

**Directorate for Financial and Enterprise Affairs
COMPETITION COMMITTEE****Annual Report on Competition Policy Developments in Indonesia****-- 2018 --****5-7 June 2019**

This report is submitted by Indonesia to the Competition Committee FOR INFORMATION at its forthcoming meeting to be held on 5-7 June 2019.

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Indonesia

1. Introduction

1. The year of 2018 is a transition period for KPPU's leadership. On 27 April 2018, the President of Republic of Indonesia, Joko Widodo, issued a Presidential Decree to appoint 9 (nine) new Commissioners for the period of 2018 – 2022, namely;

1. Mr. Afif Hasbullah
2. Mr. Chandra Setiawan
3. Mrs. Dinni Melanie
4. Mr. Guntur Syahputra Saragih
5. Mr. Harry Agustanto
6. Mr. Kodrat Wibowo
7. Mr. Kurnia Toha
8. Mr. Ukay Karyadi
9. Mr. Yudi Hidayat

2. After the appointment, Mr. Kurnia Toha and Mr. Ukay Karyadi were then selected as Chairman and Vice Chairman for the period of 2018 – 2020, in the meeting of Board of Commissioners.

3. Under this new leadership, KPPU is committed to focus on its prevention and improve its relation with the business community. Therefore, we are in the process of revising our regulation on Case Handling Procedure and Merger Review Mechanism.

4. In addition, KPPU will prioritize its enforcement and policy advocacy for the next five years on sectors which correspond to the following effort:

- Monitoring the public interest in the sector of food, health, education, housing, digital economy, and automotive;
- Supporting national economic efficiency in the sector of logistic, transportation, and ICT;
- Assisting the development of finance and banking sector, and also the energy and natural resource sector, to be sound and resilient;
- Supervising partnership as stated in the Law Number 20 Year 2008 in the industry of food and beverages, retail, and MSME to be aligned with the framework of equal business opportunity.

2. Changes to Competition Laws and Policies

5. Indonesian competition law is still under final process by the Parliament, waiting for further discussion with the Government. The discussion will focus on clarification of Government's position on the draft proposed by the Parliament (since the proposal for

amendment came from the Parliament). Following the discussion, the Parliament will further discuss and set their position for a final draft law to be submitted to the Plenary Meeting of the Parliament (the highest decision maker at the Parliament), for a final approval before sending the law to the President (for a signing).

6. For information, the draft amendment focuses on several matters, like the application of extraterritorial application of competition law, shifting its merger control to mandatory pre-merger notification, introduction of leniency application, extension of penalties, and improvement of enforcement power by the competition agency.

3. Enforcement of Competition Laws and Policies

3.1. Action against anticompetitive practices

7. In the year of 2018, KPPU has received 132 (one hundred and thirty-two) complaints from the public. Out of the 132 (one hundred and thirty-two) complaints, 94 (ninety-four) complaints (71%) constitute tender complaints and 38 (thirty-eight) complaints (29%) are non-tender complaints. Complaints lodged by the public received by KPPU other than being handled by the Headquarter of KPPU are also handled by 5 (five) Regional Representative Offices. The details of complaints received by KPPU every month and the classification of Tender and Non-Tender Complaints for Year 2018, may be seen in the following graphic:

Figure 1. Monthly Complaint's Acceptance Graphic

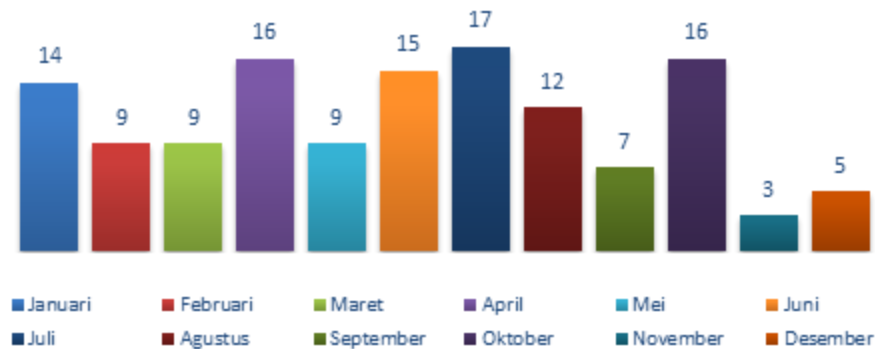
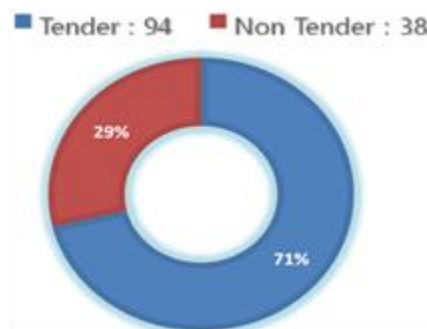


Figure 2. Tender and Non-Tender Complaint Classification Graphic



8. The said complaints have been processed and followed up in accordance with the applicable complaint handling processes at KPPU. Some complaints may not be preceded to the investigation process because of unfulfilled administrative requirements and/or preliminary evidence of the alleged violations was not found.

