

**A Legal Analysis of the Effectiveness of Indonesian Business Competition
Law in Addressing Monopolistic Practices**

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Abstract

As a significant developing nation in Southeast Asia with a vast population, Indonesia's economic stability is paramount to public welfare. However, the acceleration of globalization and technological advancements has intensified market competition, often leading to unfair business practices. Objective: This legal study examines the implementation and effectiveness of Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition. Specifically, it seeks to delineate various forms of monopolies, distinguishing between those that are detrimental to the public and those that may contribute positively to national welfare (legal monopolies). Method: This research employs a normative legal method with a statutory and conceptual approach. Results: The findings indicate that the implementation of Law No. 5 of 1999 requires further strengthening through regulatory updates and more rigorous law enforcement to preemptively address complex monopolistic trends. Furthermore, the effectiveness of the law is heavily dependent on enhanced inter-institutional coordination. Improving the supervisory climate is essential to ensuring legal certainty and maintaining a healthy, competitive business environment in Indonesia.

Keywords: Legal Certainty, Monopolistic Practices, Unfair Business Competition, Law Enforcement, Indonesia.

Abstrak

Sebagai negara berkembang dengan populasi besar di Asia Tenggara, stabilitas ekonomi Indonesia menjadi pilar utama dalam meningkatkan taraf hidup masyarakat. Namun, era globalisasi dan kemajuan teknologi telah memicu persaingan usaha yang ketat, yang seringkali berujung pada praktik persaingan usaha tidak sehat. Tujuan: Studi hukum ini bertujuan untuk menganalisis implementasi dan efektivitas Undang-Undang Nomor 5 Tahun 1999 tentang Larangan Praktek Monopoli dan Persaingan Usaha Tidak Sehat. Penelitian ini secara khusus menjelaskan klasifikasi monopoli guna membedakan antara praktik yang merugikan publik dengan monopoli yang diperbolehkan demi kesejahteraan umum. Metode: Penelitian ini menggunakan metode yuridis normatif dengan pendekatan perundang-undangan dan pendekatan konseptual. Hasil: Hasil penelitian menunjukkan bahwa implementasi UU No. 5 Tahun 1999 perlu ditingkatkan melalui penguatan regulasi dan penegakan hukum yang optimal untuk mengantisipasi dinamika praktik monopoli. Selain itu, efektivitas undang-undang ini sangat bergantung pada peningkatan koordinasi antarlembaga. Perbaikan iklim pengawasan dan koordinasi instansional menjadi kunci dalam menciptakan kepastian hukum dan iklim persaingan usaha yang sehat di Indonesia.

Kata Kunci: Kepastian Hukum, Praktik Monopoli, Persaingan Usaha Tidak Sehat, Penegakan Hukum, Indonesia.

A. Introduction

The Unitary State of the Republic of Indonesia is one of the largest countries in Southeast Asia and is also a developing nation in the region with a high population level. Therefore, Indonesia's economy must always remain strong to improve the standard of living of its people. The increasing emergence of new business actors inevitably leads to tighter competition among them, which is expected to drive economic development toward the realization of public welfare. Historically, Indonesian society has been known for its communal and cooperative spirit. Unhealthy competitive or unfair practices often have no place in our society, which values mutual cooperation.

However, in reality, the era of globalization and the advancement of science and technology has led to an increasing number of business actors competing to improve their respective standards of living, resulting in more instances of unhealthy business competition. One example of such unfair competition is business owners who are closely connected to or have ties with political elites, enjoying excessive privileges that lead to social disparities. The emergence of a small group of powerful business owners, unsupported by genuine entrepreneurial spirit, is one factor that makes the economy fragile and unable to compete healthily.

Business competition is one of the key factors in driving a nation's economy. Business competition (competition) can influence policies related to trade, industry, a conducive business climate, certainty and opportunities for business, efficiency, public interest, public welfare, and others. Economists argue that competition in market mechanisms encourages business actors to innovate, producing varied products at competitive prices, which benefits both producers and consumers. Competition is expected to allocate resources efficiently according to their intended purposes and improve public welfare (Scherer & Ross, 1990). Business competition laws in various countries generally focus on public interest and consumer welfare (Fox, 1999).

