Business Competition Supervisory Institution: A Comparison between Indonesia and Thailand

Ayup Suran Ningsih

1 Universitas Negeri Semarang, Indonesia
ayuupp@mail.unnes.ac.id

Abstract

Introduction to The Problem: Competition is necessary in the business world; business actors are no stranger to competition between business actors in their business activities. It is done solely for profit. Indonesia establishes the Business Competition Supervisory Commission (KPPU) as a form of the state’s presence in protecting business actors who have been honest in carrying out their business activities.

Purpose/Objective Study: This research aims to conduct comparative research related to the duties and powers of the business competition supervisory institution in Indonesia and Thailand to provide recommendations on issues related to strengthening the role of KPPU in Indonesia.

Design/Methodology/Approach: This type of research is empirical legal research. The study employed the primary data through interview with KPPU and data from a literature review and analyzed it through the statue approach.

Findings: Based on studying Thai Competition Act and The Thai Fair-Trade Commission (TFTC), the authors conclude that Indonesia Anti-Monopoly Act and Komisi Pengawas Persaingan Usaha (KPPU) are more simply and comprehensive in regulating business competition. Thailand has more than one institution who handle the business competition, it is impressed more complicated and not integrated.

Paper Type: Research Article
Keywords: Business Competition; KPPU; Indonesia; Thailand; Competition

Introduction

Competition is necessary in the business world, business actors are no stranger to competition between business actors in conducting their business activities (Suci, 2017). It is done solely for profit. This competition can have a positive impact on the business world itself because this competition can encourage business actors to innovate on the products of goods and services that will be produced, and for the community/consumers from competition between business actors, they will benefit, among others, in the form of getting more choice of goods with guaranteed quality and reasonable price of goods (Permana, 2017).

Competition occurs when several business actors engage in the same/similar line of business, jointly running a company in operation (same marketing), each of whom makes maximum efforts to exceed the other to obtain maximum profit (Effendi,
However, not all business actors respond positively to this competition, in practice, there will be many business actors who choose fraudulent or inappropriate methods to gain profits, such as engaging in monopolistic practices that can cause or create an unfair business competition climate.

The negative/bad impact of monopolistic practices and unhealthy business competition not only affects the business climate and actors but also can spread to the detriment of society and the state (Mantili et al., 2016). When business actors or groups engage in monopolistic practices and unfair business competition, competing business actors on a smaller scale will find it difficult to enter the market and cause the products to be non-varied. It will impact society as consumers will lose the choice of the goods needed (substitutes), and ultimately there will be no significant competitors in the respective market (Sabrina, 2020). As a result, the competition's goal, the efficiency of consumers and producers, is not achieved.

The negative impact of non-competition is monopolistic practices and unfair business competition. Monopolistic practice occurs when only one or several business actors can enter a market, thus obstructing other business actors from entering the same market and creating unfair business competition (Thanitcul, 2020). Monopolistic practice is the concentration of economic power by one or more business actors, which results in the control of the production and or marketing of certain goods and or services so that it creates unfair business competition and may harm the public interest (Van Uytsel et al., 2020). Unfair business competition is competition between business actors in carrying out activities for the production and/or marketing of goods and or services carried out in a dishonest manner or against the law or hindering business competition (Ningsih, 2019b).

In order to protect business actors, Indonesia promulgated Law Number 5 the Year 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition as the embodiment of the 1945 Constitution Article 33 Paragraph (4). The Business Competition Supervisory Commission (KPPU), which has the mandate to supervise and enforce business competition law as regulated in Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, is a non-structural institution that is the organ for this state in implementing development. Law No. 5 of 1999 has mandated the scope of duties and powers of the Business Competition Supervisory Commission, or in Bahasa, it is called Komisi Pengawas Persaingan Usaha (KPPU).

*Komisi Pengawas Persaingan Usaha* (KPPU), or the Commission, is the only institution dealing with competition law in Indonesia. It introduces through Law No. 5/1999, and the organization forms by Presidential Decree No. 75 in the Year 1999. The Law has been formulated under Pancasila and the 1945 Constitution and is based on a democratic economy by taking into account the balance between the interests of the business actors and the public to maintain the public interest and public consumers
and also create a conducive business climate through the creation of a fair business competition (KPPU, 2021).

