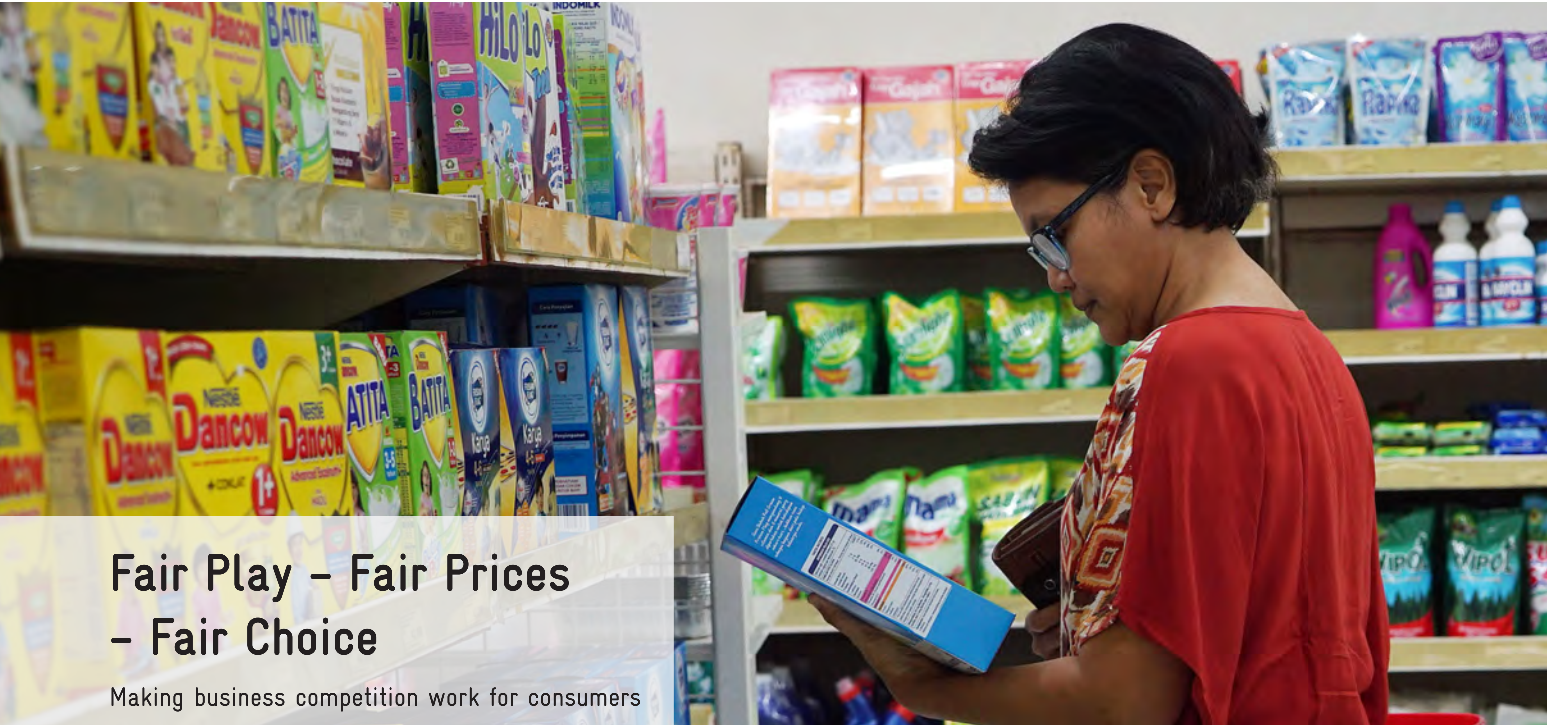

Fair Play – Fair Prices – Fair Choice

Making business competition work for consumers

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Fair business competition benefits everyone

Fair business competition is vital to protect consumers and ensure an efficient market economy. With clear rules on competition and effective enforcement, companies cannot collaborate to fix prices, collude in tenders, or unfairly exclude competitors. This benefits consumers, especially the poorest and most vulnerable, through lower prices, higher quality and greater choice.