The need for competition policy and business competition law is a determining factor in the competition process. Competition law often states that the competition process is a more important focus than the protection of business actors themselves. Robert Bork, a prominent thinker and judge who laid much of the foundation for competition law, stated: "Why should we want to preserve competition anyway? The answer is simply that competition provides society with the maximum output that can be achieved at any given time with the resources at its command."

Under a competitive regime, productive resources are combined and separated, shuffled and reshuffled in search for greater profits through greater efficiency. Each productive resource moves to that employment, where the value of its marginal product, and hence the return paid to it, is greatest. Output is maximized because there is no possible rearrangement of resources that could increase the value to consumers of total output. Competition is desirable, therefore, because it assists in achieving a prosperous society and permits individual consumers to determine by their actions what goods and services they want most (Bork & Bowman, 1965).

Competition in the business world means efforts to gain profits in a market mechanism (Asch, 1983), where the end result is enjoyed by consumers in the form of low prices and product variety (Khemani, 1998). This rivalry forces firms to become efficient and offer greater choice at lower prices (OECD, 1996).

“A situation in a market in which firms or sellers independently strive for the patronage of buyers in order to achieve a particular business objective, e.g., profits, sales and/or market share. Competition in this context is often equated with rivalry. Competitive rivalry between firms can occur when there are two firms or many firms. This rivalry may take place in terms of price, quality, service or combinations of these and other factors, which customers may value. Competition is viewed as an important process by which firms are forced to become efficient and offer greater choice of products and services at lower prices. It gives rise to increased consumer welfare and allocative efficiency. It includes the concept of 'dynamic efficiency' by which firms engage in innovation and foster technological change and progress”

Business actors can influence the market and cause market distortions due to their behavior. Alfred Marshall, in the book by T. Burke et al., (1991) a prominent economist, proposed replacing the term competition with "economic freedom" to describe or support the positive goals of business competition. Therefore, competition is interpreted positively as a response to efforts to achieve equilibrium. Any economic system will face questions regarding production decisions (including quantity), what will be produced, how output is distributed, and how per capita growth is determined.

The drafting of the anti-monopoly law was part of an agreement between the International Monetary Fund (IMF) and the Government of the Republic of Indonesia on January 15, 1998. In this agreement, the IMF agreed to provide financial assistance to the Republic of Indonesia amounting to US\$ 43 billion, aimed at addressing the economic crisis, but with the condition that Indonesia implement certain economic and legal reforms. This necessitated the creation of an anti-monopoly law. However, the agreement with the IMF was not the sole reason for drafting the law. Since 1989, there had been intensive discussions in Indonesia about the need for anti-monopoly legislation.

The broad economic reforms, particularly regulatory policies implemented since the 1980s, over a 10-year period had created a situation deemed highly critical. Conglomerates controlled by certain families or political parties emerged, and these conglomerates were said to marginalize small and medium-sized businesses through harsh business practices and efforts to influence the drafting of laws and financial markets as much as possible (Burke et al., 1991).

These conglomerates were even protected by laws, such as cartels in cement, glass, wood, and paper, price fixing for cement, sugar, and rice, market entry restrictions for wood and motor vehicles, special licenses for cloves and wheat flour, taxes, customs, and credit in the aircraft and automotive industries. Against this backdrop, it was realized that dismantling the state-controlled economy and monopolistic companies alone was insufficient to build a competitive economy.

It was also recognized that the foundations for every anti-monopoly law are the very business actors who, sooner or later, undermine and avoid competitive pressures by forming agreements or mergers that hinder competition and abuse their dominant economic positions to the detriment of smaller businesses. The

state must ensure the integrity of the business competition process against interference from business actors by drafting laws that prohibit business actors from replacing newly abolished state trade barriers with private competition barriers (Lubis et al., 2017).