9. Other than the cases derived from complaints that were lodged by the public, KPPU may examine business actors on an ex-officio basis within the framework of Initiative Case Investigation. In 2018, KPPU has conducted 38 (thirty-eight) initiative case both in the form of alleged tender violation and alleged non-tender violation. Out of the 30 (thirty-eight) initiative investigation, 24 (twenty-four) initiative investigation are tender cases and 14 (fourteen) initiative investigation are non-tender cases.

Figure 3. Tender and Non-Tender Initiative Investigation Graphic

10. KPPU has also issued 14 (fourteen) case decisions with regard to the cases handled in 2018. The list could be found below:

Table of Case Decisions in 2018

No.	Decision Number	Name of Decision
1	21/KPPU-I/2016	Alleged Violation of Article 22 of Law Number 5 Year 1999 with regard to the Lubuk Jambi-Sp.Ibul-Sp.lfaRoad Improvement Work Packages in Kuantan Singingi Regency-Riau Province at the Riau Province Highway Construction and Maintenance Service Office for Fiscal Year 2015
2	01/KPPU-L/2017	Alleged Violation of Article 22 of Law Number 5 Year 1999 with regard to the Tender of the Road Expansion/Capacity Improvement Work Packages for Fiscal Years 2013-2014 (Multi-years) and the Tender Packages of the BTS. Kabanjahe-Kutabulu Road Expansion Work for Year 2015 at the Region I National Road Implementing Working Unit of North Sumatra Province
3	02/KPPU-M/2017	Alleged Violation of Article 29 of Law Number 5 Year 1999 jo. Article 5 of Government Regulation Number 57 Year 2010 in the Acquisition of Shares of PT. Citra Asri Property by PT. Plaza Indonesia Realty, Tbk.
4	03/KPPU-I/2017	Alleged Violation with regard to Monopolistic Practices by PT. AngkasaPura II (Persero) in Cargo and Post Delivery (Outgoing) and Collection (Incoming) at Kualanamu Airport
5	04/KPPU-L/2017	Alleged Violation of Article 22 of Law Number 5 Year 1999 regarding Tender for the Provision of Under Water Services for Kepodang and Ketapang Field (Tender No. 11204)
6	05/KPPU-M/2017	Alleged Delayed Notice with regard to Alleged Violation of Article 29 of Law Number 5 Year 1999 jo. Article 5 of Government Regulation Number 57 Year 2010 on the Delayed Notice of the Acquisition of PT Iforte Solusi Infotek by PT Profesional Telekomunikasi Indonesia
7	06/KPPU-M/2017	Alleged Violation of Article 29 of Law No. 5 Year 1999 jo. Article 5 of Government Regulation No. 57 Year 2010 in the Acquisition of Shares of PT Perusahaan Multi Makanan Permai by PT Japfa Comfeed Indonesia Tbk.

8	07/KPPU-I/2017	Alleged Violation of Article 22 of Law Number 5 Year 1999 with regard to 4 (four) Road Construction Tender Packages at the Highway Construction and Maintenance and Spatial Planning Service Office (DBMTR) for Road and Bridge Construction with Source of Fund deriving from the 2015 Fiscal Year Regional Revenues and Expenditures Budget in Banten Province
9	08/KPPU-M/2017	Alleged Violation of Article 29 of Law Number 5 Year 1999 jo. Article 5 of Government Regulation Number 57 Year 2010 in the Acquisition of Shares of PT Mutiara Mitra Bersama by PT Nirvana Property
10	09/KPPU-M/2017	Alleged Violation of Article 29 of Law Number 5 Year 1999 jo. Article 5 of Government Regulation Number 57 Year 2010 in the Delayed Notice of the Acquisition of Company Shares of PT Cipta Multi Prima by PT Darma Henwa, Tbk
11	10/KPPU-I/2017	Tender for the Procurement of Sports Hall Construction/Purchasing Services for the Construction of Mandala Krida Stadium at the Working Unit of the Education, Youth, and Sports Service Office of the Provincial Government of DIY for the 2016 and 2017 Fiscal Year Regional Revenues and Expenditures Budget
12	01/KPPU-M/2018	Alleged Violation of Article 29 of Law Number 5 Year 1999 jo. Article 5 of Government Regulation Number 57 Year 2010 with regard to the Alleged Delayed Notice of the Acquisition of Shares of PT Axioo Internasional by PT Erajaya Swasembada, Tbk.
13	02/KPPU-M/2018	Alleged Violation of Article 29 of Law Number 5 Year 1999 jo. Article 5 of Government Regulation Number 57 Year 2010 with regard to the Alleged Delayed Notice of the Acquisition of Shares of PT Asuransi Takaful Umum by JASA Savings and Loan Cooperative (Koperasi Simpan Pinjam JASA)
14	07/KPPU-M/2018	Alleged Violation of Article 29 of Law Number 5 Year 1999, Government Regulation Number 57 Year 2010 with regard to the Alleged Delayed Notice of the Acquisition of Shares of PT Prima Top Boga by PT Nippon Indosari Corpindo, Tbk.

