

RECENT DEVELOPMENTS AND TRENDS IN NATIONAL COMPETITION POLICY

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OUTLINE OF PRESENTATION

- Intensive Efforts in Food Sector
- Recent Cases in Food Sector
- Partnership Supervision
- Competition Index Launching
- Compliance Program Commencing
- Future Engagements

INTENSIVE EFFORTS IN FOOD SECTOR

Since 2013, KPPU has put its focus on food sector, one of the most strategic sector in Indonesia. The effort is channeled through 2 (two) main activities:

Prevention

- Policy Recommendation regarding the abolition of chicken's parent stock and the beef business
- Memorandum of Understanding with Indonesian Ministry of Agriculture for the prevention of unfair competition and monopoly practice in agriculture sector;
- Building cooperation with Trade Association and arranging focus group discussion as well as endorsing Integrity Pact to prevent the formation of problem in food sector;
- Holding Field Inspection focusing on supply chain of beef, chicken, rice, and onion.

Law Enforcement

- Case Decisions in cartel of garlic, beef, Tire, chicken and the decision in case of Pop Ice (a famous brand in drinking product in the country)
 - beginning the hearing of the Honda-Yamaha cartel



RECENT CASES IN FOOD SECTOR



Beef Cartel

This initiative started from the high price increase of beef in Indonesia (up to 40%) in Jakarta Metropolitan. KPPU indicated the high price is due to price fixing and supply restriction by slaughter houses and meat companies. KPPU joint hand with the Indonesian police to conduct inspection over several slaughter houses, and found supply restrictions. Later in the decision, KPPU found 32 (thirty two) feedloters guilty of cartel practice and punish them to pay varies amount of fine, starting from IDR 71 million to IDR 25 billion.

Chicken Cartel Allegation

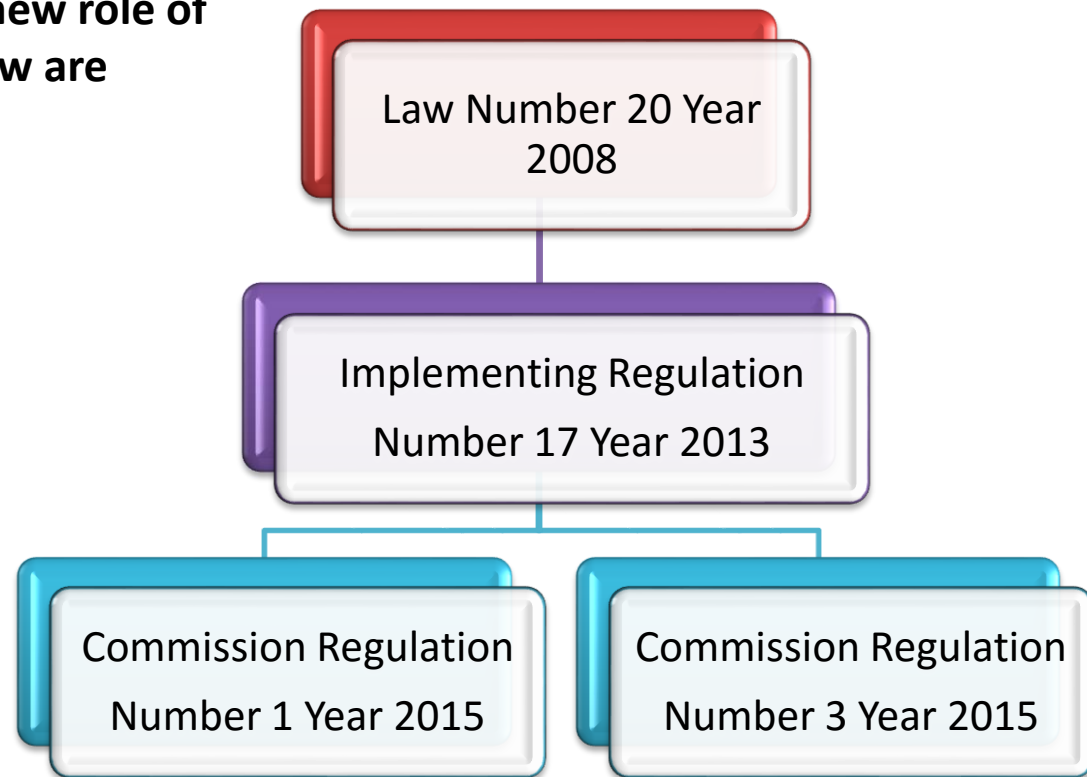
The investigation is started from the disclosure of an agreement of abolishing 6 million parent stock (hatcher egg) by 12 enterprises to restore the chicken price due to claim ed excess supply of 18 million/week. The enterprises include PT Charoen Pokphand Jaya Farm, PT Japfa Comfeed Indonesia, PT Satwa Borneo, and PT Wonokoyo Jaya Corp. They have been assumed to break article 11 on cartel provision. Their behavior caused significant increase of day-old chicken and market chicken price. It is also found that any firm has an obligation of joining certain association to get a recommendation required for export/import.