The early years of reform in Indonesia raised public concern over the fact that large companies, known as conglomerates, enjoyed the largest market share in the national economy. Through various means, they sought to influence government economic policies so they could control the supply of goods and services and set prices unilaterally, which naturally benefited them. Connections with state bureaucracies opened wide opportunities for them to become rent-seekers.

What they were actually doing was seeking rent-seeking opportunities from the government, granted in the form of licenses, concessions, and other privileges. This rent-seeking activity, according to economists William J. Baumol and Alan S. Blinder (1985), is one of the main sources of inefficiency in the economy and leads to a high-cost economy.

To understand the meaning of a legal regulation, it is necessary to first examine the principles and objectives behind its creation. The principles and objectives will reflect the form of regulation and the norms contained within it. Furthermore, understanding these legal norms will guide and influence the implementation and enforcement of the law. The principle of Law No. 5 of 1999, as regulated in Article 2, states:

“Business actors in Indonesia, in conducting their business activities, shall adhere to the principles of economic democracy while maintaining a balance between the interests of business actors and the public interest.”

The principle of economic democracy is an elaboration of Article 33 of the 1945 Constitution, and the scope of economic democracy as intended can be found in the explanation of Article 33 of the 1945 Constitution. Economic democracy can essentially be understood from the economic system as mandated in the Constitution.

In the Minutes of the BPUPKI Session on May 31, 1945, at the Pejambon Building in Jakarta, it can be seen that Supomo, as Chairman of the Constitutional Drafting Committee, rejected the individualism ideology and instead embraced the familial spirit found in Indonesian rural communities. Here, he followed the philosophical teachings of Hegel, Adam Müller, and Spinoza. Adam Müller was a follower of the German Neo-Romanticism movement, which arose as a reaction to the excesses of individualism from the French Revolution (Ibrahim, 2007).

The objectives of Law No. 5 of 1999, as regulated in Article 3, are:

1. To safeguard the public interest and enhance national economic efficiency as part of efforts to improve public welfare;
2. To create a conducive business climate through fair business competition regulations for large, medium, and small business actors;
3. To prevent monopolistic practices and/or unfair business competition arising from business actors; and
4. To achieve effectiveness and efficiency in business activities.

Two fundamental elements in determining ideal policy objectives for competition regulation are public interest and economic efficiency. These

elements are inherently embedded in the objectives of Law No. 5 of 1999. As mandated by Article 33, paragraph (1) of the 1945 Constitution, competition regulations are expected to foster economic democracy by ensuring a free and fair competition system that enhances public welfare and creates an efficient economic environment. This aligns with the preamble of the 1945 Constitution and the principles set forth in Article 3(a) and (b) of Law No. 5 of 1999. Consequently, this legal framework signifies equal opportunities for all business actors and the elimination of unfair restrictions, particularly the abuse of market power (Samah, 2015).

In this context, monopolies can be categorized into several forms: monopolies arising from superior skill—such as the state's granting of exclusive patent rights—and legal monopolies mandated by Article 33 of the 1945 Constitution. The latter requires the state to control essential natural resources and production sectors vital to the livelihoods of the public, as further regulated in Article 51 of Law No. 5 of 1999 (Malaka, 2014).

To address the legal challenges surrounding these issues, this research examines the oversight and enforcement of monopolistic regulations in Indonesia. Accordingly, the researcher proposes the title: 'A Legal Analysis of the Effectiveness of Indonesian Business Competition Law in Addressing Monopolistic Practices.' Based on this background, the research questions are formulated as follows:

1. How is Law No. 5 of 1999 implemented concerning monopolistic practices in Indonesia?
2. To what extent is the Business Competition Law effective in addressing monopolistic issues within the Indonesian market?"

B. Methods

The research related to the Legal Study on the Implementation and Effectiveness of Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition in Monopoly Issues in Indonesia is formulated using a specific research method, namely legal research examining documents or secondary data. In addition to using a specific research method, the research process employs a series of steps known as normative legal research, which includes several stages: research on legal principles, research on legal systematization, research on the level of legal synchronization, historical legal research, and comparative legal research. The approaches used by the researcher include a statutory approach, a conceptual approach, a case-based approach, and a comparative approach.