11. In 2018, KPPU conducted litigation activities for 24 (twenty-four) KPPU Decisions. Based on the appeal put forward against KPPU Decisions, 11 (eleven) cases were decided in 2018, wherein 6 (six) KPPU decisions were affirmed and 5 (five) decisions were rescinded by District Court. In the meantime, for the Cessation at Supreme Court level, there were 3 Decisions being affirmed and 3 Decisions being rescinded. There were also 6 (six) KPPU's decisions that being re-assessed by the Supreme Court, and after further assessment, all of the decisions were affirmed by the Supreme Court, including **the tire cartel case**.

Table of Affirmed KPPU Decisions at Cessation in Supreme Court

Number of Decision	Case
08/KPPU-L/2016	Monopolistic Practices committed by PT. Angkasa Pura Logistik at Cargo Terminal of Sultan Hasanuddin Airport, Makassar
05/KPPU-I/2013	Importation of Garlic
10/KPPU-I/2015	Imported Cattle Trade Cartel in Jakarta, Bogor, Depok, Tangerang, Bekasi (JABODETABEK)

3.2. PT Angkasa Pura II was Proven Guilty in Cargo and Postal Tariff Case

12. The Commissioners Council of KPPU has decided PT Angkasa Pura II (Persero) as guilty on the violation of Article 17 paragraph (1) and (2) Law Number 5 Year 1999. The verdict was read by Drs. Chandra Setiawan, M.M., Ph.D and M.H. as Chairman of Commission Council; Dr. Sukarmi, S.H., M.H. and Kamser Lumbanradja, M.B.A. as the Commissioners Council.

13. The Commissioners Council explained that the market for the product in question are airport services and airport-related services, especially with regard to the management and/or development of terminal facilities for cargo and postal transport services, as well as cargo and mail handling (including, but not limited to inspection services and cargo and postal security control), with the geographical market of Kualanamu Airport Medan, North Sumatera.

14. The Council also assessed the double charge fees imposed while Regulated Agent has took over the business for outgoing cargo, and the validity of the Restricted Security Area (DKT) for incoming cargo. It was found that there is an abused of monopoly power committed by PT Angkasa Pura II (Persero) to cargo and postal service's users which created an inefficiency in the business activities.

15. At the hearing, the Commissioners Council imposed PT Angkasa Pura II (Persero) with a fine of IDR 6,5 billion to be deposited to the State Treasury as an income of fines in the field of business competition.

16. The Council also requested the reported party to decrease the tariff of outgoing cargo and postal services by taking into account the reduction of activities after the business was taken over by the Regulated Agent. The Council further requested the reported party to restore the cargo and postal incoming services at Kualanamu Airport by excluding PT Angkasa Pura II (Persero) Line II's partner in the business process.

3.3. KPPU Won the Tire Cartel Cessation in Supreme Court

17. The Commission for the Supervision of Business Competition (KPPU) received a report on notice of the Ruling of Supreme Court, Republic of Indonesia, Number 167-PK/Pdt.Sus-KPPU/2017 dated January 25, 2018 in a cessation case between PT Bridgestone Tire Indonesia and PT Sumi Rubber Indonesia, respectively as Cessation-I Petitioner and Cessation-II Petitioner against the Commission for the Supervision of Business Competition of the Republic of Indonesia (KPPU) as Cessation Respondent, on Friday, May 4, 2018. The contents of the aforementioned decision are as follows:

1. Rejecting the aforementioned petition for cessation filed by Cessation I Petitioner: PT Bridgestone Tire Indonesia, and Cessation II Petitioner: PT Sumi Rubber Indonesia;
2. Sentencing Cessation Petitioners I and II to pay for the case fees in the examination of the cessation stipulated amounting to IDR2,500,000.00 (two million five hundred thousand Rupiah).