KPPU also conduct market study and provide policy recommendation to Ministry of Agriculture on this matter. KPPU advised government to perform audit to all stocks, maximum retail price control by government, and the utilization of IT to cut the long distribution channel.



NEW ROLE IN PARTNERSHIP

All instruments for the new role of KPPU based on other Law are completed.



FOCUSED FIELD

Supervised Partnership:

- 1.Contract Farming
- 2.Subcontract
- 3.Franchise
- 4.General Trading
- 5.Distribution and Agent
- 6.Production Sharing
- 7.Operational Cooperation
- 8.Joint Venture
- 9.Outsource
- 10.Other form of Partnership

COMPETITION INDEX LAUNCHING

The index is separating two different major categories

- The index showing the situation of competition due to the firms' conduct
- The index showing the situation of government regulation-induced competition

Compliance Program Commencing

- KPPU has started to make compliance program to suppress the formation of misconduct
- The instrument is formulated by adapting the available source in OECD
- The approach KPPU will take is to publish the grade of compliance program of the joining firms in famous medias

LAW AMANDMENT

The program of Law amendment has now moving forward

- The amended issues are :
 - Institution aspect
 - Merger (moving from post to pre notification regime)
 - Elevating upper limit fine
 - Having an authority of confiscation and frisk

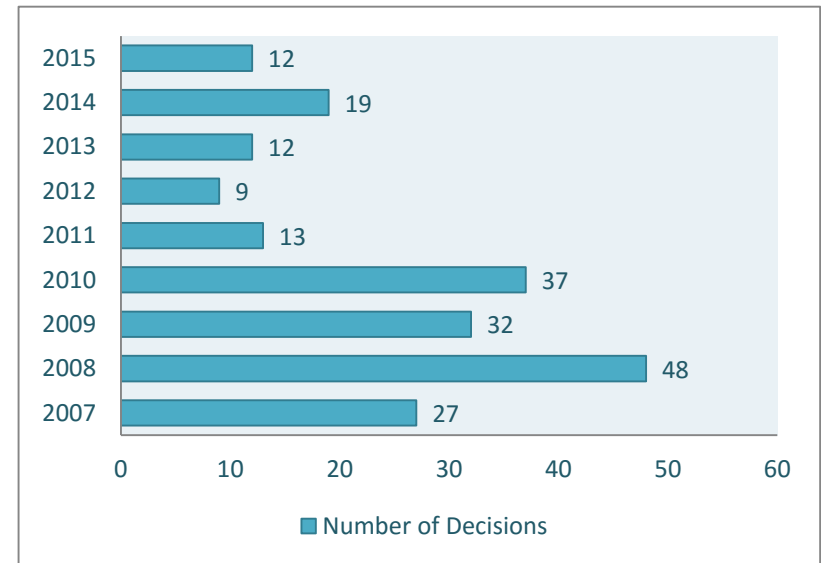
FUTURE ENGGAGEMENTS

- Commonly in Indonesia, the cooperation between MSME and large companies is not formalized in the form of written contract. Thus, KPPU with the cooperation of Ministry of Cooperative and SME is now disseminating this arrangement to MSME in the country to avoid them from getting abused by larger companies.