C. Finding and Discussion

1. Implementation of Law Number 5 of 1999 Regarding Monopolistic Practices In Indonesia

Etymologically, the word monopoly comes from the Greek words "Monos," meaning alone, and "polein," meaning seller. From these root words, people simply define monopoly as a condition where there is only one seller offering a particular good or service (Samah, 2015) .

A monopoly is formed when only one actor has exclusive control over the supply of goods and services in a market. Without competitors, a

monopoly or monopsony represents a concentration of market power in one hand. If, alongside this single dominant force, there are other competitors whose roles are insignificant, the market is considered monopolistic, as perfect monopolies are rarely found in reality. In practice, the term monopoly is also applied to actors who control the majority of a market. More loosely, the definition of monopoly also includes market structures where there may be several actors, but due to their dominant roles, the concentration of market power effectively lies with one actor (Margono, 2009).

Business actors in Indonesia, in conducting their business activities, adhere to the principles of economic democracy while maintaining a balance between the interests of business actors and the public interest. The Business Competition Law is Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, which aims to maintain a competitive market from the influence of agreements and conspiracies that tend to reduce or eliminate competition.

The primary concern of the Business Competition Law is promoting competition and strengthening consumer sovereignty (Ningrum, 2013). Monopoly is a key component that concentrates wealth in the hands of a few groups, thereby creating social and economic disparities.

Ownership and control of assets by individuals is permitted. However, when such freedom is exploited to create monopolistic practices that harm others, it becomes the duty and obligation of the state to intervene and correct (Malaka, 2014). Uncontrolled business competition fosters monopolistic practices as a system that contradicts the principles of competition itself.

The existence of monopoly in economic activities can occur in various forms, some detrimental and some beneficial to the economy of the people. Therefore, the meaning of each type of monopoly needs to be explained to distinguish which monopolies are prohibited because they harm society and which contribute positively to public welfare (Ibrahim, 2009)

The Anti-Monopoly Law was designed to correct the actions of economic groups that dominate the market. With their dominant positions, they can use their power for various interests that benefit their businesses. Thus, with the enactment of the Anti-Monopoly Law, there are legal corridors regulating unfair business competition among business actors.

Upon closer examination, the increase in market concentration can be attributed to several factors that lead to monopolistic practices, including the establishment of large industries with mass production technology, which easily creates monopolistic and oligopolistic market structures. Other factors include the high level of effective protection granted to large industries, exceeding the average for other industries, as well as easier access to natural resources (SDA) and human resources (SDM). Additionally, various barriers to new businesses contribute to this concentration.

As a result, business actors with such industries form groups and easily enter new markets, subsequently diversifying their businesses by leveraging their superior human and natural resources and the financial gains accumulated from existing markets.

Thus, oligopolistic and monopolistic market structures become inevitable, though not necessarily by design. Therefore, in developing and some emerging countries, such market structures need to be well-regulated to restore a more competitive market. One approach is to create an Anti-Monopoly Law, as currently applicable in Indonesia, which aims to dissolve oligopolistic or trust-based business groups but focuses primarily on being a legal tool to control the behavior of business groups that harm consumers (PN Palopo, N.d.)

Broadly, the types of unfair business competition in an economy are: (1) Cartels (horizontal barriers), (2) Exclusive dealing (vertical barriers), (3) Mergers, and (4) Monopolies.

The first type of unfair competition is cartels or horizontal barriers, which are written or unwritten agreements among several business actors to control the production or marketing of goods or services to achieve higher prices. Cartels ultimately aim to maximize profits for the involved business actors and are the most harmful form of competition barrier to society. Consequently, among Anti-Monopoly Laws in many countries, cartels are entirely prohibited because they can transform market structures into monopolistic ones.

