of this article shall not be applicable to:
   a. a contract made in a joint partnership; or
   b. a contract made based on the existing law.

Article 6
Entrepreneurs are prohibited from making contracts which cause buyers to pay a different price from the price that must be paid by other buyers for the same type of goods and/or services.

Article 7
Entrepreneurs are prohibited from making any contract with other business competitors in order to fix the price below the market price, that can cause unfair business competition.

Article 8
Entrepreneurs are prohibited from making any contract with other entrepreneurs which sets the condition that the receivers of the goods and/or services are not to resell or resupply the goods and/or services they receive, under a price lower than the price agreed upon, thus causing unfair business competition.
Part Three
Market Division
Article 9
Entrepreneurs are prohibited from making any contract with other business competitors with the intention to divide the marketing areas or market allocation of the goods and/or services that can cause monopolistic practices and/or unfair business competitions.

Part Four
Boycotting
Article 10
(1) Entrepreneurs are prohibited from making any contract with other business competitors, that could hamper other entrepreneurs in engaging in the same type of business, either for domestic or export purposes.

(2) Entrepreneurs are prohibited from making any contract with other business competitors in order to refuse to sell goods and/or services from the other entrepreneurs which:
   a. causes losses or could be suspected to cause damage to other entrepreneurs; or
   b. restricts other entrepreneurs to sell or buy goods and/or services from the relevant market.

Part Five
Cartel
Article 11
Entrepreneurs are prohibited from making any contract with other business competitors with the intention to influence the price by determining production and/or marketing of goods and/or services, that can cause monopolistic practices and/or unfair business competition.

Part Six
Trust
Article 12
Entrepreneurs are prohibited from making any contract with other entrepreneurs in a form of joint cooperation by combining the companies into a bigger holding company or larger limited liability, by keeping and maintaining the continuation of each subsidiary or member company, with the intention to control production and/or marketing of goods and/or services, thus causing monopolistic practices and/or unfair business competition.

Part Seven

Oligopsonies

Article 13

(1) Entrepreneurs are prohibited from making any contract with other entrepreneurs with the intention to jointly control the buying or receiving of supplies in order to control prices of the goods and/or services in the relevant market, that can cause monopolistic practices and/or unfair business competition.

(2) Entrepreneurs can be suspected or considered as jointly controlling the buying or receiving of supplies as referred to under Paragraph (1) of this article if two or three entrepreneurs or group of entrepreneurs control more than 75% (seventy five percent) of the market share of one type of certain foods or services.

Part Eight

Vertical Integration

Article 14

Entrepreneurs are prohibited from making any contract with other entrepreneurs with the intention to control production of several products belonging to a chain of certain goods and/or services production in which each chain of production is a result of the continued process, either in one direct or indirect chain, which can cause unfair business competition and/or damages to the public.

Part Nine

Closed Contracts

Article 15
(1) Entrepreneurs are prohibited from making any contract with other entrepreneurs which imposes terms by which the parties receiving the goods and/or services shall or shall not resupply the said goods and/or services to certain parties and/or at certain places.

(2) Entrepreneurs are prohibited from making any contract with other parties which imposes terms by which the parties receiving certain goods and/or services must be willing to purchase goods and/or other services from the supplier company.

(3) Entrepreneurs are prohibited from making any contract regarding prices or certain discount prices of the goods and/or services, which impose terms by which the entrepreneurs receiving the goods and/or services from the supplier company:
   a. must be willing to purchase the goods and/or other services from the supplier company;
   b. shall not purchase the same or similar type of goods and/or services from other entrepreneurs which are the competitors of the supplier company.

Part Ten
Contracts with Foreign Parties

Article 16
Entrepreneurs are prohibited from making any contract with other parties overseas which imposes provisions that can cause monopolistic practices and/or unfair business competition.

CHAPTER IV
PROHIBITED ACTIVITIES

Part One
Monopoly

Article 17
(1) Entrepreneurs are prohibited from controlling any production and/or marketing of goods and/or services that can cause monopolistic practices and/or unfair business competition.

(2) Entrepreneurs can be suspected or considered as controlling production and/or marketing or goods and/or services as referred to under Paragraph (1) of this article if:
   a. the said goods and/or services do not have substitutions at that time; or
b. it causes other entrepreneurs to not be able to enter business competition for the same
type of goods and/or services; or

c. one entrepreneur or one group of entrepreneurs controls more than 50% (fifty percent)
of the marketing share of one type of certain goods or services.

Part Two
Monopsony

Article 18

(1) Entrepreneurs are prohibited from controlling the supplies receiving or being the sole
buyers of goods and/or services in the relevant market which can cause monopolistic
practices and/or unfair business competition.

(2) Entrepreneurs can be suspected or considered as controlling the supplies receiving or
being the sole buyer as referred to under Paragraph (1) of this article if one entrepreneur
or a group of entrepreneurs controls more than 50% (fifty percent) of the market share of
the same type of certain goods or services.

Part Three
Market Controlling

Article 19

Entrepreneurs are prohibited from conducting one or more activities, either separately or
jointly with other entrepreneurs, which can cause monopolistic practices and/or unfair
business competition by:

a. refusing and/or hampering certain entrepreneurs from conducting the same type of
business in the relevant market; or

b. hampering the consumers or clients of their company’s competitors from conducting
any business contact with those company’s competitors; or

c. restricting distribution and/or selling of the goods and/or services in the relevant
market; or

d. conducting discrimination practices against certain entrepreneurs.
Article 20
Entrepreneurs are prohibited from supplying goods and/or services by selling without making any profits or by setting a very low price with the intention to eliminate or end their competitors’ business in the relevant market, thus causing monopolistic practices and/or unfair business competition.

Article 21
Entrepreneurs are prohibited from cheating in setting the production cost and other expenses which is part of the goods’ and/or services’ component, that can cause unfair business competition.

Part Four
Conspiracy
Article 22
Entrepreneurs are prohibited from conspiring with other parties to arrange and/or determine the winner of the tender thus causing unfair business competition.

Article 23
Entrepreneurs are prohibited from conspiring with other parties to obtain information of their competitor’s business activities classified as company’s secret thus causing unfair business competition.

Article 24
Entrepreneurs are prohibited from conspiring with other parties to hamper production and/or marketing of the goods and/or services of their competitors with the intention to reduce the quantity, quality, and the required delivery punctuality of the goods and/or services offered or supplied in the relevant market.

CHAPTER V
DOMINANT POSITION

Part One
General

Article 25

(1) Entrepreneurs are prohibited from taking advantage of their dominant position, either directly or indirectly, in order to:
   a. impose trade terms with the intention to prevent and/or hamper the consumers to acquire competitive goods and/or services, both in prices or quality; or
   b. restrict the market and technology development; or
   c. hamper other entrepreneurs having the potential to become their competitors to enter the relevant market.

(2) Entrepreneurs are in the dominant position as referred to under Paragraph (1) of this article if:
   a. one entrepreneur or a group of entrepreneurs controls 50% (fifty percent) or more of the market share on one type of goods or service; or
   b. two or three entrepreneurs or groups of entrepreneurs control 75% (seventy five percent) or more of the market share on one type of certain goods or services

Part Two

Interlocking Directorate

Article 26

A person who serves as the director or commissioner of a company is prohibited from concurrently being the director or commissioner at other enterprises, if the said enterprises:
   a. are in the same relevant market; or
   b. are closely related to the field and/or type of business; or
   c. can jointly control the market share of certain goods and/or services, which could cause monopolistic practices and/or unfair business competition.