- Dealing with wide geographical span, KPPU invites Ministry of Cooperative and SME to form a Task Force to enhance the partnership supervision and law enforcement.
- Making effort to do partnership with the Center Commission on Information to deal with the problem of firm reluctance to disclose any information needed for investigation
- KPPU will also establish a specific Directorate for Partnership Supervision.

BRIEF STATISTICS

enforcement

- KPPU conducted 84 (eighty-four) case investigations and 33 (thirty-three) hearing proceeding (examination) only in 2015.
- Issued 209 decisions for the past nine years.
- KPPU won most of the objected cases at DC (57%) and SC (73%).
- Collected fines to State Budget in 2015 only: IDR 15 billion. In total, liabilities from affirmed competition cases reach IDR 281 billion, where 80% (IDR 212 billion) of it has been collected.

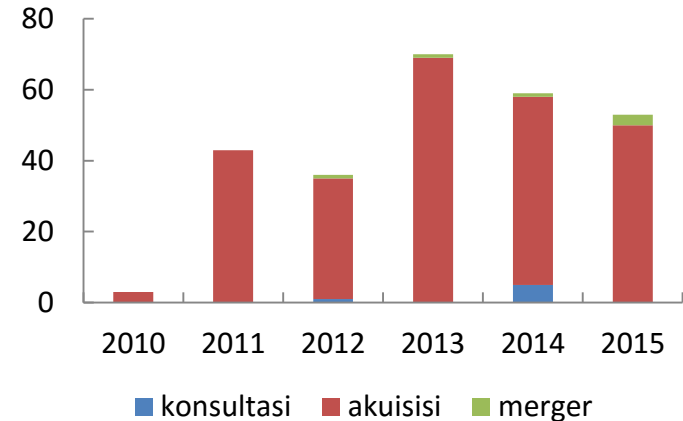
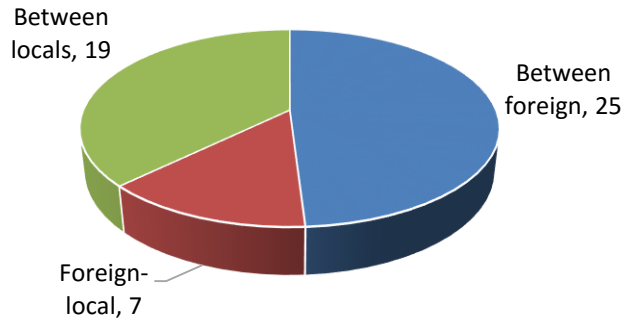


	District Court	Supreme Court	
	Objection	Cassation	Re-cassation
Win	74 cases	80 cases	5 cases
Lose	55 cases	30 cases	-

BRIEF STATISTICS

merger

TYPE OF NOTIFICATION



Transaction	Acquiring Companies	Acquired companies	Combined Asset	Combined Sales	Industry
Foreign-Local	Thai Containers Group co.ltd	Indoris Printingdo	IDR 154 trillion	IDR 159 trillion	Manufacture
	PT Dian Swastika Sentosa Tbk	United Fiber System	IDR 16.6 trillion	IDR 7.2 trillion	Miner
Foreign-Foreign	Repsol Energy Resources Canada Inc	Talisman Energy Inc.	IDR 12.8 trillion	IDR 15.5 trillion	Energy
	Holcim Ltd	La Farge SA	IDR 18 trllion	IDR 11.4 trillion	Cement
Local-Local	PT Trans Retail Properti	PT Karya Tumbuh Bersama	IDR 105 trillion	IDR 38 trillion	Property
	PT Bosowa Corporindo	PT Bank Bukopin Tbk	IDR 94.2 trillion	IDR 12 trillion	Finance

Thank you

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