Fair competition also benefits companies and can save money in public procurement. It prevents smaller enterprises from being excluded from the market by larger and more powerful ones. By encouraging innovation and ensuring efficient resource allocation, competition also contributes to higher productivity, growth and employment. This benefits everyone in society.

Lowering consumer prices, enhancing business competitiveness, and improving the national economy.

"I've been using a mobile phone for over 10 years now and I've noticed that the cost of communications have become cheaper. I often used to get cut off because I'd run out of credit. This was frustrating and created a bad image for work. Now a top-up of IDR 100,000 is enough for me, and my three children." (Atiek, Master of Ceremony/MC)

"I used to have to take buses because there was no other option if you couldn't afford taxis. Now, I can use my mobile phone to order a motorcycle taxi any time. This is more convenient because I don't have to wait, and it's cheaper sometimes. I feel safer too and it's much faster." (Dinda, Fresh Graduate)

Driving digitalization

In 2007, the Indonesian Commission for the Supervision of Business Competition (KPPU) sanctioned six mobile telecommunications operators for cartel-like price-fixing in messaging services. As a result, several new operators entered the market, providing consumers with greater choice, and charges declined significantly from IDR 350 to IDR 100 per message. Total consumer savings were estimated to be IDR 1.6 trillion (approximately € 100 million) between 2007 and 2009, and an important principle was established in a dynamic new market.

With this landmark decision and fines of up to 77 billion IDR (approximately 4.8 million EUR), the KPPU sent a strong signal to the industry about the enforcement of the competition law. Today, Indonesia is one of the largest emerging digital economies. Online communication and commerce owe much of their popularity to convenience and reasonable costs, presenting new opportunities for consumers and businesses alike.

"Mobile data used to be a luxury. Now, it costs almost nothing to keep in touch and up-to-date. We are just a click away from innovative services and can even make a living." (Atiek, Master of Ceremony/MC)

Keeping business in line with the law

In the wake of the Asian financial crisis, the Indonesian government was committed to restructuring the economy and introducing market-based reforms. When the competition law came into force in 1999, much of the economy was dominated by highly concentrated industries, privileged state-owned enterprises, and inefficient firms protected by entry barriers.

Indonesia was the first country in ASEAN to enact a competition law. In the past 16 years, the Commission for the Supervision of Business Competition (KPPU) has handled 342 cases and issued numerous recommendations to improve policies in the transport, telecommunications and food sectors, among others.

1998-2000

2001-2009

With assistance from Germany, high-level consultations between Indonesian parliamentarians, policy-makers and German experts, led by a former President of the German Federal Cartel Office, were initiated to formulate the competition law. Until 2009, Germany continued this cooperation to implement the competition law and promote a wider competition culture, also among academics and business associations.

2011-now

Drawing on its longstanding experience, the KPPU is now evolving from a recipient to a provider of assistance. It has engaged in discussions regarding the emerging competition regimes in Cambodia, Lao PDR and Myanmar, and has received delegations from other ASEAN countries.

Keeping the wheels turning

In early 2015, the Indonesian Commission for the Supervision of Business Competition (KPPU) sanctioned six tyre manufacturers that had formed a price-fixing cartel, with fines collectively adding up to IDR 150 billion (approximately € 9.4 million). The KPPU had found evidence that through the trade association, the manufacturers had agreed to not compete on prices in order to maintain favourable market conditions, limit production and control distribution.

The KPPU subsequently drafted new policy recommendations for the Ministry of Industry to encourage trade associations to comply with the competition law. It also found two giant motorcycle manufacturers guilty of conspiring on prices and overcharging. The case made headlines and struck a nerve with many Indonesians who rely on motorcycles for transport.