Part Three

Share Ownership
Article 27
Entrepreneurs are prohibited from holding majority shares at several firms engaged in the same business sector in the same relevant market, or establish several firms engaged in the same business activities in the same relevant market, if the said ownership causes:

a. one entrepreneur or a group of entrepreneurs to control 50% (fifty percent) or more of the market share on one type of goods or service; or
b. two or three entrepreneurs or groups of entrepreneurs to control 75% (seventy five percent) or more of the market share on one type of certain goods or services

Part Four
Merger, Consolidation and Acquisition
Article 28
(1) Entrepreneurs are prohibited from conducting merger or dissolving companies that might cause monopolistic practices and/or unfair business competition.
(2) Entrepreneurs are prohibited from acquiring shares of other entrepreneurs if the said action can cause monopolistic practices and/or unfair business competition.
(3) More detailed provisions concerning prohibited merger of companies as referred to under Paragraph (1) of this article, and provisions concerning acquisition of company shares as referred to under Paragraph (2) of this article, are stipulated in the government regulation.

Article 29
(1) Merger of the companies or acquisition of shares as referred to under Article 28, causing its assets value and/or sales value to exceed a certain amount, must be reported to the Commission at the latest within a period of 30 (thirty) days after the merger or acquisition takes places.
(2) Provisions regarding determination of the assets value and/or sales value and procedure of reporting as referred to under Paragraph (a) of this article are stipulated in the government regulation.

CHAPTER VI
BUSINESS COMPETITION SUPERVISORY COMMISSION
Part One
Status

Article 30
(1) To oversee the implementation of this law, a Business Competition Supervisory
Commission is formed, hereinafter referred to as the Commission.
(2) The Commission is an independent institution, free from government or other parties
influence or power.
(3) The Commission is accountable to the President.

Part Two
Membership

Article 31
(1) The Commission consists of one Chairman concurrently functioning as member, a Vice
Chairman concurrently functioning as a member and at least (seven) members.
(2) Members of the Commission are appointed and dismissed by the President upon the
approval of the House of Representative.
(3) The office term of a Commission member is 5 (five) years and can be reappointed for the
next office term.
(4) If a termination of an office term creates a vacancy in the membership of the Commission,
then the office term of that particular member can be extended until a new member is
appointed.

Article 32
Membership requirements of the Commission, are:
a. a citizen of the Republic of Indonesia, at least 30 (thirty) years old and not more that
   60 (sixty) years old at the time of appointment;
b. loyal to Pancasila and the 1945 Constitution;
c. faithful and devout to God the Almighty;
d. honest, just and of good moral behavior;
e. domiciled in the territory of the Republic of Indonesia;
f. have experience in the business sector or has knowledge and expertise in law and/or economy;
g. have never been convicted;
h. have never been declared bankrupt by the court; and
i. not affiliated to any company.

Article 33

Commission memberships may end, as a result of:
   a. death; or
   b. resignation upon request; or
   c. domicile outside the territory of the Republic of Indonesia; or
   d. infliction of a long term illness, either physically and spiritually; or
   e. the end of membership office term at the Commission; or
   f. dismissal.

Article 34

(1) The formation of the Commission and the structure of its organization, duties and function shall be determined by a Presidential Decree.

(2) For a smooth implementation of its duties, the Commission will be assisted by a secretariat.

(3) The Commission may form a working group.

(4) Provisions regarding the structure of the organization, duties, and secretariat function and working group shall be regulated by the Commission’s decision.

Part Three

Duties

Article 35

Duties of the Commission are:

a. conducting evaluations of contracts that might cause monopolistic practices and/or unfair business competition as regulated under Articles 5 through 16;
b. conducting evaluations of business activities and/or entrepreneurs’ behavior that might cause monopolistic practices and/or unfair business competition as regulated under Articles 17 through 24;
c. conducting evaluations if there is any abuse or not in the dominant position that might cause monopolistic practices and/or unfair business competition as regulated under Articles 25 through 28;
d. taking actions based on the authority of the Commission as regulated under Article 36;
e. providing suggestions and consideration on Government policy related to monopolistic practices and/or business competition;
f. set up guidelines and/or publication related to this Law;
g. providing periodic report on the work results of the Commission to the President and the House of Representative.

Part Four
Authority
Article 36
Authorities of the Commission are:

a. receiving reports from the public and/or entrepreneurs concerning allegations of monopolistic practices and/or unfair business competition;
b. conducting investigations on allegations of any business activity and/or actions by entrepreneurs that might cause monopolistic practices and/or unfair business competition;
c. conducting investigations and/or examination on allegation cases of monopolistic practices and/or unfair business competition reported by the public or by entrepreneurs or based on the findings by the commission as a result of its investigation;
d. concluding the results of the investigation and/or examination whether there is any monopolistic practices and/or unfair business competition or not;
e. summoning entrepreneurs alleged to have violated the provisions in this law;
f. summoning and bringing witnesses, expert witnesses and anybody considered knowing of any violation to the provisions in this law;
g. requesting assistance from the investigators to bring the entrepreneurs, witness, expert witness or anybody as referred to under Paragraph e and f of this article, who are not willing to fulfill the summon by the Commission to appear;
h. requesting information from the Government agency with regard to the investigation and/or examination of the entrepreneurs violating provisions in this law;

i. obtaining, investigating and/or evaluating letters, documents, or other evidence for the purpose of investigation and/or examination;

j. deciding and determining if there is any loss or not suffered by other entrepreneurs or the public;

k. notifying the Commission’s decision to the entrepreneurs alleged of conducting monopolistic practices and/or unfair business competition;

l. imposing and administrative sanction to the entrepreneurs violating provisions in this law.

Part Five
Funding
Article 37
Funding for the implementation of the duties of the Commission shall be borne by the State Budget and Revenues and/or other sources permitted under the existing law.

CHAPTER VII
CASE HANDLING PROCEDURE
Article 38
(1) Anybody who knows or suspects entrepreneurs to have violated this law may report in writing to the Commission, along with the identity of the reporter, stating detailed information about the violation.

(2) Parties that have suffered losses as a result of violation to this law may report in writing to the Commission, along with the identity of the reporter, stating detailed and clear information about the violation and the damages suffered.

(3) Identity of the reporter as referred to under Paragraph (1) of this article shall be kept confidential by the Commission.

(4) Procedure of submitting reports as referred to under Paragraph (1) and Paragraph (2) of this article shall be further regulated by the Commission.
**Article 39**

(1) Based on the report as referred to under Article 38, Paragraphs (1) and (2), the Commission shall be obligated to conduct a preliminary investigation, and at the latest within a period of 30 (thirty) days upon receiving the report, the Commission must determine if it is necessary or not to conduct further investigation.

(2) In the further investigation, the Commission shall be obligated to investigate the reported entrepreneurs.

(3) The Commission shall be obligated to keep the confidentiality of the information classified as company’s secret obtained from the entrepreneurs.

(4) If it is deemed necessary, the Commission might need to listen to information from witnesses, expert witnesses and/or other parties.

(5) In conducting their activities as referred to under Paragraphs (2) and (4) of this article, members of the Commission must be supplied with warrant.

**Article 40**

(1) The Commission may conduct investigation of the entrepreneurs if there is an alleged violation to this law even though no report is submitted.

