

KPPU's
Performance Report of 2009

Preface

In its activities as a supervisory agency, KPPU performs its functions in enforcing the law of business competition. The future performance assigned to this agency will cover the enhancement of awareness and the change of business conducts in decision makers and the improvement of economic performance in the form of welfare improvement.

In this context, priority program in 2009 was in strategic sectors with indicators as follows:

1. There was a phenomenon of price increase that had to be paid by customers, which increase could be classified as unreasonable (excessive).
2. There was scarcity or impediment in the supply that significantly resulted in instability of the market.
3. There was the monopolistic practice or misuse of market strength by business actors (particularly by State-Owned Enterprises/Region-Owned Enterprises).
4. There was allocation of licenses or concessions (rights of monopoly) from the government that was still less transparent and by means of quasi tender.

KPPU's steps were a series of program and planned and measured activities covering the following fields:

1. Industrial study;
2. Evaluation of policies;
3. Socialization and advocacy;
4. Granting of recommendations and considerations;
5. Law enforcement;
6. Inter-agency cooperation and coordination within and outside the country.

In the future, it is expected that KPPU will not only be a law upholding agency emphasizing only the number of fines or cases being handled but also on its role as the agent of change for business conduct of business actors.

The criteria of KPPU's success will not be on how many cases being handled but on the performance of its role in improving the people's welfare. Thus, taking actions in the form of punishment will be the ultimum remedium after efforts for awareness through advocacy of change in the conduct of business actors and policies of regulators have been exerted.

Therefore, the program and measures toward public awareness about the importance of law on competition and change of government policies in order to be in line with competition policy may not be abandoned. That is why the determination to realize KPPU as a center of knowledge is important as a capital to conduct advocacy and develop the law of competition better. KPPU's aspiration as a center of knowledge for the law of competition is also expected to be an instrument for establishing common awareness about the importance of fair business competition in the long run not only for present society but also for the next generation.

This KPPU's Performance Report of 2009 is a part of KPPU's accountability and determination to participate in implementing the law of business competition.

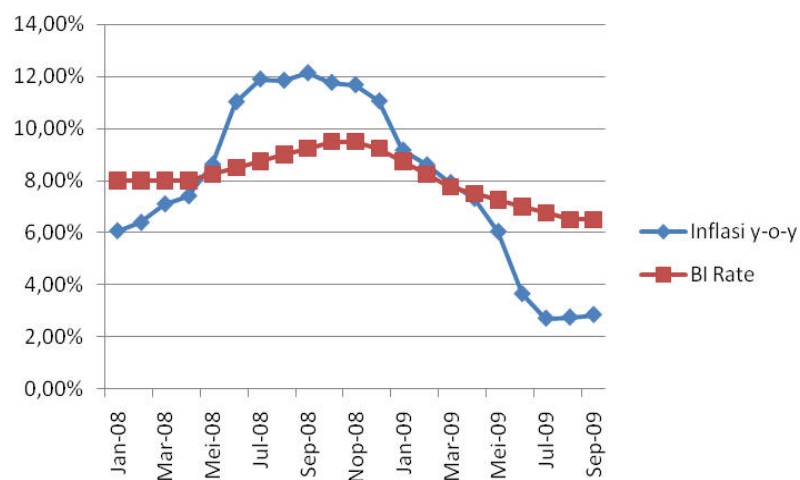
Chairman of KPPU,

Benny Pasaribu, Ph.D

Introduction

The global financial crisis of 2008 was more or less still influential to the movement of national economy in 2009. In 2007, the growth of the world's economy was quite high, i.e. 5.2%. In 2008, however, the growth of the world's economy slowed down to be 3%, and in the second semester of 2009 it even fell down to negative level of -1.1%. After the third quarter of 2009, however, the world's economy began to move back from depression due to the global financial crisis.

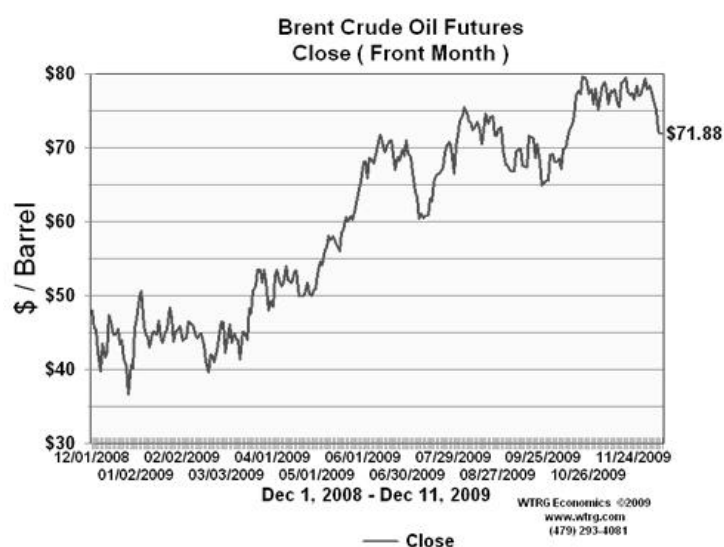
The impact of global crisis to Indonesian economy can be seen from the GDP growth value in the fourth quarter of 2008 that contracted -3.65%. At that time, the inflation was also quite high, reaching its peak in September 2008 of 12.14%. That condition forced Bank Indonesia as the financial authority to peg a quite high BI rate of 9.5% in November and Desember 2008. Also at that time, the national reserve of Indonesia had a decrease of USD 7 billion up to the level of USD 50.18 in November 2008.



Source: Coordinating Minister for Economy of the Republic of Indonesia

Indonesian economy recovered regularly in 2009 as seen from the economic growth of 1.68% in the first quarter and 2.35% in the second quarter. The year-on-year inflation level that already reached two digits in early 2009 declined slowly down to 2.83% in September. This caused Bank Indonesia encouraged to reduce its BI rate to be 6.5 in September 2009. The national reserve also

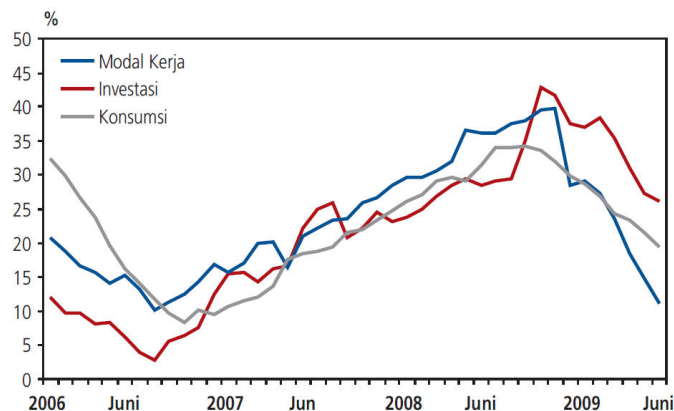
recovered and it was USD 62.28 in September 2009. Another quite significant factor was the decrease of the world's oil price that reached its lowest point of USD 38.45 per barrel, reducing fiscal pressure. Later, the government made use of this moment by reducing the price of subsidized oil fuels, namely low-octane gasoline, kerosene, and diesel oil for transportation. Meanwhile, in the first semester of 2009, the Jakarta Composite Index increased from Rp1,355 to Rp2,027 though there was a time it fell to its lowest level of Rp1,256 in March 2009.



Source: www.wtrg.com

Financial Sector

In general, the global crisis of 2008 did not significantly affect financial sector of Indonesia. In banking sector itself, the recovery from global financial crisis of 2008 was quite clear. The people had perception that banks were still a quite good place to invest funds. The data of Bank Indonesia showed that 15 big banks still controlled 71% of the total industrial assets with the value of Rp1,759.5 trillion. There was also an increase in the amount of third parties' funds (whether in the form of saving, deposit, or giro) collected by banks from the public as high as 4.1% reaching Rp1,842.3 trillion. From the perspective of credit, however, the impact of 2008's crisis was still felt with the slow growth of credit in early 2009. This was caused by the reducing business actors' need for credit in real sector, still high credit interest rate, and banks that were still wary in extending their credit. Up to October 2009, the growth of new credit was 4.2%.



Source: Bank Indonesia, 2009

Modal Kerja = Work Capital; *Investasi* = Investment; *Konsumsi* = Consumption;
Juni = June

Real Sector

In real sector, business actors are getting ready to evaluate their performance this year and preparing themselves to enter the year of 2010. At the end of 2009, Indonesian economy was felt improving. From the perspective of supply, several economic sectors increased in 2009 compared to those in the previous year, though the rate was not better than that of the last year.

Improvement in the first and second quarters of 2009 was expected to be continued in the next quarters. Such main sectors that contributed to GDP as processing industry, agriculture, and trade were contributing positively to GDP of 2009. These main sectors were estimated to improve in the fourth quarter of 2009. Performance of other sectors kept growing positively as well. The sector of building and the sector of electricity, gas, and water, and the sector of transportation and communications had a high rate of growth compared to other sectors.

From the perspective of demand, this can be perceived in the growth of GDP of use in the third quarter of 2009, when there was an increase of 3.9% compared to that in the previous quarter. Meanwhile, compared to the third quarter of 2008, Indonesia's GDP in the third quarter of 2009 had an increase of 4.2 %. In the fourth quarter of 2009, the household consumption was estimated to increase due to the thrust of seasonal factors just before the year end so that the GDP

was presumably growing. Bank Indonesia estimated that the GDP of the fourth quarter of 2009 had a growth of 4.8% (yoy). During the years of 2008 and 2009, the growth of yoy GDP of use had an increase of 4.0 – 6.4%.

Laju Pertumbuhan Produk Domestik Bruto Y ke Y Menurut Lapangan Usaha, 2008-2009 (Persen)

Lapangan Usaha	2008**				2009***	
	I	II	III	IV	I	II
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Pertanian, Peternakan, Kehutanan dan Perikanan	6.32	4.80	3.43	4.74	5.19	2.39
2. Pertambangan dan Penggalan	(1.65)	(0.45)	2.11	2.07	2.43	2.39
3. Industri Pengolahan	4.28	4.23	4.31	1.85	1.50	1.51
4. Listrik, Gas & Air Bersih	12.35	11.77	10.41	9.34	11.40	15.41
5. Konstruksi	8.01	8.12	7.57	5.67	6.30	6.37
6. Perdagangan, Hotel & Restoran	6.87	8.11	8.42	5.55	0.52	(0.10)
7. Pengangkutan dan Komunikasi	18.33	17.32	15.53	15.82	17.10	17.51
8. Keuangan, Real Estate & Jasa Perusahaan	8.34	8.66	8.60	7.42	6.27	5.35
9. Jasa-jasa	5.85	6.74	7.19	6.01	6.81	7.38
Produk Domestik Bruto	6.25	6.42	6.40	5.18	4.44	3.99
Produk Domestik Bruto Tanpa Migas	6.74	6.86	6.90	5.60	4.83	4.40

Sumber: BPS

** Angka Sangat Sementara

*** Angka Sangat Sangat Sementara

Laju Pertumbuhan Produk Domestik Bruto Y ke Y Menurut Lapangan Usaha, 2008-2009 (Persen) = Rate of y-o-y Growth of Gross Domestic Product by Business Field, 2008-2009 (Percent); Lapangan Usaha = Business Field; Pertanian, Peternakan, Kehutanan dan Perikanan = Agriculture, Animal Husbandry, Forestry and Fishery; Pertambangan dan Penggalan = Mining and Quarrying; Industri Pengolahan = Processing Industry; Listrik, Gas & Air Bersih = Electricity, Gas & Water; Konstruksi = Construction; Perdagangan, Hotel & Restoran = Trade, Hotels & Restaurants; Pengangkutan dan Komunikasi = Transportation and Communications; Keuangan, Real Estate & Jasa Perusahaan = Finance, Real Estate & Company Services; Jasa-jasa = Services; Produk Domestik Bruto = Gross Domestic Product; Produk Domestik Bruto Tanpa Migas = Non-Oil & Gas Gross Domestic Product; Sumber = Source, Angka Sangat Sementara = Very Temporary Figures; Angka Sangat Sangat Sementara = Very Very Temporary Figures.