Competition Law becomes an oasis to regulate competition matters (Ningsih, 2019a). Thailand as a member of ASEAN, in implementing business competition policies, of course, must be in line with ASEAN policies (Andini, 2019). The mapping of competition law and policy in the ASEAN region is divided into 3 (three) groups. First, 4 (four) member countries have national competition policies and competition institutions (Indonesia since 1999, Singapore since 2004, Thailand since 1999, and Vietnam since 2005). Second, Malaysia, which passed a law governing competition in 2012, and the Philippines, which established the Office for Competition under the Department of Justice in July 2011, complete the group. The third group is other ASEAN member countries, namely Laos, Myanmar, Brunei Darussalam, and Cambodia, who are drafting or planning to introduce business competition laws (Silalahi & Parluhutan, 2017). Five ASEAN member countries already have business competition institutions: Indonesia, Vietnam, Thailand, the Philippines, and Malaysia, while the others are tasked with developing the necessary policy and institutional aspects. Harmonizing each ASEAN member's vision in terms of competition policy is important to create economic justice (Porananond & Aung, 2019).

This research aims to conduct comparative research related to the duties and powers of the business competition supervisory institution in Indonesia and Thailand in order to provide recommendations on issues related to strengthening the role of KPPU in Indonesia.

Methodology
This type of research is normative legal research. Normative legal research is a scientific research procedure to find the truth based on scientific logic from the normative side. The normative side here is not limited to laws and regulations. As Peter Mahmud (Marzuki, 2014) stated, legal research is normative research, not only positivist law research. Norms are not only interpreted as positive laws, namely rules made by politicians who have a higher position, as stated by John Austin, or rules made by rulers, as stated by Hans Kelsen. Normative legal research refers to the concept of law as a rule with its doctrinal-nomological method based on the teaching principles governing behavior (Benuf & Azhar, 2020).

Results and Discussion
Regulations Regarding the Duties and Authorities of the Commission for the Supervision of Business Competition (KPPU) in Indonesia
The Business Competition Supervisory Commission (KPPU) is a law enforcement agency in the field of business competition, and the status given to KPPU is as a supervisor of the implementation of the Business Competition Law (KPPU, 2021). KPPU is a manifestation of the implementation of the Business Competition Law,
which mandates the establishment of an institution to enforce the Business Competition Law as stated in Article 30 paragraph (1) which reads: "To supervise the implementation of this Law, a Business Competition Supervisory Commission is established which hereinafter referred to as the Commission (Yudiansah, 2020).

Looking back at Article 30 paragraph (1), the Business Competition Law provides a mandate to establish a business competition supervisory agency, where this institution has the status of overseeing the implementation of the Business Competition Law and is a quasi-independent institution that is free from influence government power and other parties and is responsible to the President. The duties of the Commission and the authority of the Business Competition Supervisor in handling legal violations in business competition need to be implemented in accordance with the prevailing laws and regulations. The Business Competition Supervisory Commission has the authority to supervise business competition and impose sanctions in the form of administrative measures (Disemadi & Roisah, 2019).

Competition law regulates disputes between business actors in which a business actor feels aggrieved by the actions of other business actors. Therefore, business competition disputes are civil disputes. In fact, business competition disputes between business actors can be carried out by associations established by business actors if the disputed problem does not contain any public elements (Hasan et al., 2020). However, the solution will meet with various obstacles if there is no willingness to implement the decision of the defeated party. It is because an association is not authorized to carry out confiscations or impose public sanctions. The promulgation of Law Number 5 of 1999 not only brought new air to the regulation of business competition in Indonesia which has been spread in various laws and regulations but also gave birth to a new institution, namely the Business Competition Supervisory Commission (KPPU).