(2) The investigation as referred to under Paragraph (1) of this article shall be conducted pursuant to the procedure stipulated under Article 39.

**Article 41**

(1) Entrepreneurs and/or other parties being investigated shall be obligated to submit evidence required for the investigation and/or examination.

(2) Entrepreneurs are prohibited from refusing to be investigated, refusing to provide information required for the investigation and/or examination, or from hampering an investigation and/or examination process.

(3) If there is any violation to the provision under Paragraphs (2) of this article, the Commission shall assign investigators to conduct investigation pursuant to the applicable laws.

**Article 42**

Evidence used by the Commission for the investigation are:
a. witness testimony;
b. expert testimony;
c. letters and/or documents;
d. information;
e. entrepreneurs’ testimony.

**Article 43**

(1) The Commission shall be obligated to complete further investigations within a maximum period of 60 (sixty) days counted from the date of further investigation as referred to under Article 39, Paragraph (1).

(2) If it is deemed necessary, the period of further investigation as referred to under Paragraph (1) of this article may be extended at the longest within a period of 30 (thirty) days.

(3) The Commission shall be obligated to decide whether there is any violation to this law within a maximum period of 30 (thirty) days.

(4) The Commission’s decision as referred to under Paragraph (3) of this article must be read in a session open to the public and immediately notified to the entrepreneurs.

**Article 44**

(1) Within a period of 30 (thirty) days counted from the date the entrepreneurs receive notification of the Commission’s decision as referred to under Article 43, Paragraph (4) above, the entrepreneurs shall be obligated to carry that decision and deliver the implementation report to the Commission.

(2) Entrepreneurs may submit a position of objection to the District Court within a maximum period of 14 (fourteen) days upon receiving notification of the Commission’s decision.

(3) Entrepreneurs who do not submit a petition of objection within a period as referred to under Paragraph (2) of this Article shall be regarded as to have accepted this Commission’s decision.

(4) If provisions as referred to under Paragraph (1) and Paragraph (2) of this article are not carried out by the entrepreneurs, the Commission shall hand over the said decision to the investigators for investigation pursuant to the existing law.

(5) The Commission’s decision as referred to under Article 43, Paragraph (4) constitutes a preliminary evidence which is sufficient for the investigators to conduct investigation.
Article 45
(1) The District Court must examine the objection by the entrepreneurs as referred to under Article 44, Paragraph (2), within a period of 14 (fourteen) days counted from the date the objection is received.
(2) The District Court must make a decision within a period of 30 (thirty) days counted from the date the objection begins to be examined.
(3) The parties objection to the District Court’s decision as referred to under Paragraph (2) of this article, within a period of 14 (fourteen) days, may submit a petition for cassation to the Supreme Court of the Republic of Indonesia.
(4) The Supreme Court must make a decision within a period of 30 (thirty) days counted from the date the cassation petition is received.

Article 46
(1) If there is no objection, the Commission’s decision as referred to under Article 43, Paragraph (3) shall be final and binding.
(2) Enforcement of the Commission’s decision as referred to under Paragraph (1) of this article shall be requested to the District Court.

CHAPTER VIII
SANCTION

Part One
Administrative Sanctions

Article 47
(1) The Commission is authorized to impose administrative sanctions to the entrepreneurs who have violated the provisions in this law.
(2) Administrative sanctions as referred to under Paragraph (1) of this article shall be:
   a. to revoke contracts as referred to in Articles 4 through 13, Article 15; and/or
   b. to order the entrepreneurs to end vertical integration as referred to under Article 14; and/or
c. to order the entrepreneurs to stop activities proven to have caused monopolistic practices and/or unfair business competition and/or damages to the public; and/or
d. to order the entrepreneurs to end the abuse of their dominant position; and/or
e. to revoke the merger of the companies and acquisition of shares as referred to under Article 28; and/or
f. to impose compensation for damages; and/or
g. to impose a fine at the lowest in the amount of Rp. 1,000,000,000 (one billion rupiah) and at the highest in the amount of Rp. 25,000,000,000 (twenty five billion rupiah).

Part Two
Criminal Punishment

Article 48
(1) Violations to the provisions in Article 4, Articles 9 through 14, Articles 16 through 19, Article 25, Article 27 and Article 28 of this law is subject a criminal fine in the amount of at least Rp. 25,000,000,000 (twenty five billion rupiah) and in the amount of Rp. 100,000,000,000 (one hundred billion rupiah) at the most, or imprisonment at a maximum period of 6 (six) months.

(2) Violations to the provisions under Article 5 through 8, Article 15, Articles 20 through 24, and Article 26 of this law is subject to a criminal fine in the amount of at least Rp. 5,000,000,000 (five billion rupiah) and in the amount of Rp. 25,000,000,000 (twenty five billion rupiah) at the most, or imprisonment at a maximum period of 5 (five) months.

(3) Violations to the provisions under Article 41 of this law is subject to a criminal fine in the amount of at least Rp. 1,000,000,000 (one billion rupiah) and at in the amount of Rp. 5,000,000,000 (five billion rupiah) at the most, or imprisonment at a maximum period of (three) months.

Part Three
Additional Criminal Punishment

Article 49
With reference to the provisions under Article 10 of the Criminal Code concerning crime as referred to under Article 48, additional criminal punishment might be added in the form of:

a. revocation of business permit; or
b. prohibition for the entrepreneurs who are proved to have violated this law to hold a position as director or commissioner at least within a period of 2 (two) years and at the longest within a period of 5 (five) years; or
c. termination of certain activities or actions that cause damage to other parties.

CHAPTER IX
OTHER PROVISIONS

Article 50
Exempted from the provisions of this law are:
a. actions and/or contracts with the intention to implement the existing law;
b. contracts related to intellectual property rights such as license, patent, trade brand, copy right, industrial product design, integrated electronic series, and trade secrets, and contracts related to franchise; or
c. contracts on technical standardization of products of goods and/or services which do not restrict and/or hamper competition; or
d. contracts for a distribution purposes which do not stipulate to resupply of goods and/or services with the price lower than the price agreed upon in the contract; or
e. contracts of research cooperation for the purposes of promoting or improving the living standards of the people in general; or
f. international contracts which have been ratified by the Government of the Republic of Indonesia; or
g. contracts and/or actions intended for export which do not distract domestic needs and/or market supply; or
h. entrepreneurs categorized as engaging in small scale business; or
i. cooperative business activities serving specifically only its members.

Article 51
Monopoly and/or centralization of activities related to the production and/or marketing of goods and/or services which control the needs of people in general and production branches vital to the state shall be regulated under the law and shall be performed by the State Owned Companies and/or entities or institutions established or appointed by the Government.
CHAPTER X
TRANSITIONAL PROVISIONS

Article 52
(1) From the time of promulgation of this Law, every legislation which regulates or is related to the practice of monopoly and/or business competition shall be considered still in effect as long as it does not contradicts or have been replaced under the provisions of this Law.
(2) Entrepreneurs who have concluded a contract and/or have conducted acts or practices which are not in accordance with the provisions in this Law shall by given a 6 (six) months period within which to make any necessary adjustments.

CHAPTER XI
CONCLUDING PROVISION

Article 53
This Law shall be in effect in 1 (one) year since its promulgation

In order to publicize this regulation, it’s promulgation shall be declared in the State Gazette of the Republic of Indonesia.