From the perspective of distribution, the biggest contributing components to GDP were private consumption and export. Unrecovered economy of Indonesia's trading partner countries from the crisis of 2008 reduced the contribution of export to GDP. Household consumption expenditures in 2009 were supported by the events of legislative general election, presidential and vice-presidential general election as well as improvement in the people's income. There was also improvement in the sector of investment, mainly due to the improvement of domestic demand and conducive climate for business after the general election.

From the perspective of export-import, the improvement of global economy after the crisis of 2008 gave its contribution to the increase of export. However, according to the data of the Central Bureau of Statistics (BPS) in the third quarter, the y-o-y Indonesian export was still recorded decreasing 8.2% from the previous year. The contribution of Indonesia's non-oil & gas export was still accelerated by such primary commodities as coal or crude palm oil (CPO). From the perspective of import, BPS's data showed a decline of -18,3% in the third quarter compared to that of the previous year. However, improvement in the people's purchasing power and the demand for raw materials and capital goods for production activities, particularly in industrial sector, contributed to the improvement of import.

Indonesia's Economic Prospects in 2010

In the World Economic Outlook 2009, IMF provides illustration of the world's economic contraction of 1.4% in 2009. This is influenced by the contraction of economy of developed countries, whereas developing countries will keep growing though it will not be as high as that in the previous year. However, the estimation that the global economy will recover in 2010 is reasonable. The impact of economic stimulus package provided by each country will presumably be felt in that year, resulting in the economic performance of developing countries to grow about 4%, whereas developed countries have 0% growth or no growth at all. Therefore, the world's economic growth in 2010 according to IMF version for that purpose is projected 2.5%.

The growth of Indonesia's GDP so far has enhanced optimism that the economy in 2010 can be better. This optimism is important as encouragement for economic players to achieved targets that are already planned or to set better targets of achievement. In the Finance Bill of the State Budget, the government and Bank Indonesia has agreed on macro assumptions of 2010, i.e. economic growth level of 5%, inflation of 5%, 3-month Bank Indonesia Certificates of 6.5%, exchange rate of Rp10,000 per USD, oil price of USD 60, and oil lifting level of 0.960 million barrels per day. Those assumptions are based on the consideration of increasing activities of Indonesian economy in line with economic recovery from the storm of global financial crisis.

The recovery of Indonesian economy after the crisis of 2010 is presumably being perceived. It is expected that the economic growth can be achieved at a level higher than that in 2009. It is expected that the increase in the people's purchasing power will be realized in consumption as the stimulating machine for economic growth. In addition, the improvement of global economy is expected to rise the surplus of trading balance. From the perspective of investment, the government needs to make efforts to enhance the attractiveness of investment in regions. Meanwhile, the government's consumption is also expected to keep contributing significantly, among others with support for educational programs, bureaucratic reform, and the people's welfare.

Institutions	2009	2010
Bank Indonesia	3.5%	5.0%
Institute of International Finance	4.5%	5.5%
Indonesian Government	4.5%	5.5%
Asian Development Bank	4.3%	5.4%
World Bank	4.3%	5.4%
The Economist	4.2%	4.5%
International Monetary Fund	4.0%	4.8%
Ekonomist Faisal Basri	6.1%	4.7%

Based on the prediction of some institutions, Indonesian economy in 2009 would grow from 3.5 to 4.5%, whereas in 2010, in line with the recovery of Indonesian economy, the economy is predicted to grow from 4.5 to 5.5%.

Economic Sector	2010
Economic Sector	3.4 – 3.6%
Agriculture, Animal Husbandry and Forestry	0.4 - 1.6%
Mining and Quarrying	3.1 - 3.9%
Processing Industry	10.7 -11.2%
Electricity, Gas, and Water	6.9 - 7.2%
Construction	4.6 - 5.7%
Trade, Hotels & Restaurants	15.2 -16.6%

Economic Sector	2010
Transportation and Communications	6.5 - 6.9%
Finance, Real Estate and Company Services	6.5%
Services	5.4 - 5.9%

The growth of sectoral economy in 2010 will still be driven by the growth in the sector of electricity, gas, and water as well as transportation and communications. To that end, the government needs to pay attention to those sectors. KPPU can participate in its capacity to ensure the creation of fair business competition climate in those sectors.

Referring to one of the pillars of the National Medium Term Development Plan of 2010 – 2014, i.e. the strengthening of economic competitiveness, the roles and contribution of KPPU can be more synchronized with the government's economic programs and policies. Competitiveness is one of the main indicators of the world's economy reflecting how effective the management of economy and resources in each country is. In connection with that matter, the Indonesia's competitiveness in 2009 rose a rank higher than that of 2008, being 54th out of 55 countries.

From the index of competitiveness that constitutes the composite of various parameters, there are some sub-parameters related to business competition. Those sub-parameters are competition intensity in domestic market, existence of dominant position and the effectiveness of law and policies on anti-unfair business competition. Indonesia's rankings in terms of those three parameters are as follows:

Parameter	Ranks of 133 Countries	
	2008	2009
Intensity of Local competition	44	47
Extent of Market Dominance	28	34
Effectiveness of Antimonopoly Policy	29	30

Source: Processed from the Index of Competitiveness, 2008-2009

In terms of ranking, there was a little decline from 2008 to 2009. Overall, however, the majority of respondents and panel experts who are involved in the formulation of competitiveness index still put those three parameters in the category of competitive advantage. Therefore, it can be said that for the context of Indonesia, the competition is more intensive and the implementation of policies and law on competitiveness is relatively effective.

In connection with the improvement of competitiveness formulated by the National Development Planning Agency (BAPPENAS) as one of the pillars of the National Medium Term Development Plan of 2010 – 2014, there are several sub-activities as follows:

- Strengthening of manufacturing industry in line with the strengthening of agricultural and maritime development as well as development in other natural resources in line with regional potencies integratedly;
- Increasing development of science and technology;
- Accelerated development of infrastructures by intensifying cooperation between the government and the business world;
- Improvement of educational quality and relevance;
- Arrangement of economic institutions that stimulate public initiatives;
- Development of infrastructure network for transportation, post, and telematics;
- Increased utilization of renewable energy, particularly bioenergy, geothermal energy, water energy, wind energy, and solar energy for electricity;
- Development of water resources and development of housing and settlement;
- Maritime industry that covers sea transportation, maritime industry, fishery, marine tourism, energy and mineral resources to be developed in synergic, optimal, and sustainable manner.

Out of those points, there are several activities or programs that are very closely related to KPPU's effort to encourage fair business competition climate in Indonesia. The manufacturing industry strengthening program is very closely related to KPPU's effort to harmonize industrial policies, particularly from the perspectives of upstream industry and downstream industry. High concentration on one of the segments (either upstream or downstream) will result in inefficient

market and price so as to increase incentives for import. In a condition where the market is concentrated and the price is uncompetitive, it will be very expensive for Indonesia's economic players to conduct the activities of product further processing. In other words, it is easier to import raw materials or finished goods for end consumption. If the interconnection of upstream industry and downstream industry is very strong, then the added values from further processing of various manufacturing sector outputs will be enjoyed by economic players in Indonesia and will reduce demand for import goods, particularly half-finished and finished goods.

In addition to the strengthening of manufacturing industry, KPPU can also give contribution in the program of cooperation between the government and the business world in developing infrastructures. In this case, KPPU will optimize its advocacy function to smooth out the designing and implementation of public private partnership model, particularly in the process of operator selection through tender mechanism (competition for the market) as well as arrangement and fixing of quality and price standards. This is also related to economic institutions strengthening program by encouraging public participation. This program is also related to other programs, i.e. development of infrastructure networks for transportation, post and telecommunication as well as information.

KPPU has several times provided recommendations and considerations to the government about the necessary separation of operator and regulator, particularly for sectors related to public services such as harbors, airports, and the like. By the separated functions, the entry barrier will be minimized, the opportunity for private sector will be more open, the function and quality of regulation will be better and more importantly, the function of supervision over and services to using consumers will be enhanced. In addition, KPPU has made coordination with the Ministry of Communications and Information and the Indonesian Broadcasting Commission (KPI), particularly related to the implementation of competition policies in broadcasting industry and ICT as well as the trend in convergence of regulations for the sector of ICT.

Through some sub-programs mentioned above, it is evident that KPPU's roles and contribution in the next five years will be more strategic. In order to have

synchronization with government programs as outlined in the National Medium Term Development Plan of 2010-2014, KPPU will focus on several sectors of public services and infrastructures as well as the sector of highly concentrated manufacturing industry. In this case, KPPU will more optimize its function of advocacy and recommended considerations to achieve maximum results before using repressive function of law enforcement. Through KPPU's contribution, it is expected that there will be more significant improvement in the rank of Indonesia's competitiveness as measured in the competitiveness index formulated by the World Economic Forum.

Footprint of 2009

The end of the year of 2009, which signifies one decade of Law No. 5/1999 and when KPPU has been performing its duties in upholding the law of business competition in Indonesia for nine years, is characterized by various achievements and successes of KPPU in its struggling to realize clean and fair business climate.

As mandated by law, KPPU has duties and authorities to prevent and take action against violation of law of business competition and provide recommendations and considerations to the government and relevant state agencies. Despite facing various constraints, KPPU has exerted various efforts to uphold the law of competition in Indonesia. Moreover, in its age that is only nine years, an institution of UN, i.e. IGE-UNCTAD, has granted an award and appreciation to KPPU for its good performance in the implementation of law and policies on competition in Indonesia. KPPU is called a portrait of “how a young and dynamic competition authority can be a model for other countries”.

After nine years upholding the law on business competition, KPPU has recorded that up to 84% of the cases handled are dominated by tender conspiracies, particularly with regard to various tenders in government agencies, containing very big potency to fertilize collusion and corruption. Besides tender conspiracies, there is also the conduct of cartel, misuse of dominant positions, merger and acquisition, and other forms of conspiracy conducted by business actors with the expectation to obtain supernormal benefits. It is through these supernormal benefits that business actors are able to set aside a quite significant amount as potential funds to conduct practices of corruption in order to maintain status quo or even business expansion. As such, the individual officials concerned will be stronger and wealthier by the gifts from related business actors. Policies and regulations are used as tools to enrich themselves and maintain their power. There it goes on and on by means of win-win principle so as to be vicious circles that cannot be easily broken.

Efforts for upholding the law on fair business competition will be the realization of a level playing field. Government policies and regulations will also pay more attention to the accessibility, treatment, and equal opportunities for business actors without discrimination. The people will certainly be more prosperous due to being able to save expenditures or income saving and make rational choices in the market. Meanwhile, the business world will be able to grow bigger if the competition climate is healthier in that competition will promote efficiency, productivity, and competitiveness. Business actors will still gain benefits but at a reasonable and sustainable level. Thereafter, with profit at a reasonable level, it is less possible for business actors to bribe relevant officials.

As the efforts to confirm commitment of promoting (1) improvement of awareness and change in conduct of the people and decision makers; (2) improvement of the people's welfare; (3) equality; and (4) opportunity, in this year of 2009 KPPU has already determined a number of priority programs as part of the efforts to maintain public interest, namely on supervision over strategic sectors with certain indications as follows:

1. Unreasonable (excessive) pricing.
2. Scarce supply of goods/services.
3. Low public services by State-Owned Enterprises/Region-Owned Enterprises that have rights of monopoly or over 50% of market segment control.
4. Low competition in the granting of concessions/licenses and rights of monopoly by the government, including in the procurement of goods/services.

KPPU expects, at the end of 2009, those priority programs would result in quite significant changes in strategic sectors in the form of decreasing fares/prices, smoother supply and distribution, improving quality of public services, and more transparent and competitive procurement of goods and services as well as granting of business licenses.