Cartels can also involve market division or quotas for goods or services. In a thriving economy, cartels form easily but dissolve during economic recessions. Cartels also form more readily when the traded goods are mass-produced and homogeneous, making them easily substitutable while maintaining the market structure.

The second type of unfair competition is exclusive dealing, a vertical barrier involving agreements between producers or importers and retailers stipulating that retailers may only sell specific goods. For example, certain perfumes may only be sold in exclusive outlets. In such cases, retailers are prohibited from selling other goods except those specified by the producer or importer in the relevant market. Exclusive dealing can harm society and lead to monopolistic market structures.

The third type of unfair competition is mergers. Generally, a merger is defined as the consolidation of two or more business entities into one. A merger can become an acquisition if the consolidation is unwanted by the merged entity. The merger of two or more similar businesses creates horizontal integration, while the merger of businesses that supply others results in vertical integration. Although mergers or acquisitions can enhance the productivity of the new entity, they require oversight and control because they can concentrate power, influence market structures, and lead to monopolistic markets.

Unfair competition leads to monopolies. For economists, a monopoly is a market structure with only one producer or seller. For the public, a monopoly exists when a single producer or seller has monopolistic power, meaning the ability to dominate the market for the goods or services they trade. Thus, a monopoly is characterized by: (1) a single producer or seller, (2) no other producers offering suitable substitutes for the monopolist's product, and (3) barriers, whether natural, technical, or legal.

Considering the above, several factors can cause unfair competition, including: (1) trade policies, (2) government-granted monopoly rights, (3) investment policies, (4) tax policies, and (5) government price controls.

Law No. 5 of 1999 on monopoly regulation contains two groups of characteristics:

1. Provisions with a "rule of reason" characteristic; and
2. Provisions with a "per se illegal" characteristic.

The "rule of reason" means that business practices (whether agreements, activities, or dominant positions) are not automatically prohibited. Violations of provisions with this characteristic require proof, which must be presented by a panel handling the case formed by the Business Competition Supervisory Commission (KPPU). These provisions can be identified by phrases such as "which may result in monopolistic practices or unfair business competition."

"Per se illegal" refers to business practices that are explicitly and absolutely prohibited, leaving no room for justification (PN Palopo, N.d.). The implementation of Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition (Anti-Monopoly Law) in Indonesia aims to create healthy, conducive, and effective competition for economic efficiency. Before this law, unfair competition and economic power concentration among certain groups were rampant.

So, how is the Anti-Monopoly Law applied in monopoly issues in Indonesia? The implementing agency, the Business Competition Supervisory Commission (KPPU), is an independent institution established under Law No. 5 of 1999, with the primary task of overseeing the law's enforcement. The KPPU has broad quasi-judicial authority, including:

1. Assessing agreements and business activities that may lead to monopolistic practices or unfair competition;
2. Investigating and examining alleged violations;
3. Providing advice and recommendations to the government on policies related to monopolistic practices and unfair competition;
4. Imposing administrative sanctions on business actors proven to violate the law;
5. Receiving reports from the public and other business actors regarding alleged monopolistic practices or unfair competition.

Some of the prohibited provisions in this law include:

- 1) Prohibited Agreements:
 - a. Oligopoly: Agreements among business actors to control production or marketing of goods/services that may lead to monopoly or unfair competition (Article 4);
 - b. Price Fixing: Agreements to set prices for goods or services (Article 5);
 - c. Market Division: Agreements to divide marketing territories or allocate markets (Article 9);
 - d. Boycotts: Agreements to hinder other business actors (Article 10);
 - e. Cartels: Agreements to regulate production and/or marketing of goods/services to influence prices (Article 11);
 - f. Trusts: Agreements to form corporate groups that may lead to monopoly (Article 12);

- g. Oligopsony: Agreements to dominate the purchase of goods/services that may lead to unfair competition (Article 13);
- h. Vertical Integration: Agreements enabling a business actor to control the entire production/marketing chain (Article 14);
- i. Exclusive Dealing: Agreements restricting consumers from using other products (Article 15);
- j. Agreements with Foreign Parties: Agreements that may lead to monopoly or unfair competition in Indonesia (Article 16).