Promulgated in Jakarta
March 5th, 1999
PRESIDENT OF THE REPUBLIC OF INDONESIA
Signed
BACHARUDDIN JUSUF HABIBIE
Promulgated in Jakarta
March 5th 1999
STATE SECRETARY
REPUBLIC OF INDONESIA
Signed
ABAR TANDJUNG

STATE GAZETTE OF THE REPUBLIC OF INDONESIA 1999 NUMBER 33
ELUCIDATION
OF THE
LAW OF THE REPUBLIC OF INDONESIA
NO.5 OF 1999

CONCERNING
THE PROHIBITION OF MONOPOLISTIC PRACTICES AND UNFAIR BUSINESS COMPETITION

GENERAL

Economic development in the First Long-Term Development has produced a tremendous amount of progress with, among others, the improvement of the public welfare. The above mentioned development progress was motivated by development policies in various sectors, including economic development policy stipulated in the Broad Outlines of the Nation’s Direction and the Five Year Development Plan, and various kinds of other economic policies.

Although there has been a lot of progress achieved during the First Long Term Development which was shown by high economic growth, there are still many challenges or problems, along with the tendency of economic globalization and the dynamics and development of private business since the early 1990’s.

In reality, business opportunities created during the past three decades have not been able to empower and enable the whole population to participate in the development of various economic sectors. The development of private business during that period on one hand was marred by all kinds of inefficient Government policies that caused market distortion. On the other hand, the development of private business in reality occurred mostly due to the condition of unfair business competition.

The above phenomena was developed and supported by a close relationship between the decision makers and entrepreneurs, either directly and indirectly, making the condition much worse. The implementation of national economy has not been quite in accordance with the mandate under Article 33 of the 1945 Constitution, and tends to be very monopolistic.
The entrepreneurs who have been close to the ruling elite acquired excessive privileges that created a social gap. The emergence of conglomeracy and a small group of strong entrepreneurs without being supported by a spirit of true entrepreneurship was one of the factors that caused the economic stamina to become very fragile and unable to compete.

Considering the aforementioned situation and conditions, we are obligated to observe and restructure business activities in Indonesia, so that the business world may grow and develop in a fair and proper manner, thus creating a fair business competition climate, and prevent centralization of economic power against an individual or certain groups in the form of, among others, monopolistic practices and unfair business competition which cause damage to the public and which are in contradiction with the goals of social justice.

Therefore, it is deemed necessary to promulgate the Law concerning the Prohibition of Monopolistic Practices and Unfair Business Competition intended to establish legal procedure and provide equal protection to all entrepreneurs in an effort to create a fair business competition.

This law provides legal guarantee to further motivate the acceleration of economic development in an effort to improve the public welfare, and as the implementation of the spirit of the 1945 Constitution.

In order for the implementation of this law and the regulation of its implementation to run effectively pursuant to its principle and objectives, it is deemed necessary to establish a Business Competition Supervisory Commission, which is an independent institution free from government or other parties’ influence, authorized to oversee business competition and impose sanctions. These sanctions are in the form of administrative sanctions, whereas criminal sanctions shall be the jurisdiction of the court.

In general, the materials of this Law Concerning the Prohibition of Monopolistic Practices and Unfair Business Competition has 6 (six) provisions consisting of:

1. prohibited contracts;
2. prohibited activities;
3. dominant position;
4. Business Competition Supervisory Commission;
5. legal enforcement;
6. other provisions.
This law has been promulgated based on Pancasila and the 1945 Constitution and based on economic democracy by observing the balance between interest of the entrepreneurs and interests of the public with the intention to: protect the public interest and consumers; create conducive business competition by creating a healthy business competition; and create effectiveness and efficiency in business activities in order to promote national economic efficiency as one of the means to improve the public welfare.

ARTICLE BY ARTICLE

Article 1
Sufficiently clear

Article 2
Sufficiently clear

Article 3
Sufficiently clear

Article 4
Sufficiently clear

Article 5
Sufficiently clear

Article 6
Sufficiently clear

Article 7
Sufficiently clear

Article 8
Sufficiently clear

Article 9
The contracts can be in vertical and horizontal forms. This type of contract is prohibited because the entrepreneurs abolish or reduce the competition by dividing the market areas or marketing allocation. Marketing areas means the area of the Republic of Indonesia or part of the area of the Republic of Indonesia, such as regencies, provinces, or other regional areas. Dividing marketing areas or marketing allocation means dividing the areas in order to
receive or supply goods, services or goods and services, determining who receives or supplies the goods, services, or goods and services.

**Article 10**

Sufficiently clear

**Article 11**

Sufficiently clear

**Article 12**

Sufficiently clear

**Article 13**

Sufficiently clear

**Article 14**

That which is intended by “controlling production of several products belonging to a chain of production” or commonly called vertical integration is controlling a chain of production process of certain goods starting from the upper to the lower process or a process that continues on certain services by certain entrepreneurs. Even though vertical integration may produce low-priced goods and services, however, it can cause unfair business competition, which destroys the principles of the public economy. Such practices are prohibited as long as they cause unfair business competition or damages to the public.

**Article 15**

Paragraph (1)

That which is intended by “supply” is to provide supplies, either in the form of goods or services, in a transaction of buy and sell, rental, and leasing.

Paragraph (2)

Sufficiently clear

Paragraph (3)

Point a

Sufficiently clear

Point b

Sufficiently clear

**Article 16**

Sufficiently clear
Article 17
  Sufficiently clear
Paragraph (1)
  Sufficiently clear
Paragraph (2)
  Point a
      Sufficiently clear
  Point b
That which is intended by “other entrepreneurs” are other entrepreneurs who have the
   capability to compete significantly in the relevant market.
  Point c
      Sufficiently clear

Article 18
  Sufficiently clear

Article 19
  Point a
      Refusing or hampering certain entrepreneurs should not be performed improperly or
             based on a non-economic reason, such as difference in race, social status, etc.
  Point b
      Sufficiently clear
  Point c
      Sufficiently clear
  Point d
      Sufficiently clear

Article 20
  Sufficiently clear

Article 21
  “Cheating in setting the production cost and other expenses” with the intention to get
  lower production factors cost than what it should be is a violation to the existing law.

Article 22
Tender is a bid to submit price quotations to acquire a certain contract work in order to procure goods or provide services.

Article 23
Sufficiently clear

Article 24
Sufficiently clear

Article 25
Sufficiently clear

Article 26
Point a
Sufficiently clear
Point b
Companies “are closely related” if the said companies support each other or are directly related in the process of production, marketing, or production and marketing.
Point c
Sufficiently clear

Article 27
Sufficiently clear

Article 28
Paragraph (1)
A company is a corporation or a form of business, both in the form of a legal entity (for example a limited liability) or non-legal entity, engaging in a type of a permanent and continuous business with the intention of making profit.
Paragraph (2)
Sufficiently clear
Paragraph (3)
Sufficiently clear

Article 29
Sufficiently clear

Article 30
Sufficiently clear

Article 31
Paragraph (1)
The Chairman and Vice Chairman of the Commission shall be selected from and by the Commission Members

Paragraph (2)
Sufficiently clear

Paragraph (3)
Sufficiently clear

Paragraph (4)
The extension of Commission membership term is to avoid vacancy which should not exceed 1 (year).

Article 32
Point a
Sufficiently clear

Point b
Sufficiently clear

Point c
Sufficiently clear

Point d
Sufficiently clear

Point e
Sufficiently clear

Point f
Sufficiently clear

Point g
That which is intended by “has never been convicted” is: has never been convicted for committing a serious crime or indecent acts.