Meanwhile, supervision in this year of 2009 was focused on the sector of strategic economy that indicates monopolistic practices and/or unfair business competition such as infrastructures, energy, upstream and downstream oil and

gas, transportation and logistics, public health services, agricultural sector including agroindustry, and Small & Medium Enterprises (UKM).

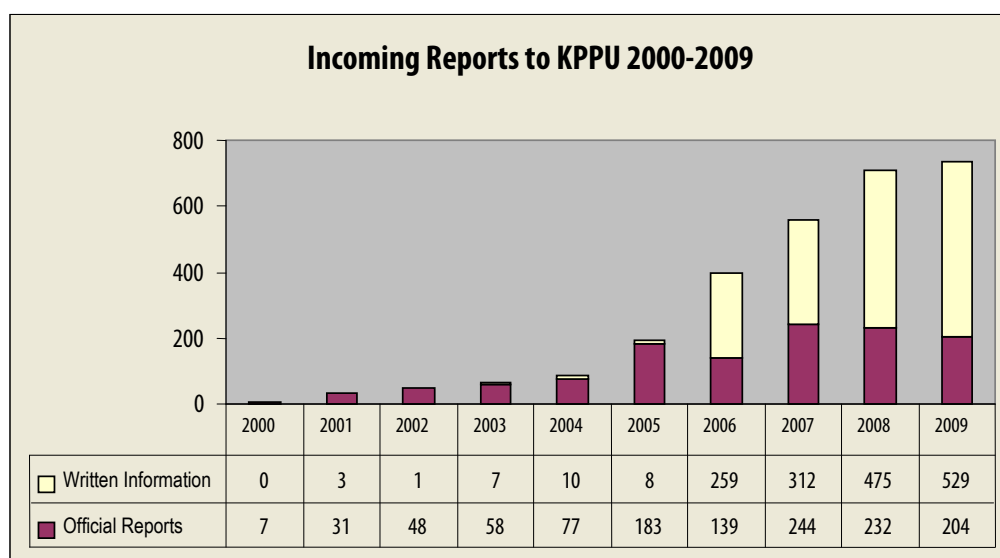
In order to support the commitment for and perform the function of this supervision, KPPU has carried out six (6) measured activities where the outputs were generally increasing. Those activities were:

1. Law enforcement;
2. Industrial study;
3. Evaluation of policies;
4. Granting of recommendations and considerations;
5. Socialization and advocacy;
6. Inter-agency cooperation and coordination within and outside the country.

Below is the description of each of KPPU's outputs during the year of 2009:

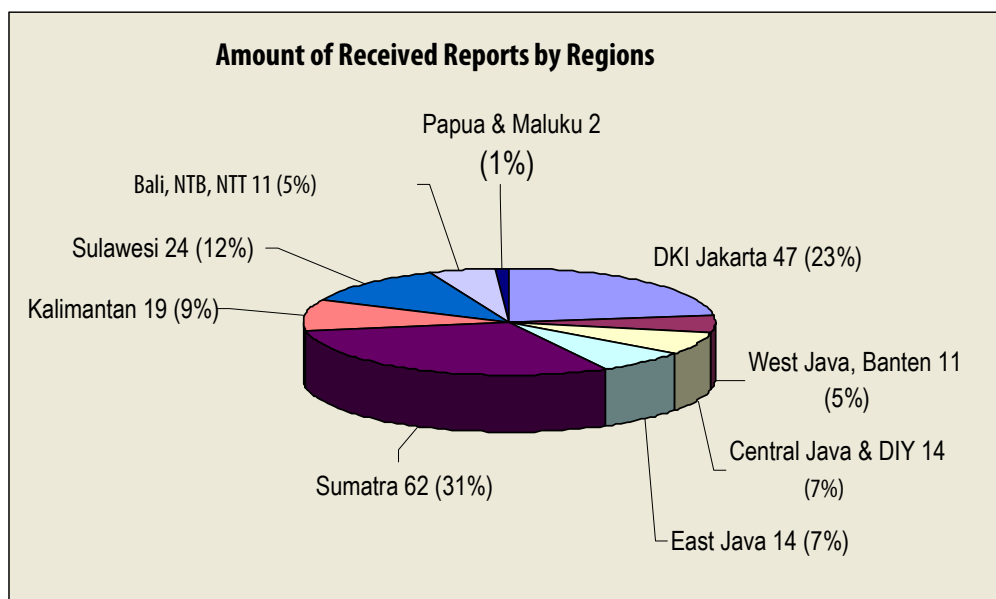
1. Law Enforcement

For nine (9) of its establishment, KPPU has showed increasingly improved outputs of activities in law enforcement. The data shows that in terms of report handling, KPPU has received two types of reports, i.e. 2,827 written reports and written information, whereas in this year of 2009, up to December, KPPU has received 733 reports from various regions. Those reports consisted of 204 written reports and 529 written information. It meant an increase being compared to 707 reports of the last year.

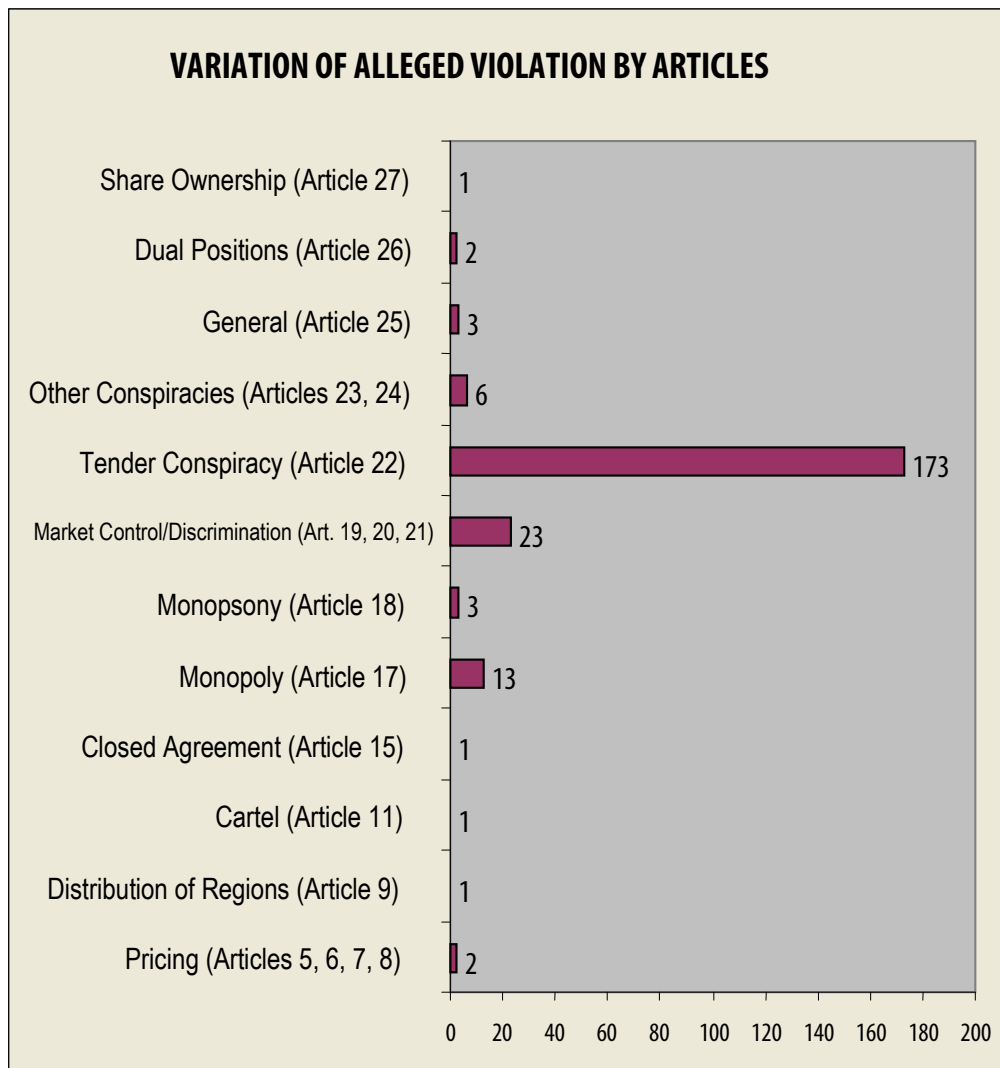


It is evident from the graph that written reports are less than that those of the last year, which were up to 232 reports. This was because the public preferred to provide written information as showed by the increasing amount of written information compared to that of the last year.

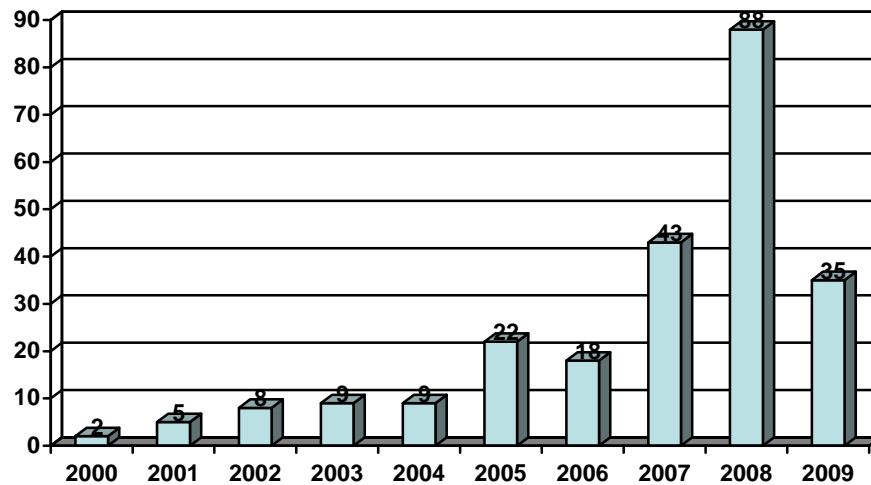
With regard to regions of origin, the most reports have come from the region of Sumatra as can be seen in the following graph:



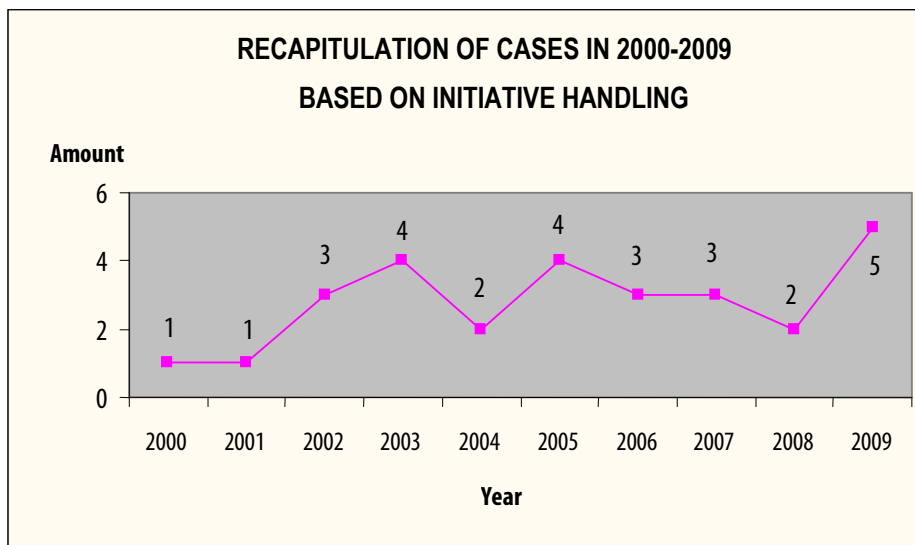
With regard to the types of alleged articles being reported, the incoming reports to KPPU were still dominated by those on tender conspiracies, i.e. 84.8% or 173 out of 204 written reports. In the last three years, the types of reports have been more various. This shows that the public has increasingly understood that KPPU is an agency that does not only supervise tender conspiracies. This is evident from the reports about merger, consolidation, acquisition, share ownership, dual positions, monopsony, closed agreement, and so forth, as in the following graph:



Meanwhile, in the handling of cases, during the period of January up to December 2009, KPPU handled 35 cases, covering 30 cases originating from the public and five (5) initiative cases. In this month of December, KPPU is handling 20 cases that are still in the stage of examination.