18. On December 10, 2014, KPPU issued a decision to 6 (six) tire manufacturer, namely PT Bridgestone Tire Indonesia, PT Sumi Rubber Indonesia, PT Gajah Tunggal, Tbk., PT Goodyear Indonesia, Tbk., PT Elang Perdana Tyre Industry, and PT Industri Karet Deli to have legally and convincingly violated Articles 5 and 11 of Law Number 5 Year 1999 regarding Prohibition of Monopolistic Practices and Unfair Business Competition. The Commissioners Council has also imposed penalty on each of the Reported Parties amounting to IDR25 Billion (twenty-five billion Rupiah) that must be paid to the state treasury. Based on the aforementioned Decision KPPU No. 08/KPPU- I/2014, the Reported Parties have filed a remedy in the form of objection with the District Court.

19. At remedy level in the form of objection, the Central Jakarta District Court passed a decision on Case 70/Pdt.Sus-KPPU/2015/PN.Jkt.Pst on July 8, 2015 confirming the Decision of the KPPU and changed the amount of the penalty. Subsequently, at remedy

level in the form of cessation, the Supreme Court passed a decision on Case Number 221 K/pdt.Sus-KPPU/2016 on June 14, 2015 confirming the aforementioned Decision of the District Court and rejecting the petition for cessation filed by the Petitioners, which means reconfirming the Decision of the KPPU.

20. Upon the rejection of the petition filed by the extraordinary remedy Petitioners through Cessation by the Supreme Court, Decision of the KPPU No. 08/KPPU- I/2014 regarding Alleged Violation of Article 5 paragraph (1) and Article 11 of Law Number 5 Year 1999 in Automotive Industry regarding the Four-Wheeled Motor Vehicle Tire Cartel has had a permanent legal force (inkracht).

3.4. KPPU Won the Garlic Importation Cartel Cessation in the Supreme Court

21. Jakarta (4/7) – KPPU warmly welcomes the result of the Supreme Court’s decision which affirms the decision of the KPPU on Garlic Importation Cartel as an effort to improve the business climate and competition. Consequently, both the government and business actors may avoid cartel behaviors that breach Laws in the future.

22. In the Decision of KPPU regarding Garlic Importation Cartel, namely case number 05/KPPU-I/2013, reported parties are proven legally and convincingly to have violated Article 11, Article 19 sub-article c, and Article 24 of Law No.5 Year 1999 regarding Prohibition of Monopolistic Practices and Unfair Business Competition.

23. There are 22 (twenty-two) reported parties involved in the resolved case. Based on the existing facts during the hearings, there are three affiliated cases among the parties. Firstly, Reported Party I has an affiliation with Reported Party V wherein Reported Party V is the Company of the Parents of Reported Party I. Secondly, Reported Party VI has an affiliation with Reported Party XII wherein the Management at Reported Party VI is also the Management of Reported Party XII. Thirdly, Reported Party VII has an affiliation with Reported Party XII wherein the Management at Reported Party XII is the nephew of the Management of Reported Party VII. In addition, the party submitting documents in the administration of the Import Approval and/or the extension of the Import Approval is the same.

24. KPPU hoped that this support from Supreme Court will be continued in the future implementation of competition law and policy in Indonesia, which subsequently will lead to good and fair business climate.

4. Merger and Acquisition

25. In 2018, mergers and acquisition (M&A) cases in Indonesia was on the rise. The media reported the amount of merger and acquisition transactions in Indonesia exceeds IDR 150 trillion. Various transactions showed increasing consolidation plans within the banking sector, especially interbank acquisitions conducted by several top banks and foreign banks in acquiring small banks in Indonesia.

26. The KPPU itself received 78 notifications of merger and acquisition transactions in 2018. Most of these notifications were share acquisition transactions (97.3%). The rest were merger transaction (business entity merger). There were no consolidation submitted to the Commission in 2018. Most of the notified transactions were transactions carried out between domestic companies (67.70%), followed by transactions carried out by foreign companies (18.45%) and foreign companies taking over domestic companies (13.85%).

Three countries, namely Japan, Singapore, and United States were the countries that have the most reported transactions in mergers and acquisitions in Indonesia during 2018.