"I am getting a bit old and don't have much education, but I need to work so I can support my family. But I rely on my motorcycle for this, and running costs like tyres, and fuel costs, come straight out of my own pocket. You'd be surprised how they add up. For me, every little saving is important." (Arief, Motorbike Taxi Driver)

Sharing knowledge and transferring international best practices

Since 2008, Germany has been instrumental in bridging the implementation gap between regional agreements and national policies on competition. This support to the regional competition agenda and individual Member States draws on the experiences and networks of longstanding bilateral cooperation with Indonesia. This includes facilitating knowledge transfer from the more advanced competition authorities, such as in Indonesia and Singapore, to the newer authorities in an "ASEAN helps ASEAN" approach.

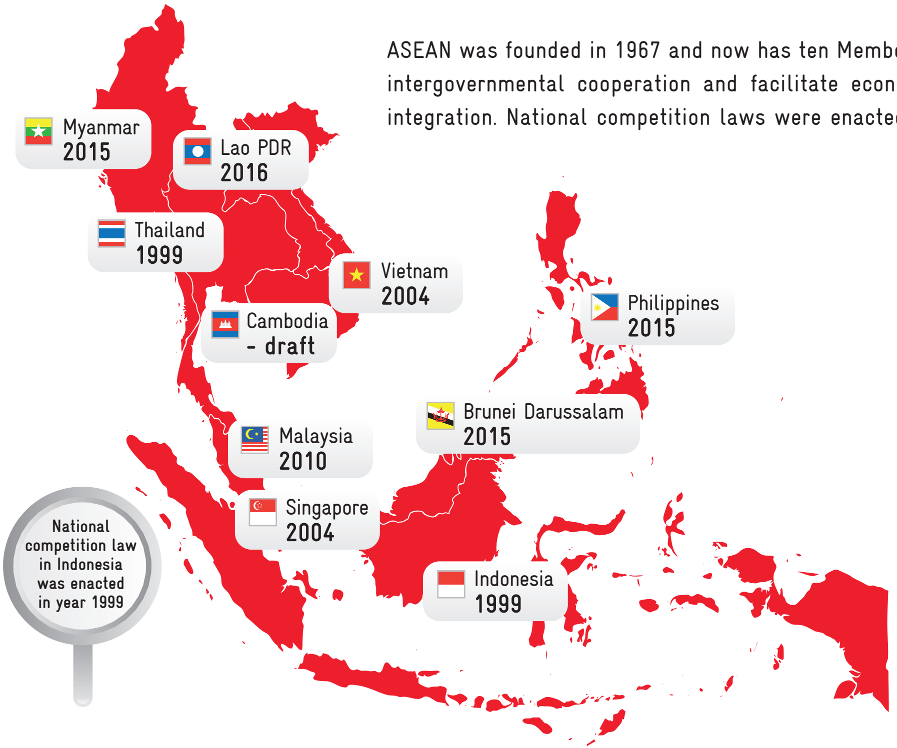
Forging ahead together in ASEAN

Acknowledging the importance of fair competition for international trade and regional integration, the ten Member States of the Association of Southeast Asian Nations (ASEAN) endorsed the ASEAN Competition Action Plan (ACAP) 2016-2025. The ACAP builds on an earlier commitment to introduce national competition laws in time for the establishment of the ASEAN Economic Community (AEC) in 2015.

Unlike the European Union, ASEAN does not foresee the establishment of a supranational competition authority. Instead, ASEAN Member States will rely on national enforcement efforts and a consensus on how to address cross-border competition cases. However, this means that monitoring business practices can become complex, considering the diverse national legal and institutional frameworks.

Action across ASEAN

ASEAN was founded in 1967 and now has ten Member States. It aims to promote intergovernmental cooperation and facilitate economic, political and cultural integration. National competition laws were enacted on the dates below.



POPULATION
approximately
625 million

WORLD RANKING
7th largest economy

GDP
approximately
US$ 2.4 trillion

TRADE GROWTH 2007 TO 2015
US$ 700 billion

FOREIGN DIRECT INVESTMENT IN 2015
US$ 121 billion

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