As information, this year, the amount of initiative cases rises quite significantly compared to those of year 2008. This is because KPPU has owned quite adequate human resources to conduct supervision and research on the occurring issues of business competition.



In 2009, KPPU pronounced decisions on 12 cases, i.e. 10 cases on alleged tender conspiracies and two (2) non-tender cases. Those decisions were:

1. Case Number 34/KPPU-L/2008 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Conspiracies in Tender Process for the Procurement of Construction Goods/Services in the Public Works Services of Kepahiang Regency, Bengkulu in the Budget Year of 2007.

2. Case Number 38/KPPU-L/2008 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Tender for Improvement of Main/Connecting Road of Beras Jiring-UPT Binangon, Muara Komam Subdistrict in the Manpower and Transmigration Services of East Kalimantan Province in the Budget Year of 2007.
3. Case Number 39/KPPU-L/2008 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Tender for Procurement of Teaching Tools, Books of Enrichment/Reference, and Multi Media Facilities in Education Services of Madiun City in the Budget Year of 2007.
4. Case Number 41/KPPU-L/2008 on Alleged Violation of Law No. 5/1999 in connection with Alleged Conspiracies in Tender for Procurement of TV Sets, DVD Players and Antennae in Education Services of North Sumatra Province in the Budget Year of 2007.
5. Case Number 42/KPPU-L/2008 on Alleged Violation of Law No. 5/1999 in connection with Alleged Conspiracies in Tender for Procurement and Installation of Road Markings to the Length of 55,000 Meters at Traffic and Road Transportation Development Work Unit of East Java Province in the Budget Year of 2007.
6. Case Number 43/KPPU-L/2008 on Alleged Violation of Law of No. 5/1999 in connection with Tender for Construction of High School/Vocational School Building, Rehabilitation Work Package for SMK 4 Jl. KH. Achmad Dahlan in Settlement and Development Services of Samarinda City in the Budget Year of 2007.
7. Case Number 45/KPPU-L/2008 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Tender Process for Procurement and/or Multiplication of Modules/Books for Out-of-School Education in Educational and Cultural Services of East Java Province in the Budget Year of 2007.
8. Case Number 47/KPPU-L/2008 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Conspiracies in Tender for the Project of National Information Communication Technology Human Resources Development (NICT-HRD) in 2007.
9. Case Number 49/KPPU-L/2008 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Tender for Procurement of Medical

Equipment of Polysomnograph (PSG) at Duren Sawit Hospital by Health Services of DKI Jakarta Province in the Budget Year of 2007.

10. Case Number 53/KPPU-L/2008 on Alleged Violation of Article 9 of Law No. 5/1999 in connection with Distribution of Regions Conducted by Indonesian Electrical and Mechanical Contractors Association (AKLI).
11. Case Number 57/KPPU-L/2008 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Procurement of Materials for Preparing MFO-nization of MAK 8M 453 AK NS Machine: 26841 s/d 26844 PLTD Tenau PT PLN (Persero) NTT Area of Kupang Branch in the Year of 2007.
12. Case Number 58/KPPU-L/2008 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Tender for Hall Construction (Contracting) Services in Sumatra River Area VI in the Budget Year of 2007.
13. Case Number 60/KPPU-L/2008 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Tender for Procurement of Pipes and Accessories in PDAM Tirta Raharja of Bandung Regency in the Budget Year of 2008.
14. Case Number 62/KPPU-L/2008 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Tender for Procurement of Goods/Services in the Construction of SNVT Roads and Bridges in Sumbawa, Improvement Package of Sejongong Tetar Lunyuk Road in the Budget Year of 2008.
15. Case Number 64/KPPU-L/2008 on Alleged Violation of Article 22 of Law No. 5/1999 on Tender for Procurement of Government's Goods/Services in the Control of Flood and Improvement of River in Pontianak City in the Budget Year of 2008.
16. Case Number 65/KPPU-L/2008 on Alleged Violation of Article 15 paragraph (2), Article 17 paragraph (1) and Article 25 paragraph (1) letter a of Law No. 5/1999 in connection with Check-In Counter Facility Services in Juanda Airport of Surabaya.
17. Case Number 66/KPPU-L/2008 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Conspiracies in the Process of Tender for Development of Means and Infrastructures for National Sports Week (PON) XVII of 2008 Work Package for Construction of Gantole Arena in

Public Works Services of Kutai Kertanegara Regency in the Budget Year of 2008.

18. Case Number 67/KPPU-L/2008 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Tender for Procurement and Installation of Traffic Safety Facilities in the Work Unit for Traffic and Road Transportation Development of South Kalimantan in the State Budget Fund of Year 2007.
19. Case Number 01/KPPU-L/2009 on Alleged Conspiracies in connection with Tender for Package Work of Hydro Micro Electric Power Plant, Solar Electric Power Plant, Wind Electric Power Plant in the Budget Year of 2008, Directorate General of Electricity and Energy Utilization, Ministry of Energy and Mineral Resources.
20. Case Number 02/KPPU-L/2009 on Alleged Violation of Law No. 5/1999 in connection with Conspiracies in Tender for Interior and Furniture Works in Riau Library Building Construction – Office Building Construction Activities (Riau-Multiyears Library Building) in the Circle of Settlement and Infrastructure Services of Riau Province Area in the Field of Work Creation in the Budget Year of 2008.
21. Case Number 03/KPPU-L/2009 on Alleged Violation of Law No. 5/1999 in connection with Conspiracies in Tender for Periodical Maintenance Project of Side Street of Kota Pinang-Tapsel Border in Labuhan Batu Regency in the Budget Year of 2008.
22. Case Number 04/KPPU-L/2009 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Tender for Building Cleaning and Internal Services in Duri Damai (Package I-No:5453-XK) and Rumbai-Minas (Package II-No.5454-XK) in the Circle of PT Chevron Pacific Indonesia.
23. Case Number 05/KPPU-L/2009 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Tender for Event Organizer (EO) Activities in SMK National Level Student Skills Competition (LKS) in Education Services of South Sulawesi Province in the Budget Year of 2008.
24. Case Number 06/KPPU-L/2009 on Alleged Conspiracies in connection with Tender for Work Package of Replacement of Concrete Bridge of Padang Rejo A1 Village, Casting of Tanah Mas Street in Talang Kelapa Subdistrict and Casting of Serasi II Street in Talang Kelapa Subdistrict, South Sumatra Province.

25. Case Number 07/KPPU-L/2009 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Tender for Construction of Irrigation Dam of Sei Lapan Stage I, Sei Lapan Subdistrict and Construction of Outer Ring Road of Pangkalan Brandan Stage I, Babalan Subdistrict in Services.
26. Case Number 08/KPPU-L/2009 on Alleged Conspiracies in connection with Tender for Procurement and Construction of Distribution Station/Transformator, HUTM, and HUTR in North Sumatra in the Ministry of Energy and Mineral Resources, Directorate General of Electricity and Energy Utilization, Rural Electricity Work Unit of North Sumatra.
27. Case Number 09/KPPU-L/2009 on Alleged Violation in connection with Alleged Monopoly Practice and/or Unfair Business Competition in the Acquisition of PT Alfa Retailindo by PT Carrefour Indonesia.
28. Case Number 10/KPPU-L/2009 on Alleged Violation of Law No. 5/1999 in connection with Arrangement of Fee (Commission) in the Sale of Flight Tickets to Sub-Agents by Ticketing Agents Association (ASATIN) in Nusa Tenggara Barat (NTB).
29. Case Number 11/KPPU-L/2009 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Tender for Optimization Work of WTP from (2x20) Litres/Second to 100 Litres/Second in UPT-AB of Siak Regency and Optimization of Water Treatment Installation in UPT-AB of Mempura Subdistrict in the Public Works Services of Regional Settlement and Infrastructures, Siak Regency, Riau Province, in the Budget Year of 2008.
30. Case Number 13/KPPU-L/2009 on Alleged Violation of Article 22 of Law No. 5/1999 in connection with Tender for Renovation Work of Rindu B Building of H. Adam Malik Medan Central General Hospital in the Budget Year of 2008.

2. Industrial study

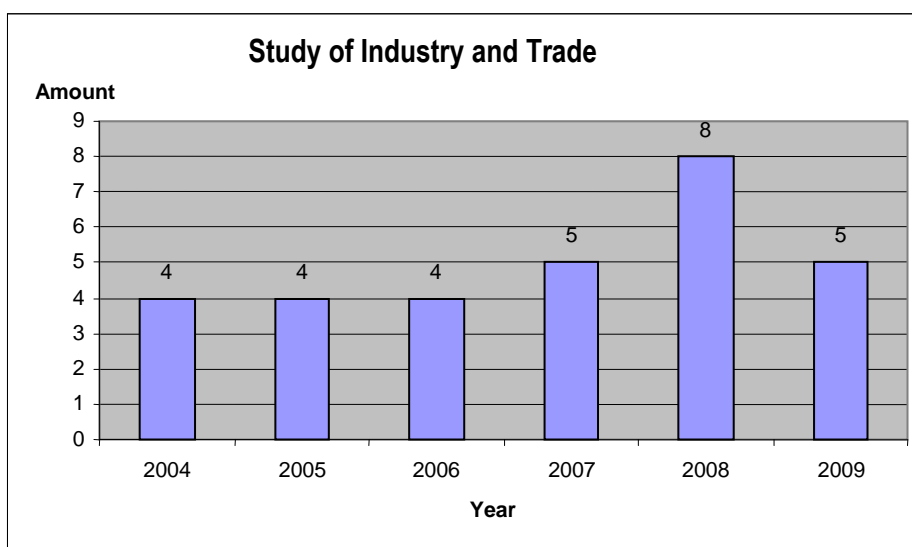
a. Review on Business Competition in the Sector of Industry and Trade

In 2009, KPPU finished five (5) studies, i.e.:

1. Study on the Position and Roles of State-Owned Enterprises in Indonesian Economy;
2. Study on Financing and Insurance;
3. Study on Health Services;
4. Study on Electric Power;

5. Study on the Position of Business Competition in Indonesian Economy.

In the period of 2000-2009, KPPU conducted 30 studies on industry and trade. The studied industry was the sector of strategic industry related to business competition issues and/or having potency for the occurrence of unfair business competition practices.



b. Activities of Analysis on Business Actors' Strategies in the Perspective of Business Competition

With regard to activities of analysis on business actors' strategies, the Commission has decided two themes that would be analyzed, i.e. strategies related to dominant position and bundling strategies in the sector of ICT. Both themes were decided with consideration that more business actors were implementing both types of strategy. It should be anticipated considering that both strategies had two sides of impact, i.e. positive side in that it could improve efficiency and consumer welfare, but on the other side there might be negative impact to competition climate (lessening competition).

Besides conducting industrial study, KPPU also conducted monitoring activities over business actors. In this year, KPPU finished 25 monitoring

activities in Jakarta Central KPPU and 10 monitoring activities in Regional Representative Offices.