Point h
Sufficiently clear

Point I
That which is intended by “not affiliated with any company” is that since becoming a member of the Commission he/she is not a member of the Board of Commissioners or Supervisory Board, or on the Board of Directors of a company;
1. a member of the executive board or auditor of a cooperative;
2. the party which provides services to a company, such as consultant, public accountant, and appraiser;
3. owner of the majority shares of a company

**Article 33**

Point a

Sufficiently clear

Point b

Sufficiently clear

Point c

Sufficiently clear

Point d

Declared by an authorized doctor’s letter.

Point e

Sufficiently clear

Point f

Dismissed, among others, because he/she no longer meets the membership requirements of the Commission as referred to under Article 32.

**Article 34**

Paragraph (1)

Sufficiently clear

Paragraph (2)

That which is intended by “secretariat” is an organization unit to support or assist the implementation of the Commission duties.

Paragraph (3)

That which is meant by “working group” is a professional team appointed by the Commission to assist in the implementation of certain duties for a certain period of time.

Paragraph (4)

Sufficiently clear

**Article 35**
Sufficiently clear

**Article 36**

Sufficiently clear

Point a

Sufficiently clear

Point b

Sufficiently clear

Point c

Sufficiently clear

Point d

Sufficiently clear

Point e

Sufficiently clear

Point f

Sufficiently clear

Point g

That which is intended by “investigator” is an investigator as referred to in Law no. 8, 1981.

Point h

Sufficiently clear

Point i

Sufficiently clear

Point j

Sufficiently clear

Point k

Sufficiently clear

Point l

Sufficiently clear

**Article 37**

Basically, the Government is responsible for the operational implementation of the Commission’s duties by providing funds through the State Budget and State Revenues.
However, considering the very broad and varying scopes and coverage of the Commission’s duties, the Commission, therefore, can receive its funding from other sources which is not in contradiction with the existing law, and which is not binding and shall not influence the independence of the Commission.

Article 38
Sufficiently clear

Article 39
Sufficiently clear

Article 40
Sufficiently clear

Article 41
Paragraph (1)
Sufficiently clear
Paragraph (2)
Sufficiently clear
Paragraph (3)
That which the Commission hands over to the investigators to be investigated is not only the deed or the crime as referred to under Paragraph (2) of this article, but also includes the case being investigated and examined by the commission.

Article 42
Sufficiently clear

Article 43
Paragraph (1)
Sufficiently clear
Paragraph (2)
Sufficiently clear
Paragraph (3)
The decision making by the Commission as referred to under Paragraph (3) of this article shall be made in a Council meeting attended by at least 3 (three) members of the Commission.
Paragraph (4)
That which is intended by “notified” is the delivery of the copy of the Commission’s decision to the entrepreneur.

**Article 44**

Paragraph (1)

30 (thirty) days counted form the date a copy of the Commission’s decision is received by the entrepreneurs or his proxy.

Paragraph (2)

Sufficiently clear

Paragraph (3)

Sufficiently clear

Paragraph (4)

Sufficiently clear

Paragraph (5)

Sufficiently clear

**Article 45**

Sufficiently clear

**Article 46**

Sufficiently clear

**Article 47**

Paragraph (1)

Sufficiently clear

Paragraph (2)

Point a

Sufficiently clear

Point b

“The end of vertical integration” shall be carried out by, among others, revoking the contracts, the transferring of part of the company to other entrepreneurs, or the change of its production chains.

Point c

That which is ordered to stopped are certain activities or actions and not the entire business activities of the entrepreneurs.

Point d
Compensation shall be given to the entrepreneurs and other parties suffering damages.

**Article 48**

Sufficiently clear

**Article 49**

Sufficiently clear

**Article 50**

Point a

Sufficiently clear

Point b

Sufficiently clear

Point c

Sufficiently clear

Point d

Sufficiently clear

Point e

Sufficiently clear

Point f

Sufficiently clear

Point g

Sufficiently clear

Point h

“Entrepreneurs categorized engaging in small scale business” are entrepreneurs categorized as such in Law No. 9, 1995 regarding Small Scale Business.

Point i
That which is intended by “serve its members” is to provide services only to its members and not to the public for the procurement of basic needs, production facility needs, including credit and raw materials, and services to market and distribute products of the members which will not cause monopolistic practices and/or unfair business competition.

Article 51
Sufficiently clear

Article 52
Sufficiently clear

Article 53
Sufficiently clear

SUPPLEMENTARY STATE GAZETTE OF THE REPUBLIC OF INDONESIA 1999
NUMBER 3817
DECREE OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA
NUMBER 75 YEAR 1999
ON
BUSINESS COMPETITION SUPERVISORY COMMISSION

PRESIDENT OF THE REPUBLIC OF INDONESIA

Considering : that to implement the regulation in Article 34 paragraph (1) Law Number 5 year 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition, it is necessary to enact the Presidential Decree concerning the establishment, organizational structure, duty and function of the Business Competition Supervisory Commission;

Bearing in mind : 1. Article 4 paragraph (1) of the 1945 Constitution;
                2. Law Number 5 Year 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition (State Gazette of the Republic of Indonesia Year 199 Number 33, Supplementary State Gazette of the Republic of Indonesia Number 3817);

DECIDED:
To enact:

PRESEDEDENTIAL DECREE
ON
THE BUSINESS COMPETITION SUPERVISORY COMISSION

CHAPTER I
ESTABLISHMENT, OBJECTIVE, DUTY AND FUNCTION
Article 1
(1) With this Presidential Decree it is hereby established the Business Competition Supervisory Commission which shall be referred to hereon as the Commission.
(2) The Commission as mentioned in paragraph (1) is a non-structural institution which is independent from influence and authority of the government and other parties.

Article 2
The objective for the establishment of the Commission is to oversee the implementation of Law Number 5 Year 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition.

Article 3
(1) The Commission shall be situated in the capital of the Republic of Indonesia.
(2) If it is deemed necessary, the Commission may open a representative office at the provincial level.
(3) The conditions and operational procedures of the representative office as mentioned in paragraph (2) shall be further regulated by the Commission.

Article 4
The duties of the Commission are:
a. conducting evaluations of contracts that might cause monopolistic practices and/or unfair business competition as regulated in Articles 4 – 16 of Law Number 5 Year 1999;
b. conducting evaluations of business activities and/or entrepreneur’s behavior that might cause monopolistic practices and/or unfair business competition as regulated in Articles 17 - 24 of Law Number 5 Year 1999;
c. determining whether there is abuse of dominant position that might cause monopolistic practices and/or unfair business competition as regulated in Articles 25 - 28 of Law Number 5 Year 1999;
d. taking actions in accordance with its authority as provided in Article 36 Law Number 5 Year 1999;
e. providing advice and considerations on government policy related to monopolistic practices and/or unfair business competition;
f. setting up guidelines and/or publications related to Law Number 5 Year 1999;
g. providing periodic reports on the work results of the Commission to the President and the House of Representative.

Article 5
The function of the Commission in accordance with its duties as referred to in Article 4 are:
a. evaluation of contracts, business activities, and abuse of dominant position;
b. action taking as exercise of authority;
c. exercise of administrative actions.