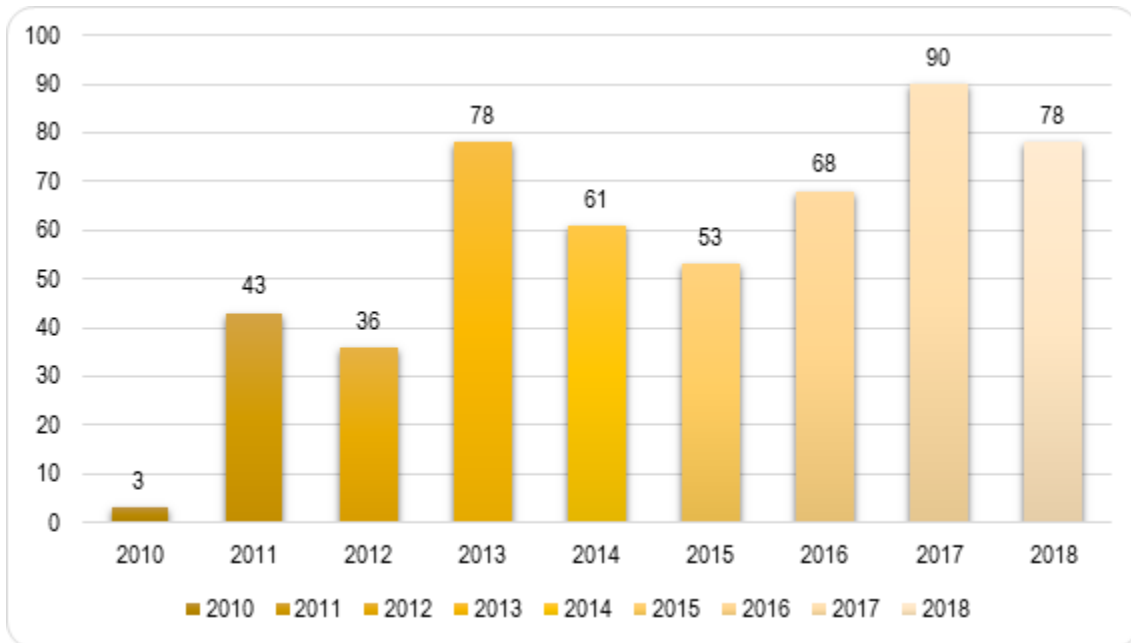
27. Most notified merger and acquisition occur in the manufacturing industry (35.4%), followed by the energy sector (17%) and property (14%). The value of notified transactions filed to the Commission last year exceeded IDR 1,000 trillion, including mega transactions such as PT Inalum's acquisition of PT Freeport Indonesia, Monsanto's acquisition by Kwa Investment Co. (Bayer Group), acquisition of PT Bank Danamon Tbk by MUFG Bank Ltd, and acquisition of TMF Orange Holding BV by Sapphire Bidco BV.

28. To date, the Commission has completed its analysis on 41 notifications, with 31 resolved cases through the assessment process. The remaining notifications, namely 11.54%, did not meet the stipulated notification threshold, hence, an assessment was not necessary. The percentage above shows that the level of knowledge of business actors on the substance of notification has been quite satisfying.

29. In terms of law enforcement, the Commission decided 7 (seven) cases of violation of Article 29 relating to notices of mergers and acquisitions were not delivered at the stipulated period. These cases include the acquisition of PT Telekomunikasi Indonesia Professional on PT Iforte Solusi Infotek (administrative fines of IDR 1.1 billion); acquisition of PT Darma Henwa Tbk on PT Cipta Multi Prima (administrative fines of IDR 3.75 billion); acquisition of PT Japfa Comfeed Indonesia on PT Multi Makanan Permai (administrative fines of IDR 3.75 billion); and acquisition of PT Nippon Indosari Corpindo, Tbk. on PT Prima Top Boga (administrative fines of IDR 2.8 billion).

30. Apart from the various facts above, the Commission observed that M&A transactions experienced an increasing trend, especially with the rise of foreign investment and domestic consolidation in the financial sector in Indonesia (through the acquisition of various financial services companies), and consolidation in the e-commerce sector by various technology and online application companies.

31. In 2019, the Commission will prioritize in monitoring the various consolidations in the sector, as well as increase the portion of its law enforcement on merger and acquisition transactions which has not been submitted to the Commission, and impose changes on notification regulations to accelerate the process of evaluating mergers and acquisitions cases at the KPPU.