Monitoring Activities by Central KPPU:

1. Monitoring over Alleged Pricing in the Sale of Non-Subsidy Fuel Oil;
2. Monitoring over Alleged Cartel and Pricing in Edible Oil Industry in Indonesia;
3. Monitoring over Alleged Monopolistic Practices in LPG Distribution;
4. Monitoring over Alleged Cartel in Cement Trading;
5. Monitoring over Alleged Monopolistic Practices in Central Java Power (Tanjung Jati B);
6. Monitoring over Alleged Monopolistic Practices in the Pricing of Air Fares and Fuel Surcharge;
7. Monitoring over Alleged Monopolistic Practices by PLN in the Procurement of Fuel;
8. Monitoring over Alleged Monopolistic Practices in Taxi Services in Semarang;
9. Monitoring over Alleged Monopolistic Practices in Taxi Services in Jakarta;
10. Monitoring over Alleged Monopolistic Practices in Fertilizer Industry;
11. Monitoring over Alleged Monopolistic Practices in Pharmaceutical Industry;
12. Monitoring over Alleged Monopolistic Practices in Cow Meat Trading;
13. Monitoring over Alleged Monopolistic Practices in Soya Bean Industry in Indonesia;
14. Monitoring over Monopolistic Practices in Milk Processing Industry (IPS);
15. Monitoring over Alleged Monopolistic Practices in National Film Distribution;
16. Monitoring over Alleged Cartel and Distribution of Regions in Book Industry in Indonesia;
17. Monitoring over Alleged Monopolistic and Discrimination Practices in Chlorine Industry in Indonesia;
18. Monitoring over Alleged Monopolistic Practices in Book Industry in Indonesia;

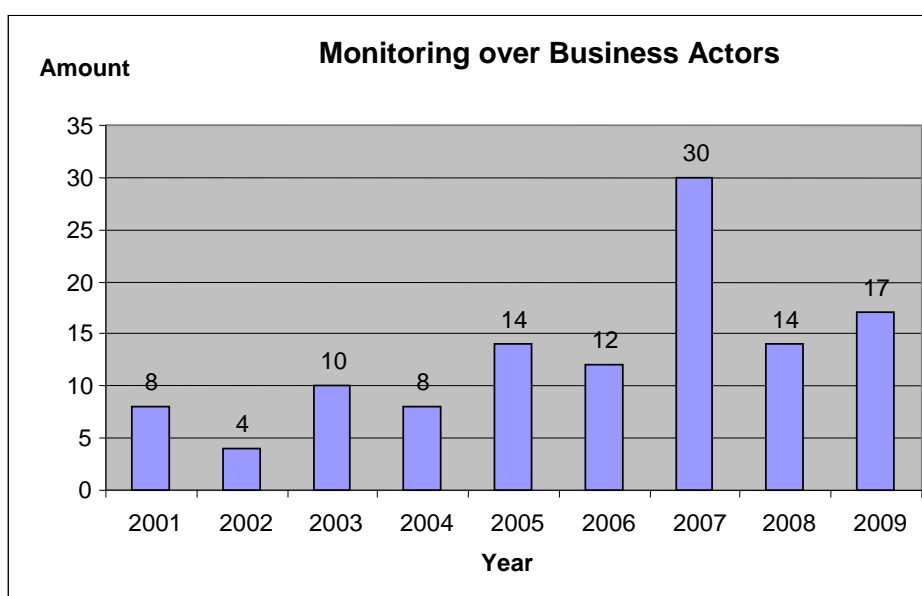
19. Monitoring over Alleged Monopolistic Practices in Pulp & Paper Industry in Indonesia;
20. Monitoring over Alleged Monopolistic Practices in Refined Sugar and Consumption Sugar Industry in Indonesia;
21. Monitoring over Alleged Monopolistic Practices in Day Old Chick/DOC Industry;
22. Monitoring over Alleged Monopolistic Practices in Banking Industry in Indonesia;
23. Monitoring over Alleged Monopolistic Practices in Hypermarket Retail Industry in Indonesia;
24. Monitoring over Alleged Monopolistic Practices in the Organization of Jakarta Fair (PRJ);
25. Monitoring over Alleged Monopolistic Practices in the Tender of Donggi-Senoro.

Monitoring Activities by KPPU's Regional Representative Offices (KPD):

1. Monitoring over Alleged Monopolistic Practices in Airport Taxi Services conducted by Koperasi Taksi Bandar Udara (Kopsidar) in Hasanuddin Airport of Makassar;
2. Monitoring over Alleged Monopolistic Practices in Airport Taxi Services conducted by Primer Koperasi Angkatan Laut (Primkopal) Juanda in Juanda Airport of Surabaya;
3. Monitoring over Alleged Monopolistic Practices in Harbor Loading and Unloading Services of KPD Surabaya Work Area;
4. Monitoring over Alleged Monopolistic Practices in Harbor Loading and Unloading Services of KPD Medan Work Area;
5. Monitoring over Alleged Monopolistic Practices in Harbor Loading and Unloading Services of KPD Batam Work Area;
6. Monitoring over Alleged Monopolistic Practices in Harbor Loading and Unloading Services of KPD Balikpapan Work Area;
7. Monitoring over Alleged Monopolistic Practices in Harbor Loading and Unloading Services of KPD Makassar Work Area;
8. Monitoring over Alleged Monopolistic Practices in Coffee Processing Industry in North Sumatra, Nanggroe Aceh Darussalam, and West Sumatra;

9. Monitoring over Alleged Monopolistic Practices in the Distribution of Fertilizers in East Indonesia;
10. Monitoring over Alleged Monopolistic Practices in Tender for Development of Riau Islands Province Capital Region in Dompak Island.

In the period of 2000 - 2009, KPPU conducted 117 monitoring activities over business actors as showed by the following graph:



3. Evaluation of Policies

In the period of January–December 2009, KPPU scheduled 18 policy evaluation programs. Those policy evaluation activities were as follows:

No.	Sector / Commodity	Focus of Study
1	Sugar	SK 527/MPP/2004 on Import Trading was the policy behind this study. In addition, development in sugar commodity, particularly related to price, was one of the main concerns in this evaluation.
2	Flour Industry	Re-application of Mandatory Indonesian National Standard (SNI Wajib) on flour related to fortification issues in 2008. Later, development in this industry was

No.	Sector / Commodity	Focus of Study
		continuously observed, particularly in connection with the structure of this industry, into which new investments have entered in the last several years.
3	Fishery Industry	Regulation of the Minister of Marine Affairs and Fishery No. 05/2008 on Capture Fishery Business that requires recommendations of the association as a licensing requirement. Evaluation was conducted to measure the impact of that regulation to business competition climate.
4	Pharmaceuticals	Regulation of the Minister of Health 1010 of 2008 on registration of medicines requiring that medicines may only be registered by producers. Evaluation was conducted to identify the impact of that policy to business competition climate.
5	Land Transportation	Government policy that hands over the management of land transporation mode infrastructures to private parties. Evaluation was conducted to identify the impact of that policy to business competition climate.
6	Land Transportation Insurance	There was monopoly of land transporation insurance by PT. Jasa Raharja based on Decree of the Minister of Income, Funding and Supervision Affairs of the Republic of Indonesia No. BAPN 1-3-3 dated 30th March 1965. Evaluation was conducted to identify the impact of that regulation to business competition climate.
7	Edible Oil	There was a phenomenon of reducing input price in edible industry that was not

No.	Sector / Commodity	Focus of Study
		proportionally responded by reduction in the price of edible oil. In addition, the evaluation was conducted to evaluate the effectiveness of policy on price stabilization by the government and the impact thereof to business competition climate.
8	Mineral and Coal	Enforcement of Law No. 4 of 2009 on Mineral and Coal Mining in lieu of Law No. 11 of 1967. Evaluation was conducted to identify the interconnection of that law and business competition aspects.
9	Government procurement related to management by private parties	Evaluation on government policies in granting rights of asset management from the government to private parties. In this case, the focus was on harbor management as regulated in Law 17 of 2008 on Shipping.
10	Retail Industry	Implementation of marketing policies, i.e. Presidential Regulation 112/07 and Regulation of the Minister of Trade 53/08, particularly in regions, where there is bigger authority to regulate retail sector covering the issues of zoning, licensing, and business opening hours.
11	LPG Industry	Analyzing Regulation of the Minister of Energy and Mineral Resources on LPG Trading based on the perspective of business competition.
12	Fishery	Analyzing the industry of cluster and HP3 fishery and policies set forth in Law 27/04.
13	Shipping	Analyzing Government Regulation 61/09 on Harbor Affairs based on the perspective

No.	Sector / Commodity	Focus of Study
		of business competition.
14	Oil and Gas Upstream Supporting Industry	Conducting oil and gas upstream supporting industry mapping and analyzing policies related to tender for procurement of goods and services in KKKS as set forth in the First Revision of PTK 007 of 2009.
15	Promotional Expenditures	Analyzing PMK 104/08 and analyzing its impact to cigarette and pharmaceutical companies.
16	Cost Recovery	Observing the development of policies related to cost recovery, i.e. Government Regulation on Cost Recovery and analysis in control to cost recovery conducted by KKKS.
17	Animal Husbandry and Poultry	Analyzing Law on Animal Husbandry with indication that it was partial to certain business actors and detrimental to small business actors. This study also analyzed whether there were other constraints in that law.
18	Automotive Industry	Conducting automotive industry mapping and observing the development of policies in that industry.

4. Provision of Recommendations and Considerations

As the final results of evaluation on government policies, KPPU has provided recommendations and considerations to the government covering various economic sectors. Thanks to intensive cooperation and coordination with the government, most KPPU's recommendations and considerations have been positively responded, in the sense that there have been amended policies that are more suitable to fair competition principles. KPPU has issued 76 recommendations; and, in 2009, there

were 12 letters of recommendations and considerations provided to the government agencies in the strategic sectors concerned, namely:

- a. Letter Number 107/K/II/2009 dated 16th February 2009 concerning Policies in LPG Sector;
- b. Letter Number 114/K/II/2009 dated 27th February 2009 concerning Policies in Trading Standardization of Duck Feather in East Java Region;
- c. Letter Number 143/K/III/2009 dated 19th March 2009 concerning Letter of Response from the Mayor of Makassar No. 555/059/Ekbang/II/2009;
- d. Letter Number 296/K/V/2009 dated 12nd May 2009 concerning Government Policies in Cacao Industry;
- e. Letter Number 408/K/VI/2009 dated 18th June 2009 concerning Policies on Integrated Telecommunication Tower Construction;
- f. Letter Number 547/K/VII/2009 concerning Policies on Taxi Fares and Licensing of City Transportation;
- g. Letter Number 638/K/VIII/2009 concerning Policies on Fuel Surcharge;
- h. Letter Number 709/K/IX/2009 concerning Policies on Edible Oil Price Stabilization;
- i. Letter Number 872/K/XI/2009 concerning Tally Policy Implementation;
- j. Letter Number 874/K/XI/2009 concerning Tender of Consulting Services for Jakarta Mass Rapid Transit (MRT) System Project;
- k. Letter Number 998/K/XII/2009 concerning Policies on Land Transportation;
- l. Letter concerning Draft Government Regulation of Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises.

Out of those recommendations and considerations, there were some that obtained positive responses from the government, namely:

1. Recommendations and considerations concerning Policies in LPG Sector:

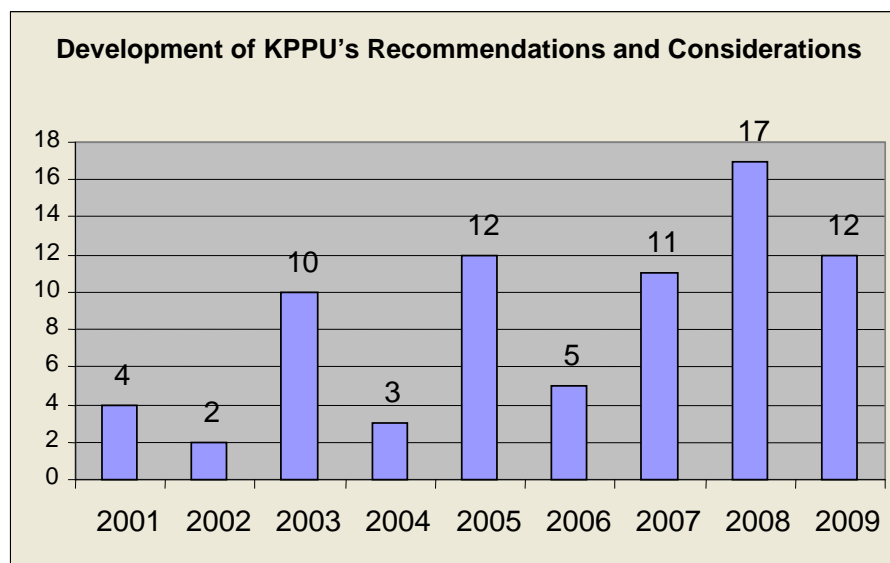
As the follow-up of KPPU's recommendations and considerations, now there has been a Regulation of the Minister of Energy and Mineral Resources concerning LPG Trading, where the government

issues controlling cards for subsidized LPG users in order to regulate the use of LPG. In addition, the government has also regulated the pricing of all LPG variants where the LPG commodity price is still determined by the government.