Article 6
(1) In handling cases, Commission members are free from the influence and authority of the Government and other parties.
(2) Commission members who are involved in a particular case are prohibited from:
   a. having vertical family relation to the third degree with one of the parties in the case; or
   b. having vested interest in the case.
(3) Commission members who fulfil the conditions as mentioned in paragraph (2) are obligated to refuse to handle the case.
(4) If commission members are prove to be fulfill the conditions as mentioned in paragraph (2) the conflicting parties have rights to refuse commission members in handling or deciding the case by submitting written evidences.

Article 7
(1) To resolve a case, the Commission holds an assembly meeting.
(2) Decisions made by the Commission are done in an assembly meeting as referred to in paragraph (1), which consists of at least 3 (three), Commission members.
(3) Decision made by the Commission as referred to in paragraph (2) is signed by all of the members of the Commission.

CHAPTER II
ORGANIZATION
**Article 8**
The organizational composition of the Commission consists of:

a. commission members;

b. secretariat

**Article 9**
The Commission consists of one Chairman concurrently functioning as a member, a Vice-Chairman concurrently functioning as a member and at least 7 (seven) members.

**Article 10**
Procedure for carrying out the Commission’s duties and authority shall be regulated further by the Commission’s decision.

**Article 11**
(1) Commission members are obligated to perform their duties based upon fairness and equal treatment.

(2) In carrying out their duties, Commission members are obligated to comply with Commission regulation.

(3) The Commission as referred to in paragraph (2), shall form commission regulation.

**Article 12**
(1) For a smooth implementation of its duties, the Commission will be assisted by a Secretariat.

(2) Provisions regarding the structure of the organization, the duties and functions of the secretariat shall be further regulated by the Commission’s decision.

**Article 13**
(1) If it is deemed necessary, the Commission may form a working group as needed.

(2) The working group as referred to in paragraph (1) consists of individuals who are experienced and are experts in their respective fields, which are deemed necessary in handling a certain case for a certain period of time.
(3) Provisions regarding membership, function, and duties of the working group shall be further regulated by the Commission’s decision.

CHAPTER III
APPOINTMENT AND DISMISSAL

Article 14
(1) Commission members are appointed and dismissed by the President upon the approval of the House of Representative based on recommendation by the Government.
(2) Recommendation from the Government which are submitted to the House of Representative as referred to in paragraph (1) shall be twice the number of the Commission members which are to be appointed.
(3) Chairman and Vice Chairman of the Commission are chosen from among and by the members of the Commission.

CHAPTER IV
WORKING PROCEDURES

Article 15
In performing their duties, every individual in the Commission are obligated to implement principles of coordination, integration and synchronization.

CHAPTER V
CONCLUDING PROVISIONS

Article 16
This Presidential Decree shall be in effect from the date of its promulgation.
Promulgated in Jakarta
On July 8th 1999
PRESIDENT OF THE REPUBLIC OF INDONESIA
Signed
BACHARUDDIN JUSUF HABIBIE
OF THE REPUBLIC OF INDONESIA

COPY OF

DECREES OF THE PRESIDENT OF

THE REPUBLIC OF INDONESIA

NUMBER 162/M YEAR 2000

PRESIDENT OF THE REPUBLIC OF INDONESIA

Taking into consideration:

a. that in accordance with Letter of the Minister of Industry and Commerce Number 29/MPP/1/2000, dated 18, January 2000, and as a follow up to Law No. 55 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition and Decree of the President No. 75 of 1999 on the Business Competition Supervisory Commission, it is necessary to appoint Members of the Business Competition Supervisory Commission for the working period of 2000-2005;

b. that the persons whose names are stated in the FIRST dictum of this Presidential Decree have received approval from the People’s House of Representatives as contained in the Letter of the Chairman of the People’s House of Representatives Number KD.02/2234/DPR RI/2000, dated 31 May 2000 and are considered as having met the requirements to be appointed as Members of the Business Competition Supervisory Commission for the working period of 2000-2005;

Bearing in Mind:

1. Article 4 paragraph (1) of the 1945 Constitution;

2. Law Number 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition (State Gazette Year 1999 Number 33, Supplementary State Gazette Number 3817);

3. Presidential Decree Number 75 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition;
DECIDED

To Enact:

FIRST:
Appoint as Members of the Business Competition Supervisory Commission for the working period of 2000-2005 the following:

1. Mr. Dr. Didik Junaedi Rachbini - as Member;
2. Mr. Ir. H. Tadjuddin Noersaid - as Member;
3. Mr. Faisal Hasan Basri, S.E., M.A. - as Member;
4. Mr. Dr. Syamsul Maarif, S.H., LL.M. - as Member;
5. Mr. Nabil Makarim - as Member;
6. Mr. Ir. H. Moh. Iqbal - as Member;
7. Mr. Dr. Pande Raja Silalahi - as Member;
8. Mr. Soy Martua Pardede, S.E. - as Member;
9. Mr. Erwin Syahril, S.H. - as Member;
10. Mr. Dr. Ir. Bambang Purnomo Adiwiyoto, M.Sc - as Member;
11. Mr. Dr. Ir. Sutrisno Iwantono, M.A - as Member;

SECOND:
Further implementation of the Presidential Decree shall given to the Minister of Industry and Commerce;

THIRD:
This Decree shall become effective as of the date of its enactment.

COPIES of this Presidential Decree shall be submitted to:

1. Chairman of the People’s Consultative Assembly;
2. Chairman of the People’s House of Representative;
3. Chairman of the Supreme Board of Advisor;
4. Chairman of the Financial Monitoring Board;
5. Chief of the Supreme Court;
6. State Cabinet Ministers for the period of 1999-2004;
7. Head Non Departmental Government Agencies;
8. Head of the State Treasury and Reserves in Jakarta.

QUOTE of this Presidential Decree shall be submitted to the relevant persons to be perused as appropriate.

Signed in Jakarta
On June 7 2000
PRESIDENT
OF THE REPUBLIC OF INDONESIA
Signed,
ABDURRAHMAN WAHID
DECREE OF THE

BUSINESS COMPETITION SUPERVISORY COMMISSION

NUMBER: 05/KPPU/Kep/IX/2000

CONCERNING

PROCEDURES FOR REPORTING AND PROCESSING ALLEGED

VIOLATIONS

AGAINST LAW NUMBER 5 OF 1999

BUSINESS COMPETITION SUPERVISORY COMMISSION

Taking into consideration that in the effort to implement the provisions of Law Number 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition, it is necessary to establish a procedure with which to report and process alleged violations against Law Number 5 of 1999.

Bearing in mind:

1. Law Number 8 of 1981 on the Criminal Procedural Law (State Gazette of RI Year 1981 Number 76, Supplemental State Gazette RI Number 3209).

2. Law number 5 of 1999 the Prohibition of Monopolistic Practices and Unfair Business Competition (State Gazette of RI Year 1999 Number 33, Supplemental State Gazette RI Number 3817).


4. Presidential Decree of the Republic of Indonesia Number 162/ of


With due observance of:


2. Result of the Commission meeting held on September 8th, 2000.

HAS DECIDED

To establish: PROCEDURES FOR REPORTING AND PROCESSING ALLEGED VIOLATIONS AGAINST LAW NUMBER 5 OF 1999.

PART I

GENERAL PROVISIONS

Article 1

In this decree, that which is meant by:

1. **Work Day** is Monday through Friday except for national holidays.

2. **Commission** is the Business Competition Supervisory Commission as referred to under Law Number 5 of 1999.
3. **Report** is a notification submitted by the claimant to the Commission on the occurrence and/or reasonable suspicion of an occurrence of a violation against Law Number 5 of 1999 on the The Prohibition of Monopolistic Practices and Unfair Business Competition.