KPPU is a law enforcer and an institution that is very appropriate to resolve business competition issues with a multi-functional role that can resolve and accelerate the handling of business competition cases (Usman, 2013). In reality, the business opportunities created over the past three decades have not made all people capable and able to participate in development in various economic sectors. The development of private businesses during this period, on the one hand, was marked by various forms of inaccurate Government policies that distorted the market (Mulyadi & Rusydi, 2017). On the other hand, private business development is largely a manifestation of conditions of unfair business competition. The above phenomenon has developed and is supported by the relationship between decision-makers and business actors, directly or indirectly, so it further worsens the situation. The implementation of the national economy does not refer to the mandate of Article 33 of the 1945 Constitution and tends to show a very monopolistic style.
Entrepreneurs who are close to the power elite get excessive facilities, so it has an impact on social inequality. The emergence of conglomerates and a small group of strong entrepreneurs who are not supported by a true entrepreneurial spirit is one of the factors that cause economic resilience to become very fragile and unable to compete (Simbolon, 2013). Taking into account the aforementioned situations and conditions requires us to observe and restructure business activities in Indonesia so that the business world can grow and develop in a healthy and correct manner, so as to create a climate of healthy business competition, and to avoid concentration of economic power in certain individuals or groups. Among others, monopolistic practices and unfair business competition are detrimental to society and against the ideals of social justice.

Therefore, it is necessary to formulate a Law concerning the Prohibition of Monopolistic Practices and Unfair Competition, which is intended to uphold the rule of law and provide equal protection for every business actor to create fair business competition. At the beginning of its establishment, the Business Competition Supervisory Commission (hereinafter referred to as KPPU) had a very heavy task in facing the dynamic business world during the multidimensional crisis that enveloped Indonesia at that time. At that time, the flow of conflict in the Indonesian business world was very strong (Hidayat, 2017). Unfair business competition practices are considered "normal," coupled with conspiracies between business actors and power holders. The law provides KPPU with ammunition in the form of extensive powers so it can do its tasks properly. In addition, KPPU is also given a limited time frame to handle a case; this aims to ensure certainty in doing business.

Law Number 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition (hereinafter as Anti-Monopoly Law), KPPU can handle cases based on two working mechanisms, First, based on reports submitted to KPPU, Second, on KPPU's initiative in observing phenomena occurring in the business world. The decisions made by KPPU are binding but not final because it is still possible for the reported party to submit objections to the KPPU's decision to the District Court where the reported residence is domiciled as stipulated in Article 44 paragraph (2) of the Anti-Monopoly Law, even this legal process can also take place up to the level of the Supreme Court (MA). This process shows a balanced control function between KPPU, District Court, and Supreme Court in implementing business competition law enforcement. In carrying out its duties and authorities, KPPU requires a clear direction of view so that its objectives can be carefully formulated and planned accordingly.

The point of view of the KPPU as an independent institution that carries out the mandate of Anti-Monopoly Law is: "To be an Effective, Credible Business Competition Supervisory Agency to Improve People's Welfare". Article 30 paragraph (1) of Anti-Monopoly Law determines that KPPU oversees the implementation of Anti-Monopoly Law; (2) determines that KPPU is an independent institution that is independent of
the influence of the power of the government and other parties; (3) determine that in carrying out its duties, KPPU is accountable to the President. The President appoints KPPU members after obtaining the approval of the House of Representatives. The duties and powers of the Commission are regulated in Article 35 and Article 36 of UULPM in detail, then reaffirmed in Article 4 of Presidential Decree Number 75 of 1999. In the context of implementing Article 34 paragraph (1) Anti-Monopoly Law, the Presidential Decree of the Republic of Indonesia No. 75 of 1999 concerning the Business Competition Supervisory Commission.

Presidential Decree No. 75 of 1999 Article 1 paragraph (1) established a Business Competition Supervisory Commission (KPPU). Paragraph (2) Presidential Decree No 75 of 1999 states that the Commission, as referred to in paragraph (1), is a non-structural institution independent of the influence of the government's and other parties power. Article 1 number (18) Anti-Monopoly Law means that the Business Competition Supervisory Commission is a commission established to supervise business actors in carrying out their business activities so as not to engage in monopolistic practices or unfair business competition. Presidential Decree No. 75 of 1999 concerning KPPU has been amended by Presidential Decree No. 80 of 2008 concerning Amendments to Presidential Decree No. 75 of 1999 concerning the Commission for the Supervision of Business Competition.