2. Recommendations and considerations concerning Policies on Trading Standardization of Duck Feather in East Java Region:

The policy, which impeded competition, has been annuled as a response to the letter of recommendations from KPPU.

However, it should be noted that some recommendations and considerations had got no responses. To deal with this, KPPU has to make coordination with the relevant government to provide advocacy on this fair competition policy. The followings are the number of recommendations and considerations submitted to the government during nine years of KPPU's establishment:



Meanwhile, the sectors that are provided with recommendations are as follows:

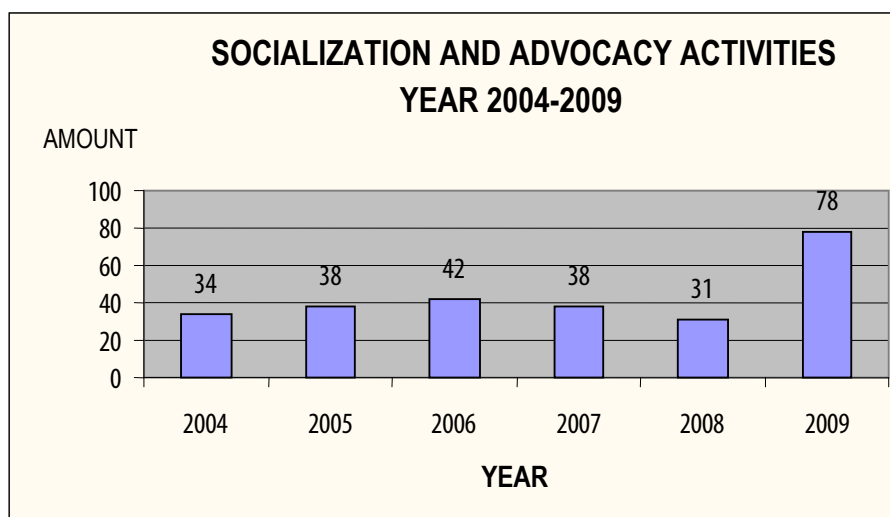
Year	Number of Recommendations	Industry
2001	4	Energy, land transportation, aviation

2002	2	Food and beverages, land transportation
2003	10	Harbor affairs, banking, aviation, film, electricity, carbon black, retail, animal husbandry
2004	3	Sugar, shipping, precious documents
2005	12	Procurement of goods and services, insurance, telecommunication, electricity, Indonesian overseas workers, agriculture
2006	5	Assessment service, printing, salt, medical equipment
2007	11	Retail, information technology, retail, hajj pilgrimage, books, post, agroindustry, sea transportation, construction services, land transportation
2008	17	Harbor affairs, oil and natural gas, transportation, broadcasting, detergent, retail, mining, telecommunication
2009	12	LPG, animal husbandry, telecommunication, cocoa, land transportation, edible oil, fuel surcharge, plantation, harbor, small and medium enterprises

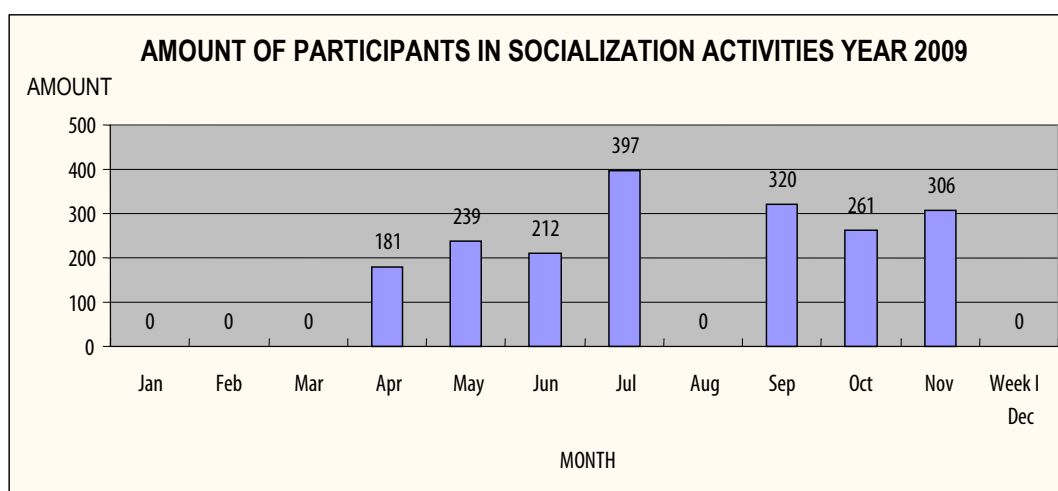
5. Socialization and Advocacy

In order to promote the understanding of stakeholders that include the government, business actors, academicians, journalists, law practitioners, and the public, KPPU has been conducting socialization and advocacy activities. During the year of 2009, socialization activities were more intensive than those in the previous years. There were 78 activities in the form of socialization covering mass media network development (journalist forum), development of competition forum at national level, socialization together with the parliament and the government, socialization of business competition in regions, formulation of advocacy matter substance, intensive socialization in media, socialization together with judges, socialization together with public institutions, discussion

forums held in Regional Representative Offices, and business competition seminars in regions.



During this year, there were 1,916 participants who took part in various activities held by KPPU. Those participants included journalists, academicians, business actors, the government, the parliament, judges, and the public.



- a. Promoting the public's awareness through intensive consultation, socialization, and discussion:

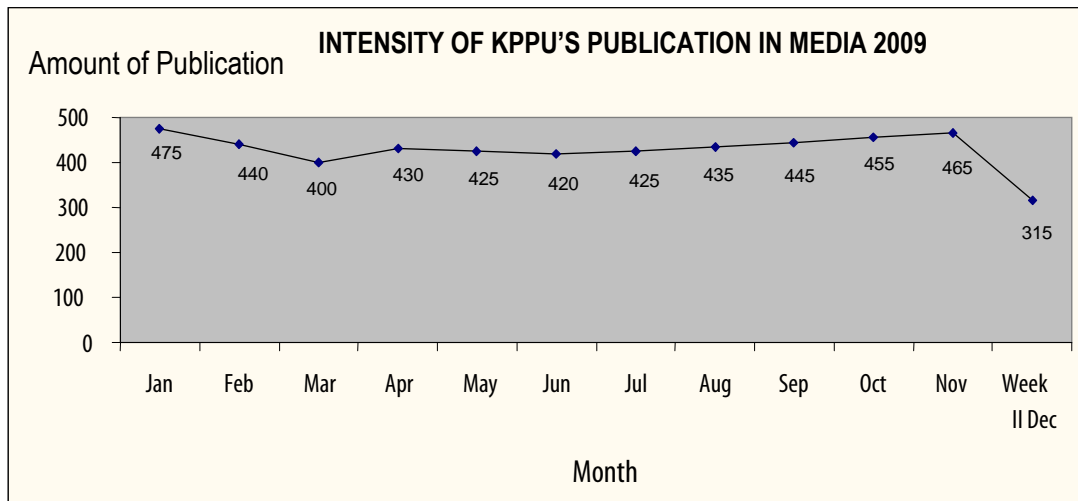
Despite having conducted a series of strategic actions such as institutional strengthening, socialization, study of regulations and

development of institutional cooperation that go simultaneously with law enforcement and delivery of recommendations, the enforcement of Law No. 5/1999 for these 10 years will be accepted in several different views and perspectives, particularly of the stakeholders. The survey results of Pusat Studi Hukum dan Kebijakan Indonesia (PSHK) funded by GTZ showed that it was only 83% out of 300 respondents who knew the Law No. 5/1999 with various levels of understanding about the substance of Law No. 5/1999.

In connection with this matter, KPPU will optimize its 293 employees to work harder in assuming the mandate of the Law for the sake of the people. Among others is through intensive advocacy and empowerment of five (5) regional representative offices in Surabaya, Medan, Balikpapan, Batam, and Makassar.

b. Intensity of Publication about KPPU in the Media

In order to enforce the law of business competition, KPPU cooperates with the media to socialize the law of business competition and the existence of KPPU as an institution that assumes that mandate of law enforcement. Various activities that are conducted by KPPU get attention of mass media, both printed and electronic (radio, television, and internet). Publication about KPPU – along with its activities – through printed media shows that KPPU gets sufficient attention from the media circle. This is very useful for KPPU's mission to internalize business competition values to the public.



c. **Matter of Law on Business Competition**

From the perspective of advocacy, besides providing socialization and assistance of information to the public, KPPU also publishes "Buku Ajar Hukum Persaingan" ("Textbook of Law on Competition") that is expected to be an academic reference for universities all over Indonesia, particularly in the Faculty of Law as a part of efforts to develop a nation that is aware of fair competition. In order to disseminate law and fair competition principles to the public, KPPU also publishes regular publication, i.e. "Kompetisia" Newsletter in Indonesian and English language versions that are published monthly, bimonthly "Kompetisi" magazine, and Scientific Journal of Business Competition that is published every semester in addition to daily update that can be accessed through KPPU's official website. All of these publications facilitate access to the public to know the development of performance and at the same time give report to KPPU.

6. Interagency Cooperation and Coordination Within and Outside the Country

a. **Domestic Cooperation**

Besides having active role in international forums, KPPU also consistently exerts efforts to establish, effect, and develop cooperation with government agencies. Different from international cooperation, domestic cooperation is focused on the effort to promote the main functions of KPPU in law enforcement and provide

suggestions and recommendations, besides participating in assisting institutional strengthening process. Those efforts are exerted through various formulations of cooperation and formal meetings with the government and higher institutions of the state.

In order to promote good relationship with the government, KPPU has held some audiences with the Management of the People's Consultative Assembly, the House of Representatives, and the State Audit Bureau. Those audiences were held to introduce KPPU's performance and at the same time search for potential formal cooperation with certain institutions. Beside audiences, during the year of 2009, KPPU also took part in 3 (three) hearing meetings with Commission VI of the House of Representatives of the Republic of Indonesia to discuss various matters from KPPU's performance to budget.

In order to support the function of law enforcement in business competition, KPPU has formulated some cooperation with other law enforcing institutions, the government, and other institutions. Such cooperation includes the State Audit Bureau (BPK), Policy Institute for Procurement of Government Goods and Services (LKPP), the Police of the Republic of Indonesia, and Higher Education.

In this context, from instrumental and technical perspective of law enforcement, there are some agendas that are now still requiring attention from Law No. 5/1999, i.e. regarding limited KPPU's authority in the confiscation of evidence, weak institutional status of KPPU, and the absence of Government Regulation (PP) concerning merger, acquisition, and consolidation in accordance with articles 28-29 of Law No. 5/1999. In addition, the criminal sanctions in article 48 of Law No. 5/1999 have not been applied, since they must be enforced by other law enforcers, particularly the Police.

In order to deal with this matter, KPPU conducts 2 (two) things. Firstly, trying to develop cooperation and coordination in the form of

MOU with POLRI and other law enforcing institutions. Secondly, promoting amendment of Law No. 5/1999, particularly to strengthen authority, law of procedure, and institutional position of KPPU so as to optimize KPPU's roles.

In the context of enactment of Government Regulation on Merger, KPPU has coordinated with the Ministry of Law and Human Rights and related institutions and is preparing Government Regulation which is expectedly to be issued in the near future by President. While waiting for the Government Regulation, however, KPPU has issued Perkom 1 of 2009 concerning Pre-notification of Amalgamation, Merger and Acquisition.

b. Acknowledgement of credibility by international institutions:

From the perspective of cooperation with international institutions, the year of 2009 was one of significant years in promoting KPPU's roles in international world and at the same time confirming its position as the best institution for business competition in Southeast Asia.