4. **Complete Report** is a report which meets the qualifications stipulated under Article 3 of this Decree.

5. **Incomplete Report** is a report which does not meet the qualifications stipulated under Article 3 of this Decree.

6. **Commission Panel** is a forum which is formed by the Commission consisting of at least 3 (three) Commission members for the purpose of undertaking Advanced Examinations.

7. **Violation** is an act carried out by one or more business persons which is in contravention with the provisions of Law Number 5 of 1999.

8. **Examination** is an action taken by the Commission Panel to investigate the Complainants, Alleged Offenders, Witnesses, Expert Witnesses, and Other Parties at the Commission’s Office and/or other locations determined by the Commission as an examination venue for the purpose of obtaining information and/or evidences required to achieve a decision.

9. **Preliminary Examination** is an action taken by the Commission to examine and/or investigate Reports to assess whether it is necessary to conduct an Advanced Examination.

10. **Advanced Examination** is a set of examinations and/or investigations conducted by the Commission Panel as a furtherance of the Preliminary Examination.

11. **Investigation** is an activity of the Commission Panel Members and/or the Investigation Team conducted to obtain evidences and/or information at a place or a certain location which is presumed or should be assumed to bear or contain such evidences.

12. **Assessment** is the opinion of the Commission as to whether it is necessary to conduct an Advanced Examination.
13. **Counselor** is an advocate or lawyer having a license to practice and/or legal consultants registered with the authorized institutions in Indonesia.

14. **Investigator** is an Officer of the Indonesia Police Force or a certain Civil Servant given the authority by the Law to conduct an investigation.

15. **Commission’s Decision** is a decision announced by the Commission Panel in an assembly which is open to the public.

16. **Complainant** is any person and/or other party who submits a report to the Commission concerning the existence of an activity or agreement which is presumed or should be presumed to contravene Law Number 5 of 1999.

17. **Panel Clerk** is an employee of the Commission Secretariat who is given the duty to asset the Commission Panel in the investigations conducted at the commission assembly.

18. **Commission Secretariat** is an administrative and technical operations unit under the Commission as stipulated under Law Number 5 of 1999.

19. **Witness** is a person having knowledge or assumed to have knowledge of a Violation.

20. **Expert Witness** is a person having special expertise who provides information to the Commission.

21. **Commission Meeting** is a meeting attended by a number of Commission Members which meets the quorum with the aim of reaching a Commission Decision.

22. **Investigation Team** is [a team consisting of] members of the Commission and/or Commission Secretariat staff members who are assigned with the duty to conduct investigations and/or examinations on parties and/or other parties who are involved with an allegation of a violation.

23. **Alleged Offender** is any person and/or party who has been reported by the Complainant.

PART II

SUBMISSION OF REPORT

Article 2

(1) Reports shall be submitted in writing and signed by the Complainant in Bahasa Indonesia and such submission shall be made to the Commission.

(2) In the event the Commission has established a representative office at the region [in which a report as referred to in paragraph (1) was made], such report shall be submitted to the regional representative office of the Commission.

Article 3

(1) Reports shall be made containing clear description as to the occurrence or presumed occurrence of a violation against Law Number 5 of 1999.

(2) Reports shall be accompanied with:
   
   a. complete name and address of the complainant; and
   b. letters or documents and other supporting information which might strengthen the presumption of an occurrence of a violation against Law Number 5 of 1999.

(3) The Commission shall maintain the confidentiality of the Complainant’s identity.

Article 4

(1) Reports which meets the requirements as described in Article 3 shall be further processed by the Commission, which action shall be notified to the Complainant.

(2) The Commission shall inform the Complainant if the Report submitted has not meet any requirement as described in Article 3 and shall provide an explanation as to the incompleteness of the Report.
(3) If the Complainant has not given any clear description regarding the presumption of a violation within 10 (ten) work days as of the date the notification as referred to in paragraph (2) of this article is received, the Report shall be deemed as an Incomplete Report.

(4) If within 10 (ten) work days as of the Report is received the Commission has not given notification to the Complainant regarding any inadequacy to the Report, such Report shall be deemed as complete.

PART II

DUTIES AND AUTHORITY

Section One

Duties and Authority

Commission Chairman

Article 5

(1) The Commission Chairman shall have the duty to:

   a. have the Commission Secretariat conduct an examination as to the completeness of a Report.
   b. Submit the documents of the Report to the Commission Meeting;
   c. request the Commission Meeting to conduct a Preliminary Examination; and
   d. follow up on the commission’s decision.

(2) In performing its duties as described in paragraph (1) the Commission Chairman shall take all the necessary actions.
**Commission Vice Chairman**

**Article 6**

(1) The Vice Chairman of the Commission shall perform the duties of the Commission Chairman as referred to in Article 5 in the event the Commission Chairman is not available.

(2) In performing its duties as described under paragraph (1) of this article the Commission Vice Chairman shall have the authority to take any action under the Commission Chairman’s authority.

**Commission Panel**

**Article 7**

(1) The Commission Panel has the duty to:
   a. carry out Advanced Examinations;
   b. evaluate whether a Violation exists;
   c. examine and assess evidence;
   d. conclude and determine the result of an Advanced Examination;
   e. prepare, sign, and announce the Commission’s Decision at the Panel Meeting which shall be declared open to public; and
   f. communicate the decision of the Commission to the Alleged Offender.

(2) For the purpose of performing its duties as referred to in paragraph (1) of this Article, the Commission Panel shall have the authority to:
   a. set the date of the Panel Meeting;
   b. summon the Alleged Offender, summon and present Witnesses, Expert Witnesses, and other parties;
   c. request the formation of an Investigation Team and/or Task Group;
   d. conduct and/or order an investigation;
   e. request the assistance of Investigators;
   f. require information from the relevant parties;
g. obtain letters, documents, or other form of evidences which are necessary in an
   examination and investigation;

h. impose sanctions;

i. issue information to the media with respect to the Report being handled; and

j. sign the minute of the Panel Meeting.

Panel Clerk

Article 8

(1) A Panel Clerk shall have the duty to:

    a. assist the Panel in summoning parties to be present for an examination at a meeting;
    b. record the process of the examination at the meeting;
    c. safe keep the Report documents;
    d. safe guard evidences;
    e. assist he Commission Panel in preparing the Commission Decision;
    f. assist in communicating the Commission Decision to the Alleged Offender; and
    g. prepare the Examination report.

(2) A Panel Clerk shall be obliged to maintain the confidentiality of documents and/or
    information submitted by the Alleged Offender and/or other parties as well as those
    obtained during examinations and/or meetings.

Investigation Team

Article 9

(1) The Investigation Team has the duty to:

    a. obtain evidences for the purpose of reaching a Commission Decision;
    b. arrange the results of the investigation and findings systematically in order to assist
       the Commission Panel in reaching a Commission Decision; and/or
    c. prepare and sign the Investigation Report.
(2) In performing its duties as referred to in paragraph (1) of this article, the Investigation Team shall be authorized to:

a. plan the steps and technique of the investigation;
b. seek statements and/or information for the purpose of reaching a Commission Decision; and
c. study the result of the investigation.

(3) The Investigation Team is obliged to obtain a work documents and maintain the confidentiality of the documents and information required for the purpose of the investigation.

Task Group

Article 10

The duties and authority of Task Groups shall be provided in a separate Decree.