Understanding that consumer protection questions legal protection provided to consumers in their efforts to obtain goods and services from possible losses due to their use, consumer protection law can be said to be a law that regulates the provision of legal protection to consumers to fulfill their needs as consumers. The form of consumer protection has many dimensions, one of which is: The form of legal protection provided through a regulation. The legal protection referred to here is legal protection provided by statutory regulations so that consumers' rights are not harmed or to protect consumers from fraudulent acts of business actors or acts of monopolistic practices and unfair business competition by business actors against consumers.

Authority is the power of a person, group of people, an institution (in this case KPPU) over a certain group of people or power over a certain field (in the field of business competition law) (Chandra & Widiyastuti, 2017) while authority is the ability to act by KPPU which is given by applicable laws to carry out relationship and legal action. Law No. 5/1999, concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, regulates the authority of the Business Competition Supervisory Commission, as stated in Article 36.

The provisions above actually divide the KPPU's authority into three categories. First, the authority of investigation. Article 36 letters (a), (b), (c), and (d) authorize KPPU to 1) receive reports from the public and/or from business actors concerning allegations of monopolistic practice and or unfair business competition; 2) conduct
research on allegations of business activities and/or actions of business actors which may result in monopolistic practices and/or unfair business competition, 3) conduct investigations and or examining cases of suspected practice monopoly and or unfair business competition reported by the public or by business actors or found by the Commission as a result of its research; 4) conclude the results of investigations and or examinations regarding the presence or absence of monopolistic practices and or unfair business competition.

Second, the authority to sue business actors as in article 36 letters (e), (f), (g), (h), (i). The article gives KPPU the authority to (e) summon business actors suspected of having violated the provisions of this law, (f) summon and present witnesses, expert witnesses, and any person who is deemed to have knowledge of violations of the provisions of this law; (g) requesting assistance from investigators to present business actors, witnesses, expert witnesses, or any person as referred to in letters e and f, who are not willing to fulfill the summons of the Commission, (h) request information from Government agencies in connection with investigations and or examinations of business actors who violate the provisions of this law, (i) obtain, examine, and or assess letters, documents, or other evidence for investigation and or examination.

Third, judicial authority. Authority to impose sanctions on business actors. The KPPU’s authority is a super and special authority given by law to KPPU because KPPU is given the authority to impose sanctions in the form of administrative actions against business actors who violate the provisions of the business competition law. What is interesting is the KPPU’s authority to decide and impose sanctions on business actors. The KPPU's authority to judge and impose sanctions is specifically given to KPPU that other independent institutions do not own.

The authority explanation above raises the question of whether KPPU is a judicial or administrative institution. Regarding the institutional status of KPPU in the judicial system in Indonesia, it is interesting to quote Jimly Assidiqie's opinion. “… It is clear that, in essence, KPPU is a judicial institution in a broad sense, or at least it can be called a semi-judicial institution. As a judicial institution that is administrative in nature, the functions of the KPPU can be classified under the environment of the state administrative court; however, when viewed from the area of disputes over rights that it resolves, this commission can also be categorized as being within the environment of the general court (Risnain, 2018)’’.

Article 46, paragraph (2) of Law Number 5 the Year 1999, states that the execution of KPPU decisions must be through a District Court ruling. If the KPPU’s remedy does not have the authority to accept legal remedies, the defeated party has objections to the KPPU's decision, according to Article 44 paragraph (2), can submit to the District Court, further legal remedies can file an appeal to the Supreme Court (Article 45 paragraph 3). In an interview with KPPU, KPPU states that it will use its authority to
obtain one or more pieces of evidence to handle cases of unfair business competition and cartels. However, KPPU still feels that the authority given to Article 36 of Law Number 5 the Year 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition is still lacking in supporting KPPU’s performance in carrying out its duties.