Figure 4. Total Merger Notifications from 2010-2018**Table – Distribution of Industries in Merger Notification**

No.	Industry	Total
1	Energy, Mining, and Excavation	15
2	Property Construction and Tourism Industry	13
3	Banking and Non-Bank Financial Services	9
4	Electronic, Information, and Communications	8
5	Processing	26
6	Transportation and Logistics	2
7	Agriculture, Plantations, and Animal Husbandry	5
8	Food and beverage retail	0
TOTAL		78

4.1. KPPU's conclusion on Blibli.com's acquisition of Tiket.com

32. KPPU has completed its assessment of the acquisition of PT Globalnet Sejahtera by PT Global Digital Niaga in December 2018. The transaction was carried out between two e-commerce firms, namely Blibli.com and Tiket.com.

33. PT Global Digital Niaga is an e-commerce company that covers trade activities of goods and/or services through electronic network media, internet, telephone, television or other electronic media. One of the company's products is Blibli.com.

34. Meanwhile, PT Globalnet Sejahtera is engaged in trading and has a subsidiary, PT Global Tiket Network (GTN) that conducts online travel service activities, namely

transportation ticket sales (airplane, train), concert tickets, and hotel and car rental bookings based online, with the name of Tiket.com.

35. The acquisition is done for diversification of product, because PT Global Digital Niaga as part of PT Global Digital Prima (GDP) is a shareholder of several online businesses such as the Kaskus site, Lintasberita.com (which is now Beritagar.id), dailysocial.net, and the Merah Putih Inc.

36. KPPU acknowledges several relevant market categories in the digital economy, namely market place, online retail, banking, classified ads, daily deals, infrastructure, transportation, logistics, online directory, payment gateway, and online travel. In the assessment, KPPU concluded that the relevant market in the acquisition of shares of the company PT Golbalnet Sejahtera by PT Global Digital Niaga is an electronic sales service (e-commerce) specifically in the online ticketing services for trains, planes and hotels in all regions of Indonesia.

37. To analyze the acquisition that is in one relevant market, the first stage is to evaluate market concentration through the Hirschman Herfindahl Index (HHI). HHI is calculated to cross-check the number and market share of all companies in the market. Based on the calculation, the market concentration is quite high, reaching 5,691 before the acquisition. This can be caused due to the dominant position held by other applications, namely Traveloka.com. In the post-acquisition calculation, the change in HHI only reached 30.8. Noting that the HHI value is above 1800 and the change in HHI value before and after the acquisition does not exceed 150, the Commission considers that the market share of both companies after the acquisition transaction does not raise concern of potential monopolistic practices or unfair business competition.

38. Furthermore, KPPU also considers other factors in the analysis, namely the potential for entry barriers and the opinions of other related parties. From the assessment, KPPU concluded that in addition to the two companies in transactions, there are a variety of online platform options that provide train, airplane and hotel booking services as an alternative to the online platforms owned by the two business actors who conduct the transactions. Based on input from various parties, it was identified that with the merging there will be no entry barriers for other business actors who wanted to establish companies with similar business, so that the potential for the emergence of new competitors would remain in the market.

39. Taking into account the mentioned considerations, KPPU concluded that the acquisition of PT Globalnet Sejahtera by PT Global Digital Niaga did not raise concern of future business competition. As the market concentration in the market is high, KPPU also set this market within its monitoring activity.

4.2. KPPU's assessment of the acquisition of Glencore Agriculture Limited by Monroe Canada Inc. CPPIB

40. KPPU has completed its assessment on the acquisition of Glencore Agriculture Limited by Monroe Canada Inc CPPIB in December 2018. The acquisition involved transactions in the agricultural sector in Indonesia, particularly on wheat products.

41. Monroe Canada Inc. CPPIB, Canadian company established on March 23, 2016, is domiciled in Toronto, Canada. Monroe Canada Inc. CPPIB has no business activities in Indonesia. The company is a subsidiary of Canada Pension Plan Investment Board (CPPIB), an organization engaged in investment management that invests Canada Pension

Plan (CPP) funds based in Toronto, Canada. In Indonesia, CPPIB has operates through several companies engaged in international sports media, software development, and retail of luxury goods.

42. Meanwhile, Glencore Group is a company engaged in the production and marketing of metals, minerals, energy and agriculture as well as marketing and logistics activities. In particular, Glencore Agriculture Limited (GAL) is Glencore Plc's global agricultural holding company which resulted from a reorganization at Glencore Plc that occurred in 2016, before the acquisition in December 1, 2016. GAL operates, at the global level, in producing, handling, processing and marketing agricultural commodities, including grains, vegetable oils, nuts, sugar, rice, cotton, vegetable oils, protein foods and biodiesel. In Indonesia, GAL operates in the sale of wheat, cotton and agricultural commodities (grain products).