The year was begun by the acknowledgement of Asia Pacific countries which have joined the Asia Pacific Economic Cooperation (APEC) in peer review on Individual Action Plan (IAP) formulated by Indonesia in the series of high level meetings in February 2009. In the peer review, KPPU played very active roles and maintained international evaluation on the chapter of Competition Policies. The result of the review showed that competition policies in Indonesia have run well and been in line with Bogor Goals that are determined as the main objectives of APEC to be achieved in 2020.

Approaching mid-2009 (exactly on 14th May 2009), KPPU received a visit of the Chairman of Korea Fair Trade Commission (KFTC), Mr. Yong-Ho Baek. In the bilateral meeting, KFTC that was accompanied by the representative of Korean Embassy was directly received by the Chairman of KPPU, Benny Pasaribu, who was accompanied by the Commissioners and Directors of KPPU.

The bilateral meeting between both institutions covered several important agendas, among others presentation of the most current development of law and policies on competition, discussion about law enforcement in the cases of business competition, sharing of experience between both institutions, i.e. KPPU and KFTC, enhancement of cooperation, and probing for further cooperation.

With the cooperation, it is expected that communication and coordination in the enforcement of competition law and policies can be improved in both countries. It can be achieved through several activities, among others through periodical meetings and discussions for sharing of knowledge and information in several substantial issues, workshops and seminars, and exchange of staff.

On the other hand, the high international acknowledgement of KPPU invited other nations to learn in Indonesia and discover best practices to be applied in their respective countries. In the middle of this year (exactly 11th June 2009), KPPU had the honor to receive the visit of Afghanistan's delegations who were policy makers, academicians, public figures of Afghanistan, and selected candidates who would later occupy important positions in Afghan economy. The visit, which was a part of the "Rising Stars Exchange Program", was designed by the International Republican Institute to increase the knowledge of candidates on economic policies so as to help them in formulating better policies in their countries. With that visit, it was expected that KPPU could give inputs and knowledge on best practices of competition policies and enforcement of law on competition in developing countries.

In addition to the various achievements mentioned above, KPPU has also played active roles in formulating reports on Indonesia under coordination of the government, among others in terms of the World Bank's study on government institutions of Indonesia coordinated by the Ministry of Finance; formulation of report on peer review OECD

Policy Investment Framework under coordination of the Coordinating Ministry for Economy; and Knowledge Sharing Program under coordination of the Fiscal Policy Body, Ministry of Finance.

c. Participation in Various International Activities:

In 2009, KPPU participated in 35 international activities consisting of 13 meetings and 22 trainings or workshops. This number was 40% higher than those in 2008 which recorded 25 international activities.

In terms of number, KPPU has assigned 86 delegates to actively participate in the international event, where 24 delegates (28%) of them were invited as speakers. This number increased 35% from that of 2008 where the number of delegates was 63 representatives, with 20 of them being invited as speakers.

With regard to the ranks of the delegates, most of delegates were of senior level (51%), whereas 41% were delegates of management level (Members of Commission and Heads of Secretariat), and 8% were of staff entry level. This composition showed increase in the management level compared to that of 2008. In that year, 25% of the delegates were of management level, 67% were of senior level, and 5% were of entry level.

As a summary, the following table shows development of KPPU's participation in international activities from 2007 to 2009.

	Year 2007	Year 2008	Year 2009	Total
Number of activities	30	25	35	90
Number of delegates	95	63	86	244
Speakers	21	20	24	65
Participants	74	43	62	179
Category of				

	Year 2007	Year 2008	Year 2009	Total
delegates	41	16	35	92
Management level	46	42	44	132
Senior level	8	5	7	21
Staff entry level				

Six strategic measures covering law enforcement, industrial study, evaluation of policies, granting of recommendations and considerations, socialization and advocacy, and inter-agency cooperation and coordination within and outside the country were outputs that have resulted in outcomes among others as follows:

a. Reduction of tariffs and prices

In accordance with the objective of Law No. 5/1999, the performance of KPPU as a state commission assigned to supervise law enforcement on business competition is intended to improve the people's welfare, so that the indicator of its success is not solely measured by the amount of the state's money being saved or the number of cases being handled. However, in case handling, KPPU also imposes fines and indemnities that may become Non-Tax State Revenues (PNBP). The amount of fines in the decisions of years 2001-2009 was around Rp 585,809,494,090.00 and of indemnities was Rp 414,691,129,987.00, so that the total amount of fines and indemnities was up to Rp 1,000,500,624,707.70 or more than 1 (one) trillion rupiah, whereas KPPU has just used the state budget of Rp 139 billion.

A number of outcomes that were achieved by KPPU have among others prompted the reduction of telecommunication tariffs, particularly SMS to 50-70%, all of which can improve the people's through the effect of increased income saving by the public which is estimated up to Rp 5.5 trillion per year. In addition, there was also significant achievement with regard to tariff reduction in aviation service industry and more various services being offered. The estimated income saving in aviation service during this period of KPPU's advocacy was up to Rp 1.9 trillion per year.

b. Certainty in interpretation of articles of Law No. 5/1999

Article 35 letter f of Law No. 5/1999 assigns KPPU to formulate a manual and/or publication related to the said Law, including a Regulation of the Commission to ensure the certainty of law for business actors in conducting their business strategies. The Regulation of the Commission itself, pursuant to Law No. 10 of 2004 concerning Establishment of Laws and Regulations, is a binding type of laws and regulations. This is *mutatis mutandis* a strong legal ground for enforcement of the Commission regulations on other implementing manuals.

In order to achieve the same interpretation of the articles contained in Law No. 5/1999, KPPU has formulated a series of Commission Regulations related to manual for articles. Besides having enforced manual for article 22 on prohibition of tender conspiracies and Manual for Article 47 concerning administrative sanctions, in 2009 KPPU finished six (6) manuals for implementation of Law No. 5/1999, namely:

a. Manual for Article 1 point 10 concerning Relevant Market:

Regulated in the Regulation of the Business Competition Supervisory Commission of the Republic of Indonesia No. 3 of 2009 concerning Manual for Enforcement of Article 1 point 10 concerning Relevant Market pursuant to Law No. 5 of 1999 concerning Prohibition against Monopolistic Practices and Unfair Business Competition by the Business Competition Supervisory Commission.

b. Manual for Article 50 a concerning Exemption of Laws and Regulations:

Regulated in the Decree of the Business Competition Supervisory Commission No. 253/KPPU/KEP/VII/2008 concerning Manual for Enforcement of Article 50 point a of Law No. 5 of 1999 concerning Prohibition against Monopolistic Practices and Unfair Business Competition.

c. Manual for Article 50 b concerning Intellectual Property Rights (HAKI):

Regulated in the Regulation of the the Business Competition Supervisory Commission of the Republic of Indonesia No. 2 of 2009 concerning Manual for Exempted Enforcement of Law No. 5 of 1999

concerning Prohibition against Monopolistic Practices and Unfair Business Competition on Agreements related to Intellectual Property Rights by the Business Competition Supervisory Commission.

d. Manual for Article 50 b concerning Franchise:

Regulated in the Decree of the Business Competition Supervisory Commission No. 252 of 2008 concerning Manual for Enforcement of Article 50 letter b of Law No. 5 of 1999 concerning Prohibition on Monopolistic Practices and Unfair Business Competition.

e. Manual for Article 51 concerning Monopoly of State-Owned Enterprises:

Regulated in the Decree of the Business Competition Supervisory Commission No. 89/KPPU/Kep/III/2009 concerning Manual for Enforcement of Article 51 of Law No. 5 of 1999 concerning Prohibition against Monopolistic Practices and Unfair Business Competition by the Business Competition Supervisory Commission.

f. Manual for Pre-Notification of Merger:

Regulated in the Regulation of the Business Competition Supervisory Commission of the Republic of Indonesia No. 1 of 2009 concerning Pre-Notification of Merger, Amalgamation, and Acquisition by the Business Competition Supervisory Commission.

Among issued Regulations of the Commission mentioned above, the Manual for Article that provides description on Merger Pre-Notification Program has received quite significant responses and appreciation from the public, as the manual gives certainty to business actors that will conduct merger, whereas the government regulation that regulates this matter is still being processed by competent parties.

In addition, the Commission is formulating four (4) draft manuals that are now being socialized for public responses and inputs through KPPU's website. Those draft manuals cover such issues as dual position, case handling, sale at a loss, and price discrimination that are expectedly to be enforced early next year.

Basically, this manual for enforcement of Law No. 5/1999 is KPPU's effort to give the certainty of law and public awareness of business conduct so that changes in the conduct of business actors will not only depend on action or punishment by KPPU. This means that for KPPU, the people's welfare in the form of optimum total welfare is a goal, so that if a business sector can be more efficient by means of advocacy, then law enforcement will only be an agenda of ultimate nature.

c. Increased confirmation of KPPU's Decisions by Courts:

During the years of 2000-2009, KPPU handled 205 cases of alleged unfair business competition. Out of those cases, 140 have been decided by KPPU and 45 closed. Out of 140 KPPU's decisions, 52 were objected by the parties to District Courts (PN). At District Court level, about 55% or 26 of KPPU's decisions were confirmed. At cassation level, this matter is quite encouraging, as 70% or 19 out of 27 KPPU's decisions on petitioned cassations were confirmed by the Supreme Court (MA). This means that courts have the same opinion as KPPU regarding the truth of proving, examination process that has satisfied due process of law and the imposed dictums of decisions.

d. Voluntary Execution of KPPU's Decisions:

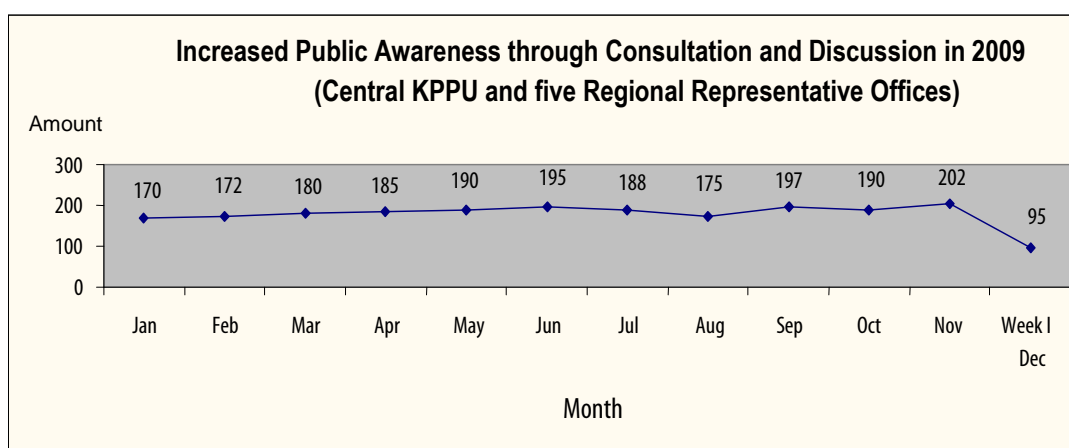
In connection with decisions of the Supreme Court of the Republic of Indonesia that confirm KPPU's decision No. 11/KPPU-I/2005 concerning Gresik Cement Distribution conducted by Gresik Cement Distributor Consortium Region IV on 5th February 2009, PT SEMEN GRESIK (PERSERO) Tbk. has paid the fine decided by KPPU, i.e. in the amount of Rp 1,000,000,000 (one billion rupiah).

e. Improved quality and awareness in the procurement of goods/services:

With regard to case handling for nine (9) years, the composition of cases handled by KPPU shows that about 85% of the cases were related to procurement of the government's goods and services. berkaitan dengan pengadaan barang dan jasa pemerintah. The cases of competition in the procurement of goods and services are related to both horizontal and

vertical conspiracies. In some cases, they were combinations of horizontal and vertical conspiracies.