KPPU, the commission assigned to enforce Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, has an important role in enforcing business competition law, particularly the role of KPPU’s investigators and commissioners in assessing a business activity that may result in monopolistic practices, and unfair business competition. The important authority that KPPU does not have in carrying out its duties, especially in handling cases of suspected cartels related to monopolistic practices and unfair business competition is the authority to carry out searches and confiscation. KPPU assesses that without the authority to carry out searches and confiscation, especially in handling cases of suspected cartels related to monopolistic practices and unfair business competition, the KPPU’s performance has not been able to take place optimally, and its implementation is ineffective. Ateng Syafrudin (2000) states there is a difference between the notion of authorization and authority. He stated that: "We have to distinguish between authorization and authority. Authorization is usually called formal power, power that comes from law, whereas authority only concerns a certain part of the authorization".

According to Philipus M. Hadjon, every government action is required to be based on legitimate authority (Nugraha, 2006). The authority is obtained through three sources: attribution, delegation, and mandate. Law Number 30 of 2014 concerning Government Administration, Article 1 point 22, states, attribution is the granting of Authority to Government Agencies and/or Officials by the 1945 Constitution of the Republic of Indonesia or the Law. Article 1 point 23 mentions delegation is the delegation of authority from higher government agencies and/or officials to lower government agencies and/or officials, with responsibility and accountability fully transferred to the delegation recipient. Article 1 point 24 mentions mandate is the delegation of authority from higher government agencies and/or officials to lower government agencies and/or officials, with responsibility and accountability remaining with the mandate giver. The duties and powers of the Business Competition Supervisory Commission in handling violations of business competition law are regulated in Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition to provide legal certainty regarding the duties and powers of the Business Competition Supervisory Commission.
The Supervisory Agency for Business Competition in Thailand

Until now, ASEAN countries do not have the same perception regarding business competition, especially in the context of the ASEAN Free Trade Area (AFTA) (Poapongsakorn, 2002) of the 10 ASEAN member countries. It turns out that only Indonesia, Thailand, and the Philippines have laws on business competition (Van Uytsel et al., 2020). Even then, only Indonesia has an independent institution that oversees the business competition through the Business Competition Supervisory Commission (KPPU). Meanwhile, Thailand only has an inter-departmental institution under the Director General of Domestic Trade. ASEAN does not yet have joint rules or union rules regarding the business competition. On the other hand, since 2003, Indonesia has pioneered holding the "ASEAN Conference on Fair Competition Law and Policy" forum in March 2003 in Bali. The forum was then followed by "The 2nd ASEAN Conference on Competition Policy and Law" in June 2006 in Bali. However, these meetings were limited to "identifying and identifying problems in developing the effectiveness of competition law and policy" at the ASEAN level.

Apart from Indonesia, two ASEAN countries already have competition laws. They are Thailand and the Philippines. Thailand has the Trade Competition Act of 1999, while the Philippines has had a law prohibiting monopolistic practices since 1925, which was adopted from the US Sherman Act of 1840. However, until now, only Indonesia has an independent institution that oversees the business competition through the KPPU.

Law No. 5 of 1999 concerning the prohibition of monopolistic practices and unfair business competition can also be enforced against foreign business actors conducting business activities within the jurisdiction of the Indonesian state. Because article 1 Number 5 Law no. 5 of 1999 states, "A business actor is any individual or business entity, whether in the form of a legal entity or not a legal entity that is established and domiciled or carrying out activities within the jurisdiction of the Republic of Indonesia, either individually or collectively through an agreement, organizing various business activities in the economic sector." In addition, Article 16 of Law No. 5 of 1999 stipulates that business actors are prohibited from entering into agreements with other parties abroad, which contain provisions that may result in monopolistic practices and/or unfair business competition. Violation of Article 16 of Law no. 5 of 1999 can be subject to administrative action (article 35 letter a) as well as criminal sanctions (article 48 paragraph [1]). Until now, there is no business competition supervisory agency at the ASEAN level. Thus, the supervision of business competition in ASEAN countries is regulated by the laws of each country.