43. Noting that the transaction involves in different market, the KPPU's assessment focuses on the potential impact of the transaction on strengthening the dominance of the acquired company in Indonesia, namely wheat products. The assessment noted that in 2016, Indonesia imported wheat products worth USD 3,131 million. The import value was USD 2.4 billion with a quantity of 10.53 million tons. Wheat in Indonesia is mostly imported from Australia, Ukraine and Canada. The wheat imports are mostly absorbed by the flour industry which is eventually distributed to the food and beverage industry. However, the assessment noted that GAL was not the market leader of wheat in Indonesia, with a market share that could not be said to be dominant.

44. Based on the analysis of the relevant market and the potential impact of the transaction, the KPPU's judgment concluded that the acquisition did not have much impact on changes in the concentration levels for the wheat market in Indonesia. As such, it does not raise concerns over allegations of monopolistic practices and unfair business competition.

5. Contribution to the Formulation of Competition Policies

45. In 2018, KPPU has conducted 16 (sixteen) Market Monitoring Activities and 22 (twenty-two) Industry and Policy assessments.

Table –Market Monitoring Activities

No.	Title
1.	Monitoring on Painted Aluminum-Zinc Alloy Coated Steel Industry
2.	Monitoring on the Requirements of State-Owned Enterprises' Public Accountant Office (KAP)
3.	Monitoring on Cement Industry
4.	Monitoring on Trade Association
5.	Monitoring on Nickel Mining Industry
6.	Monitoring on Distribution of Liquefied Petroleum Gas (LPG) in Belitung

7.	Monitoring on PET Industry
8.	Monitoring on Pedigreed Chicken Eggs Industry
9.	Monitoring on Pedigreed Chicken Industry
10.	Monitoring on Chicken Feed Industry
11.	Monitoring on Amitriptyline (Pharmaceutical)
12.	Monitoring on Methotrexate (Pharmaceutical)
13.	Monitoring on Valsartan (Pharmaceutical)
14.	Monitoring on Atorvastatin (Pharmaceutical)
15.	Monitoring on Telmisartan (Pharmaceutical)
16.	Monitoring on Rice Industry

Table – Competition Assessment on Industries and Policies

No.	Title
1.	Assessment on Indonesian Financial Services Authority's Policy with regard to the Setting of Premium Rates of Indemnity Insurance
2.	Assessment on Anti-Dumping Import Duty (BMAD) Imposition's Policy against Import of Products I and H Section of iron or non-alloy steel that was included in tariff posts 7216.32.00 and 7216.33.00 from the People's Republic of China (PRC).
3.	Assessment on Anti-Dumping Import Duty (BMAD)'s Policy against Import of Tinplate Products from the Republic of Korea, People's Republic of China (PRC), and Taiwan
4.	Assessment on Automotive Industry
5.	Competition Barrier Assessment in Flight School Industry
6.	Assessment on Tire Import Policy
7.	Assessment on Flight Tariff Policy
8.	Assessment on Economy Class Airplane Ticket Price during the Eid al-Fitr
9.	Assessment on Terminal and Special Terminal Management for Own Interest (TUKS)
10.	Assessment on Relevant Market Determination at Multisided Market in Special Rented Transportation
11.	Assessment on Medicine Purchase/Procurement Policy of National Health Insurance through E-Catalogue by Private Health Facilities
12.	Assessment on State Owned Enterprises Synergy
13.	Assessment on Ceramic Tile Industry in Indonesia (in the context of Asking for consideration of the recommendations of KPPI with regard to the Imposition of Safeguarding Action Import Duty [BMTP] for the imports of ceramic tile products)
14.	Assessment on Garlic Industry Policy

15.	Assessment on Refined Sugar Industry Policy
16.	Assessment on KPBN Business Development Plan
17.	Assessment on Rattan Industry Policy
18.	Assessment on Direct Distribution Policy (MLM)
19.	Assessment on General Provisions Policy regarding Distribution of Goods
20.	Assessment with regard to Draft Government Regulation of the Republic of Indonesia regarding Film Production Administrative Sanction
21.	Assessment on E-Tendering Policy
22.	Assessment with regard to Interim Review of the Imposition of Anti-Dumping Import Duty (BMAD) in the Import of Biaxially Oriented Polyethylene Terephthalate (BOPET) Products coming from Thailand

