



**Asia-Pacific
Economic Cooperation**

2011/SOM1/CPLG/011c

Agenda Item: 6

**Merger Control in Indonesia Based on the Law on
the Prohibition of Monopolistic Practices and Unfair
Business Competition**

Purpose: Information
Submitted by: Indonesia



**Competition Policy and Law Group Meeting
Washington, D.C., United States
7-8 March 2011**



Commission for the Supervision of
Business Competition, Republic of
Indonesia

**Merger Control In Indonesia Based on the Law
on the Prohibition of Monopolistic Practices and
Unfair Business Competition**

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Republic of Indonesia



**MERGER CONTROL IN INDONESIA:
LAW NO.5/1999**



- Law No. 5 Year 1999 Concerning the Prohibition of Monopolistic Practices and Unfair Business Competition
- Article 28: prohibition of mergers, consolidations and acquisitions with potentially anti-competition effects
- Article 29: post-merger notification

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MERGER CONTROL IN INDONESIA: IMPLEMENTING REGULATIONS



- Government Regulation No.57 Year 2010 – milestone in merger control in Indonesia
- KPPU (Commission) Regulation No. 13 Year 2010 – Merger Implementation Guidelines

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Merger Notification Mechanism

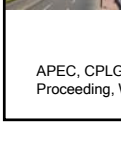


1. Post-merger notification: Article 29 of Law No.5/1999
 - mandatory
 - time frame: within 30 days after merger is conducted
 - administrative fine for non-compliance: Rp.1 billion (USD100,000) for each day of delay

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Merger Notification Mechanism



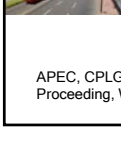
2. Pre-merger notification: Government Regulation No. 57/2010, Part IV Consultation

- consultation
- voluntary

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Merger Notification Requirements



1. Meeting the threshold:

- Consolidated assets > Rp.2.5 trillion
- Consolidated turnover > Rp.5 trillion
- Specifically for banks, applicable if consolidated assets > Rp.20 trillion

2. Not constituting a merger of affiliated companies

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Substantive Examination and Time Frames



1. Preliminary Assessment

- 30 business days upon receiving completed form and documents
- Market concentration analysis using the Hirschman-Herfindahl Index (HHI) methodology before and after conducting the merger
- If HHI below 1800 → no objection
- If HHI above 1800 → proceed to comprehensive assessment



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Substantive Examination and Time Frames



2. Comprehensive Assessment

- 60 business days from the completion of preliminary assessment
- Factors analyzed:
 - market entry barriers;
 - potential anti-competition behavior
 - efficiency; and/or
 - bankruptcy



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Result of Assessment: KPPU's Opinion



1. No allegations of potential monopoly practices or unfair business competition
2. There are allegations of monopoly practices or unfair business competition
3. No allegations of potential monopoly practices or unfair business competition, however, certain KPPU suggestions and/or guidance must be followed

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Publication of KPPU's Opinion and Legal Remedies



- KPPU's opinion is published on KPPU's website
- KPPU's opinion is not binding on business actors
- KPPU enforces its opinion through the applicable formal legal procedure, resulting in KPPU's Decision
- Business actors can challenge KPPU's Decision at the Court

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Foreign Mergers

- Mergers conducted outside Indonesia's territory
- All provisions concerning foreign merger notifications are applicable in the following events:
 - meeting the threshold
 - not conducted among affiliated companies
 - having a direct impact on the Indonesian market

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Foreign merger: Direct Impact on the Indonesian market

- Direct Impact:

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Foreign merger: Direct Impact on the Indonesian market

- Direct impact:

The diagram illustrates a foreign merger's direct impact on the Indonesian market. It features two entities, X and Y, positioned above a horizontal line that separates the 'Outside' region from 'Indonesia'. Entity X is located in the 'Outside' region and is associated with a 'Subsidiary' box below the line. Entity Y is located in the 'Indonesia' region and is associated with a 'Sales' box below the line. A double-headed horizontal arrow connects X and Y, indicating a relationship or interaction between them. Above this arrow is a green circular icon containing a white checkmark, signifying a positive or successful outcome. The left side of the slide contains a vertical strip of four images: a night cityscape, a monument, a park with a fountain, and a city street.

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Contact information

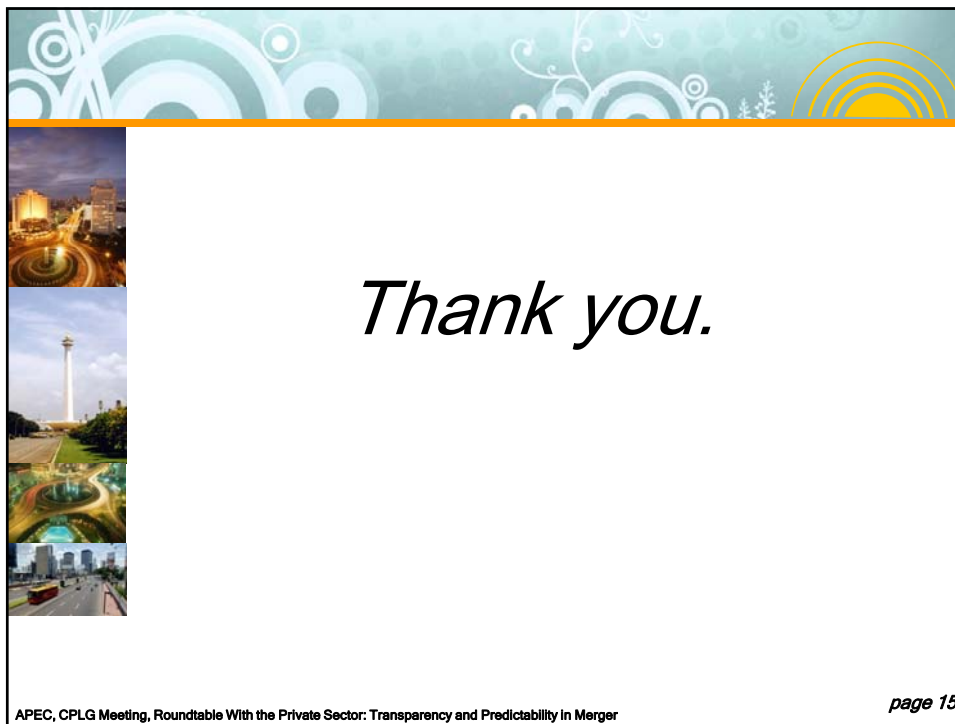
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Thank you.

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