The Thai Trade Competition Act (TCA), which was introduced in April 1999, aims to promote fair and free trade in a competitive environment and control anti-competitive practices. This is based on the idea that a competitive market is the best
way to promote economic efficiency and thus maximize total economic welfare. Finally, consumers will derive greater benefits through more efficient pricing, quality, and increased choice in the products and services offered (Thaicharoen et al., 2015).

Like most competition acts worldwide, the TCA is structured to prevent and prosecute four main kinds of anti-competitive practices. First, it prohibits business operators with dominant position and their ability to abuse their market power. The Act permits market power if they do not abuse their market power. Second, mergers involving parties reaching a certain threshold must apply to the Trade Competition Commission (The Commission) for approval. Third, the law, in principle, prohibits concerted actions but allows for exceptions that require the Commission’s prior approval. Fourth, the law also prohibits a business operator from any unfair and restrictive act which would destroy, impair, obstruct, impede, or restrict the business operation of other business operators, or prevent other persons from carrying out business or cause their cessation of business (Van Uytsel et al., 2020).

The Thai Fair-Trade Commission (TFTC) is the only administrative agency in Thailand with direct enforcement authority over the Thai Trade Competition Act (TCA) (Thanitcul, 2002). The Public Prosecutor’s office also holds certain functions in the enforcement scheme, but these functions are narrowly drawn. The TFTC comprises the Minister of Commerce (who serves as Chairman), the Permanent Secretary for Commerce (who serves as Vice Chairman), the Permanent Secretary for Finance, and between eight and twelve experts appointed by the Cabinet to serve as committee members. The Cabinet must appoint at least half of the experts from the private sector, and they must have knowledge and experience in law, economics, commerce, business management, or government administration (Poapongsakorn, 2002).

Currently, the TFTC comprises sixteen members, with three representing The Federation of Thai Industries (FTI) and three representing the Thai Chamber of Commerce. This gets to the heart of the TFTC’s serious flaws: (1) there are too many TFTC members; (2) many of the members are not qualified competition law experts; (3) the members only work on a part-time basis and convene only two meetings every eight months; (4) there is a vast overrepresentation of the private sector; (5) TFTC members receive an extremely low level of compensation; (6) there are no rules regarding how proceedings are conducted; and (7) the TFTC has weak administrative and secretariat support (Van Uytsel et al., 2020).

**Conclusion**

The duties of the KPPU in handling violations of business competition law such as assessing agreements, business activities and/or actions of business actors, and abuse of dominant positions, which may result in monopolistic practices and/or unfair business competition. KPPU may act, suggest, and consider government policies related to monopolistic practices and/or unfair business competition, prepare
guidelines and/or publications, and provide regular reports on the Commission's work to the President and the House of Representatives.

The authority of the KPPU in handling violations of business competition law, such as receiving reports from the public, conducting research and/or assessing letters, documents, or other evidence for investigation and examination, as well as concluding the results of investigations and calling business actors, witnesses and expert witnesses and requesting assistance to investigate and decide or determine whether or not there are business actors who are suspected of having violated the provisions of law.

Based on studying the Thai Competition Act and The Thai Fair-Trade Commission (TFTC), the authors conclude that Indonesia Anti-Monopoly Act and Komisi Pengawas Persaingan Usaha (KPPU) are simpler and more comprehensive in regulating business competition. Thailand has more than one institution that handle the business competition; it is impressed more complicated and not integrated.

Acknowledgment

The author would like to thank God Allah SWT and beloved parents for their love and support in writing this article. The author also would like to thank respected fellows in the Faculty of Law Universitas Negeri Semarang. Sincere gratitude also goes to anonymous reviewers and editors who have provided constructive feedback so that this manuscript looks worth reading and citing.

Declarations

Author contribution: Main Author initiated the research ideas, instrument construction, data collection, analysis, and draft writing, revised the research ideas, literature review, data presentation and analysis, and the final draft.

Funding statement: -

Conflict of interest: The authors declare no conflict of interest.

Additional information: No additional information is available for this paper.

References


Quia Iustum. https://doi.org/10.20885/iustum.vol20.iss2.art2

Article History
Submitted 2 May 2021 - Revision Required 11 October 2022 - Accepted 24 December 2022