PART IV

RECEIPT AND STUDY OF REPORTS

Section One

Receipt of Reports

Article 11

(1) Every report submitted to the Commission shall be received and read by the Commission Chairman.

(2) Within no later than 2 (two) work days as of receiving the Report, the Commission Chairman shall by way of an official note order the Commission Secretariat to conduct an examination as to the completeness of the Report.

Section Two
Examination of Report

Article 12

(1) The Commission Secretariat shall examine the completeness of a Report at least 3 (three) work days after receiving an official note from the Commission Chairman.

(2) The Commission Secretariat shall record the complete Report in the Case Ledger (Book I) and prepare a report resume.

(3) The Commission submit the documents of a Complete Report and a report resume to the Commission Meeting through the Commission Chairman at least 10 (ten) work days after receiving the official note from the Commission Chairman.

(4) The Commission Secretariat shall inform the Complainant regarding the commencement date of the Preliminary Examination.

Article 13

(1) If a Report is found to be incomplete, the Commission Secretariat shall notify the Complainant as to the matter at least 5 (five) work days after the Report was received.

(2) In the notification letter as referred to in paragraph (1) of this article, the Commission Secretariat shall describe the nature of the incompleteness and shall request [the Complainant] to complete the Report.

(3) The completeness of the report as referred to in paragraph (2) of this article must be fulfilled and submitted to the at least 10 (ten) days as of the receipt of notice.

(4) If within the period as set forth in paragraph (3) of this article the Complainant has not completed his Report, such Report shall be deemed as an Incomplete Report.

(5) The Commission Secretariat shall record an Incomplete Report as referred to in paragraph (4) of this article in the Report Ledger (Book II).

(6) The Commission shall determine the method by which an Incomplete Report shall be processed.
PART V

PRELIMINARY EXAMINATION

Examination of Report Documents, Assessment, and Term

Section One

Examination of Report Documents

Article 14

1) Immediately upon receiving a Complete Report and the report resume from the Commission Secretariat, the Commission Chairman shall forward such Report documents to the Commission together with a request for the Commission to commence a Preliminary Examination.

2) Based on the Report documents as referred to in paragraph (1) of this article, the Commission Meeting shall assess whether a Preliminary Examination is required to be conducted.

3) In conducting the assessment the Commission Meeting may summon the Claimant and/or the Alleged Offender to provide information.

Section Two

Assessment and Term

Article 15

The assessment as referred to in article 14 paragraph (2) shall be conducted within 30 (thirty) days as of the receipt of the Report documents from the Commission Chairman.
PART VI

ADVANCE EXAMINATION

Actions of the Commission Panel and the Period for Settlement

Section One

Actions of the Commission Panel

Article 16

(1) The Commission Panel shall assess whether a violation committed by the Alleged Offender has actually occurred and/or whether a loss has been caused by such violation.

(2) In conducting the examinations the Commission Panel shall be assisted by the Clerk.

Article 17

In conducting the assessment as referred to in article 16 the Commission Panel may:

a. conduct studies, investigations and/or examinations on the Alleged Offender and/or other parties;

b. for an Investigation Team and/or Task Group;

c. summon the Alleged Offender, summon and present witnesses, expert witnesses, and any other person who is deemed to have knowledge of the violation committed by the Alleged Offender;

d. request the assistance of investigators to present witnesses, expert witnesses, and any other person who is deemed to have knowledge of the violation committed by the Alleged Offender;

e. obtain, study and/or assess any letter, document, or other evidences for the purpose of the investigation and/or examination of the Alleged Offender;
f. require information from the relevant government institutions in connection with the allegation of violation committed by the Alleged Offender;

g. form conclusions of the investigation and/or examination of the Alleged Offender and/or other parties; and/or

h. impose sanctions as referred to in article 47 of Law Number 5 of 1999 the The Prohibition of Monopolistic Practices and Unfair Business Competition.

**Article 18**

**Assessment of Evidences**

(1) The Commission Panel shall determine the validity of an evidence.

(2) In assessing the validity of an evidence, the Commission Panel shall bear in mind the interconnection existing between one evidence with another.

**Article 19**

(1) The formation of an Investigation Team as referred to in article 17 paragraph (2) shall be conducted by the Commission Secretariat upon consultation with the Commission panel.

(2) The formation of a Task Group as referred to in Article 17 paragraph (2) shall be conducted by the Commission Panel after coordinating with the Commission Secretariat.

**Article 20**

**Legal Counselor**

The parties and/or other parties under examination and/or who has been required to provide information shall be entitled to be accompanied by a legal counselor.
Section Two

Period to Conclude an Examination

Article 21

(1) The Commission Panel shall conclude any Advanced Examination within no later than 60 (sixty) days as of the completion of the Preliminary Examination.

(2) The period for conducting an Advanced Examination as referred to in article (1) of this article may be extended by the Commission Panel by a maximum of 30 (thirty) work days.

PART VII

COMMISSION DECISION

Method for Making a Commission Decision and Period to Make a Commission Decision

Section One

Method for Making a Commission Decision

Article 22

(1) The Commission Panel shall decide whether a violation has occurred against Law No. 5 of 1999 based on the evidences obtained from the Examination and Investigation.

(2) In the decision as described in paragraph (1) of this article, the Commission Panel shall include supporting arguments or considerations.

(3) If necessary, an opinion from any dissenting member of the Commission Panel may be included in the Commission Decision.

(4) All the Members of the Commission Panel shall sign the Commission Decision.

(5) The form of the Commission Panel shall be further determined by the Commission.
Section Two

Period for Making a Commission Decision

Article 23

(1) A Commission Decision shall be made as to whether a violation has been committed within no later than 30 (thirty) days as of the date the Advanced Examination has been concluded.

(2) The Commission Decision as referred to in paragraph (1) of this article shall be read in the Commission Meeting which shall be declared open to public.

PART VIII

IMPLEMENTATION OF COMMISSION DECISION

Article 24

(1) Immediately after reading the Commission Decision, the Commission Panel shall inform the Alleged Offender regarding the Commission Decision.

(2) Within 30 (thirty) work days as of the receipt of the Commission Decision, the Alleged Offender shall carry out the Commission Decision and shall report such performance to the Commission.

Article 25

(1) The Alleged Offender may file an objection with respect to the Commission Decision with no later than 14 (fourteen) days as of receiving a notification to the matter.

(2) An Alleged Offender who has not filed any objection within the period as set forth in paragraph (1) of this Article shall be deemed to have accepted the Commission Decision.

(3) The Commission Decision as referred to in paragraph (2) of this article shall have a permanent legal power.
(4) On such Commission Decision which has permanent legal power, the Commission shall file a request for an affirmation of execution of the Commission Decision.

(5) The request for affirmation of execution may be made by the Commission immediately after the expiry of the period for submitting an objection on the Commission Decision.

(6) If the provision as stipulated in paragraphs (2) and (3) of this article is not carried out by the Alleged Offender, the Commission may hand over the Commission Decision to Investigators in order for an investigation to be conducted in accordance with the prevailing laws and regulations.

PART IX

CONCLUDING PROVISIONS

Article 26

Any matter which has not been provided under this Decree shall be further regulated under a Commission Decree. This Decree shall effective upon its promulgation.

Promulgated in : Jakarta  
Date : September 8th 2000

BUSINESS COMPETITION SUPERVISORY COMMISSION  
Chairman,

BAMBANG P. ADIWIYOTO