46. During this period, KPPU issued 12 (twelve) policy recommendations addressed to the government.

Table – Policy Recommendations in 2018

No.	Letter of Policy Recommendation	Feedback from Related Ministries/Institutions
1.	Letter of Recommendation with regard to Regulation of the Ministry of Trade Number 22/M-DAG/PER/3/2016 regarding General Provisions of Distribution of Goods	Not Adopted
2.	Letter of Recommendation with regard to Draft Government Regulation of the Republic of Indonesia regarding Film Production Administrative Sanction	Adopted
3.	Letter of Recommendation regarding Electronic Road Pricing (ERP) Control Policy	Not Adopted
4.	Letter of Recommendation with regard to Anti-Dumping Import Duty (BMAD) Imposition Plan for Imports of Polyethylene Terephthalate (PET) products coming from Malaysia, Republic of Korea, and People's Republic of China	Adopted
5.	Letter of Recommendation with regard to Anti-Dumping Import Duty Imposition Plan in Imports of Painted Aluminum-Zinc Alloy Coated Steel Products from PRC and Vietnam	Adopted
6.	Letter of Recommendation regarding KPPU Considerations on the Recommendation of KPPI (Indonesian Trade Safeguarding Committee) regarding the Imposition of Safeguarding Action Import Duty (BMTP) on Imports of Ceramic Tile Products	Adopted
7.	Letter of Recommendation with regard to Plan for the Extension of the Imposition of Anti-Dumping Import Duty on Imports of Products from PRC, Korea, and Taiwan	Adopted
8.	Letter of Recommendation regarding the Appointment of PT. Perusahaan Perdagangan Indonesia (PPI) as rattan export implementing agency	Not Adopted
9.	Letter of Recommendation regarding the Draft Regulation of the Minister of Trade on Direct Goods Distribution Business Activities	Not Adopted
10.	Letter of Recommendation with regard to the Recommendation of Indonesian Anti-Dumping	Adopted

	Committee (KADI) on Interim Review of the Imposition of Anti-Dumping Import Duty (BMAD) on Imports of Biaxially Oriented Polyethylene Terephthalate (BOPET) Products coming from Thailand	
11.	Letter of Recommendation with regard to the Plan for the Imposition of Anti-Dumping Import Duty (BMAD) on Imports of Products I and H Section of iron or non-alloy steel that are included in tariff posts 7216.32.00 and 7216.33.00 from the People's Republic of China (PRC)	Adopted
12.	Letter of Recommendation with regard to Mechanism for the Procurement of State-Owned Goods (BMN) Insurance Services	Adopted

47. During this year, KPPU also carried out Competition Compliance programs in two forms, namely seminar/dissemination and executive forum. The Seminar/dissemination organized was entitled “Seminar on the Procurement of Government Goods and Services viewed from a Fair Competition Perspective” aimed at explaining or reaching of common understanding to and with regional governments especially for persons in charge of procurement activities regarding the principles of goods/services procurement that are credible and in line with the values of fair business competition, raising awareness regarding the importance of a credible procurement process for the sake of development success, and advocating fair business competition values to be implemented in Government goods/services procurement process.

48. In addition to the above, KPPU also conducted 2 (two) executive forum activities aimed at explaining the substances of Law Number 5 Year 1999 so that business actors may comply with the provisions therein and may run their business activities according with the principles of fair business competition, and also encouraging companies to become more efficient and more innovative.

49. This compliance program in the form of executive forum was aimed at national private companies, State-Owned Enterprises (SOEs), and Associations. This forum aimed at embedded good understanding on how to keep repute and company reputation, possess strong moral ethics, create companies’ internal standard procedures with regard to compliance with Law No.5 Year 1999, minimize cost consequences arising as a result of non-compliance with Law No. 5 Year 1999, as well as full understanding of companies so as to become competitive and innovative.

6. Resources of Competition Authority

50. In 2018, KPPU has a budget of IDR 135 billion or equal with USD 9.6 million. Currently, KPPU has a total of 347 officers at headquarter and representative offices. There are 87 investigators who work on enforcement against anticompetitive practices, 11 analysts who work on merger review, and 31 analysts who work on policy advocacy and market studies. In the term of educational background, KPPU has 101 economist, 72 lawyers, and 99 of other professionals.

7. Future Challenges

51. Indonesia has just convening its general election on 17 April 2019. This general election will impose a challenge to the amendment of our law, as the parliament members will be disbanded in September 2019 and being replaced with the new members in October 2019. Even though the discussion on the amendment will be continued with the new members of parliament, the degree of familiarity of the new members with competition issues and the proposed text will need to be anticipated.