2) Pro Prohibited Activities:

- a. Monopoly: Dominating production and/or marketing of goods/services leading to monopolistic practices or unfair competition (Article 17);
- b. Monopsony: Dominating supply reception or being the sole buyer (Article 18);
- c. Market Dominance: Controlling market share exceeding certain limits or hindering competitors (Article 19);
- d. Collusion: Colluding in tenders or obtaining trade secrets of competitors (Article 22);
- e. Abuse of Dominant Position: Business actors are prohibited from abusing their dominant position to restrict markets, hinder competition, or discriminate (Article 25);
- f. Mergers, Consolidations, and Acquisitions: Prohibited if they may lead to monopolistic practices or unfair competition (Article 28).

Several Case Studies and Effectiveness of Law No. 5 of 1999:

- a. Since its enactment, the Anti-Monopoly Law has positively impacted Indonesia's business climate. The KPPU has actively handled various alleged violations, such as:
- b. Packaged Cooking Oil Sales Case: The KPPU investigated alleged monopolistic practices and unfair competition in packaged cooking oil sales, imposing fines on several reported parties;
- c. Online Transportation Application Case (e.g., Grab): The KPPU scrutinized alleged violations related to exclusive agreements and discriminatory service offerings;
- d. Telecommunications Case (e.g., IndiHome): Alleged tying practices through bundled services requiring customers to use multiple services simultaneously.

The implementation of Law No. 5 of 1999 faces several challenges, including:

- a. Effectiveness of Legal Sanctions: Some argue that the imposed sanctions are not yet optimally deterrent. The KPPU has proposed revisions to strengthen its authority and sanctions;
- b. Digital Market Dynamics: Rapid digital economic growth requires deep understanding and adaptation in competition law enforcement;
- c. Limited KPPU Resources: The KPPU often handles many cases with limited resources;
- d. Legal Culture Among Business Actors: Awareness of the importance of fair competition needs improvement;

- e. Despite challenges, the KPPU's central role in enforcing Law No. 5 of 1999 continues to promote healthy competition in Indonesia.

2. The Efficacy of Business Competition Law in Addressing Monopolistic Issues within the Indonesian Market.

Law No. 5 of 1999 is a legal product aimed at fostering public welfare through healthy competition without monopoly. According to Ketut Rindjin, this law emerged during Indonesia's economic downturn caused by widespread economic malpractice, leading to a multidimensional crisis (Rindjin, 2004). The law aims to achieve two efficiencies: producer efficiency (productive efficiency) and societal efficiency (allocative efficiency), ensuring goods and services are produced at low costs with minimal resources (Hayati, 2021).

The law was drafted with considerations such as economic development, equal opportunities for all citizens, and healthy and fair competition. Its regulations focus on three main areas: prohibited agreements, prohibited activities, and dominant positions. Prohibited agreements include oligopoly, price fixing, market division, boycotts, cartels, trusts, oligopsony, vertical integration, exclusive dealing, and agreements with foreign parties (Siraot, 2020). Prohibited activities encompass monopoly, monopsony, market dominance, and collusion. Dominant positions include holding multiple positions, share ownership, and mergers, consolidations, and acquisitions (Iyan, 2012).

Violations of these prohibitions may result in administrative sanctions, criminal penalties, or additional penalties. Administrative sanctions, under Article 47, include:

1. Cancellation of prohibited agreements (Articles 4–16);
2. Orders to cease vertical integration (Article 14);
3. Orders to stop activities causing monopoly or unfair competition;
4. Orders to cease abuse of dominant position;
5. Cancellation of mergers or acquisitions (Article 28);
6. Compensation payments;
7. Fines ranging from IDR 1 billion to IDR 25 billion.

Criminal sanctions, under Article 48, include:

1. Fines of IDR 25 billion to IDR 100 billion or imprisonment for up to 6 months for violations of Articles 4, 9–14, 16–19, 25, 27, and 28;
2. Fines of IDR 5 billion to IDR 25 billion or imprisonment for up to 5 months for violations of Articles 5–8, 15, 20–24, and 26;
3. Fines of IDR 1 billion to IDR 5 billion or imprisonment for up to 3 months for violations of Article 41.

Additional penalties, under Article 49, include:

1. Revocation of business licenses;
2. Prohibition from holding director or commissioner positions for 2 to 5 years;
3. Cessation of activities causing losses to others.

Despite its strengths, Law No. 5 of 1999 has shortcomings. Initially, it brought hope, but some provisions remain inadequate, hindering

enforcement against monopolistic practices. The law is currently under revision to address these issues, but the draft revision lacks clarity on investigation procedures, creating a legal vacuum in formal criminal processes for enforcing substantive law (Satria, 2017.)

Overall, the law has demonstrated reasonable effectiveness in regulating and curbing monopolistic practices in Indonesia. The KPPU, as the "gatekeeper" of competition, has brought significant changes and provided a strong legal foundation. However, effectiveness can still be improved (Hukum Online, n.d). Revisions are needed to strengthen the KPPU's authority (especially in investigations and sanctions), adapt to digital economic dynamics, and enhance inter-institutional coordination (Tarmizi, 2022)

D. Conclusion

Based on the research and discussion, the following conclusions can be drawn:

1. Implementation of Law No. 5 of 1999 Law No. 5 of 1999 serves as the primary legal instrument to foster healthy business competition and prevent the concentration of market power through monopolistic practices. In Indonesia, this regulation is implemented through the oversight of the Business Competition Supervisory Commission (KPPU), which is authorized to monitor market activities and impose sanctions on violators. While the law provides a robust framework for market regulation, its implementation remains a work in progress. Continuous improvement is necessary, particularly in strengthening the regulatory framework and optimizing law enforcement to preemptively address complex monopolistic trends.
2. Effectiveness and Future Challenges Overall, the Business Competition Law has been moderately effective in regulating market conduct and suppressing unfair practices. The KPPU's role as a competition watchdog has significantly shifted the national economic landscape toward a more competitive environment. However, to enhance its efficacy, several strategic measures are required: (1) strengthening the KPPU's legal authority to ensure more decisive enforcement, (2) adapting the law to the dynamics of the digital economy, and (3) improving inter-institutional coordination. These enhancements are vital to ensuring a fair, healthy, and sustainable competitive climate that supports Indonesia's long-term economic progress

E. Recommendations

Based on the findings of this study, the following strategic recommendations are proposed to enhance the competition law framework in Indonesia:

1. Strengthening Legal Implementation
 - a. Regulatory Harmonization: Harmonize Law No. 5 of 1999 with various sectoral regulations to eliminate legal overlaps and ensure a unified approach to competition oversight.

- b. Institutional Reinforcement: Strengthen the institutional independence and legal standing of the Business Competition Supervisory Commission (KPPU) to ensure more consistent and impartial law enforcement.
 - c. Public and Market Education: Intensify socialization and educational programs to improve legal awareness among business actors and the general public regarding fair competition standards.
 - d. Consumer-Centric Enforcement: Shift the focus of monopoly case handling toward the protection of consumer interests and the mitigation of negative market impacts.
2. Enhancing Policy Effectiveness
- a. Expansion of Investigative Authority: Amend existing legislation to grant the KPPU broader investigative powers, including the authority for searches and seizures, to improve the quality of evidence in competition cases.
 - b. Legislative Revision for the Digital Era: Update Law No. 5 of 1999 to clarify ambiguous provisions and address the unique challenges posed by the digital economy and platform-based monopolies.
 - c. Inter-Institutional Synergy: Establish a more robust coordination mechanism between the KPPU, the judiciary, and other law enforcement agencies to streamline the enforcement process.
 - d. Proactive Market Supervision: Implement a proactive market structure analysis to identify potential monopolistic tendencies at an early stage, preventing market distortions before they occur.

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