Consistent law enforcement in the cases of conspiracy in the procurement of goods/services and various issues of unfair business competition has brought about awareness in related parties to conduct consultation and discussion with KPPU, with the objective not to violate provisions in Law No. 5/1999.



A horizontal conspiracy is a conspiracy that occurs between a business actor or goods and service supplier and its fellow business actors or its competing goods and service suppliers. Meanwhile, a vertical conspiracy is a conspiracy that occurs between one or several business actors or goods and service suppliers and the tender committee or the auction committee or goods and service users or service owners or providers. In this year of 2009, as many as 169 reports out of 201 reports, or up to 84% of the total reports handled by KPPU, are reports on conspiracy cases, whereas the number of conspiracy cases in 2008 was 189 out of 230 reports or 79%. This shows that the public's expectation for KPPU's roles is still high to handle tender conspiracies.

f. Increased acknowledgement of KPPU:

Commencing in July 2009, KPPU once again participated in peer review in connection with the implementation of its competition law and policies at one of UN institutes, i.e. the United Nation Conference on Trade and

Development (UNCTAD). In that conference, Indonesia was deemed successful and consistent in implementing law and policies on competition and, moreover, out of all the countries that have been evaluated, the peer review on Indonesia was the best one in terms of implementation and substance of reports that have ever been conducted by UNCTAD on developing countries. It was conveyed in the middle of the closing of the Tenth UNCTAD Intergovernmental Group of Experts held in Geneva on 8th July 2009.

On the whole, this peer review is considered not only giving the best recommendations for the implementation of law and policies on competition in Indonesia, but also a promotional activity for all competition institutions while at the same time increasing acknowledgment of the international world of KPPU and enforcement of law and policies on competition in Indonesia. The results of this review will later be transformed in various forms of technical assistance in supporting and dealing with various challenges. It is expected that this review can be disseminated to various stakeholders to show how big the support of international countries is to Indonesia's success in implementing its law and policies on competition.

The existence of KPPU as the foremost business competition institution in Southeast Asia is confirmed by the trust provided by the Southeast Asian association of business competition institutions, i.e. ASEAN Expert Group on Competition (AEGC), to KPPU to be the host for three opening activities of the institution. Those three activities included The First AEGC Workshop on Regional Guideline, The First AEGC Workshop on Handbook on Competition Law and Policy, and The First AEGC High-Level Policy Dialogue. Those three activities were held in June, August, and December 2009 in several big cities in Indonesia, i.e. Bali, Yogyakarta, and Medan.

These three activities were the main activities of AEGC in supporting the achievement of its main targets in formulating regional manual as a reference for ASEAN countries in introducing competition policies in their

respective national economy; manual of ASEAN competition institutions used as a reference for would-be investors in ASEAN; and discussion forum for competition institution leaders in ASEAN. The trust of AEGC countries on KPPU as the first host in each of those activities shows the international acknowledgement of Indonesia as the best ASEAN country in the enforcement of law on business competition.

g. Institutional Development:

- Increasingly higher budget absorption:

In connection with the position of KPPU as an independent law supervising institution, an independent budget department separate from other departments is a must for KPPU. Since 2001, KPPU has been a work unit under the Ministry of Industry and Trade, so that the performance of KPPU's duties is automatically funded by the State Budget and other permitted sources being extended to the Ministry of Industry and Trade's budget in accordance with laws and regulations. As a consequence of separation of the Ministry of Industry and Trade, since 2005 the Business Competition Supervisory Commission (KPPU) has been one unit of Budget Department of the Secretariat General of the Ministry of Trade of the Republic of Indonesia.

Pursuant to Regulation of the Minister of Finance Number 59/PMK.06/2005 concerning Accountancy and Financial Reporting System of the Central Government and Regulation of the Directorate General of Treasury Number PER-24/PB/2006 concerning Formulation of Financial Reports of the Ministries of State / Institution, every Work Unit shall be obligated to effect budget accountancy and accountability that shall be consolidated with the Ministry of Trade of the Republic of Indonesia. Since 2000, however, KPPU has made efforts to separate the budget department from the Ministry of Trade of the Republic of Indonesia in order to improve performance in KPPU's budget management.

In its efforts to have its own budget department, KPPU has submitted application for its own budget department code separate from the

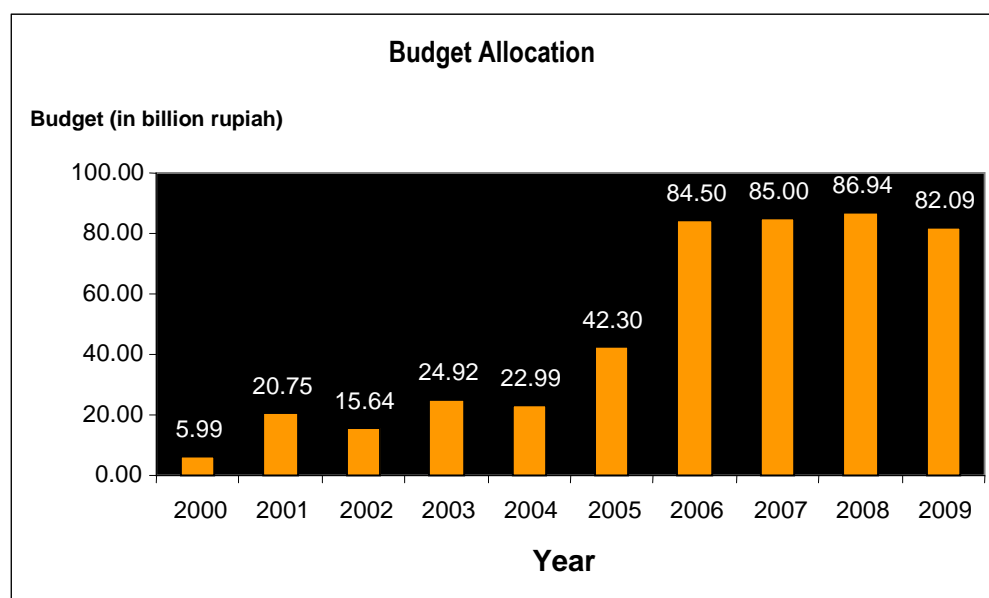
Ministry of Trade. And pursuant to the letter of the Minister of Finance Number S-256/MK.2/2009 dated 19th June 2009, KPPU's application to have its own Budget Department code has been approved as of the budget year of 2010 with number BA 108.

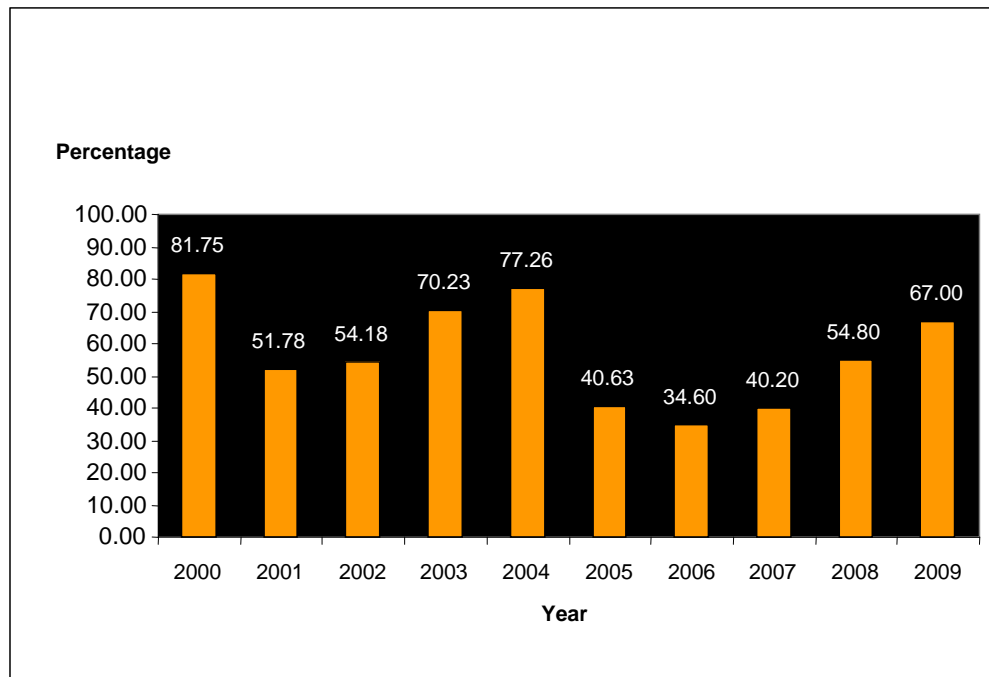
Following up on that matter, KPPU has established a preparation team for separating budget department and also invited resources to collect information related to preparation for KPPU's Budget Department. The resources invited for preparation of KPPU's budget department were from the Bureau of Finance of the Ministry of Trade of the Republic of Indonesia, the Bureau of General Affairs of the Ministry of Trade of the Republic of Indonesia, the Bureau of Planning of the Ministry of Trade of the Republic of Indonesia, the Inspectorate General cq. Inspector III of the Ministry of Trade of the Republic of Indonesia, the Directorate of Accountancy and Reporting of the Ministry of Finance of the Republic of Indonesia, and the Directorate General of State Treasury of the Ministry of Finance of the Republic of Indonesia. Based on discussion about preparation for KPPU's budget department, information has been resulted with regard to procedural steps for separation of KPPU's budget department from the Ministry of Trade of the Republic of Indonesia and an independent management system of budget department.

With an independent KPPU's department separate from the Ministry of Trade, then KPPU as an independent institution can manage better budget resulting impact on smooth activities at KPPU so that KPPU's vision and mission can be effected as required and within the determined timeframe.

The amount of KPPU's budget for the year of 2009 was lower than that allocated for the year of 2008. The total KPPU's budget for the year of 2009 was Rp 82,089,300,000 (eighty-two billion eighty-nine million three hundred thousand rupiah) or about 5.85% lower than the budget of 2008 in the amount of Rp 86,939,983,000 (eighty-six billion nine hundred and thirty-nine million nine hundred and eighty-three

thousand rupiah). However, the absorption in 2009 increased quite significantly with about 67% or Rp 55,465,645,951. As can be seen, Table 2 shows increasingly more budget absorption every year. Up to currently, several efforts of KPPU have been exerted in order to enhance realization efficiently and optimally. Out of several efforts exerted by KPPU, there was one outcome with the issuance of the Letter of the Minister of Finance Number S-470/MK.02/2009 dated 7th August 2009 concerning the Increase of Honorarium of KPPU Secretariat, where the increase of honorarium for KPPU Secretariat staff was effective as of August 2009.





- **Increased Discipline**

In the field of institution, KPPU has successfully amended several internal provisions; among others is the issuance of Commission's Regulation on the Code Ethics of KPPU, Work Group (Pokja), and Commission Rules. The Code Ethics of KPPU has been published by virtue of SK No. 22/KPPU/KEP/I/2009, whereas the Work Group and the Commission Rules are respectively regulated in accordance with SK No. 29/KPPU/KEP/II/2009 and SK No. 37/KPPU/KEP/II/2009.

Rules and disciplinary development for the staff of the Business Competition Supervisory Commission are regulated in Decision Number 97/KEP/KPPU/XII/2003. The discipline of staff is maintained continuously by conducting supervision and through memorandums and warning letters. The rules that regulate the Commission are covered in Decision Number 37/KPPU/KEP/II/2009 concerning Rules of the Business Competition Supervisory Commission. Evaluation on the staff's performance is regulated in Decision Number 174/Kep/KPPU/XI/2006 concerning Provisions of Evaluation on Annual Performance of KPPU's Secretariat Staff.

- Increased Remuneration

In connection with remuneration, it turns out that the amount received by KPPU members is the lowest among other commissions such as Corruption Eradication Commission (KPK) and General Election Commission (KPU). It should get proper attention from the Ministry for the Empowerment of the State Apparatus considering that KPPU members have the most authorities, as they not only formulate prosecutions (as KPK) but also decide (as the courts).

In addition, because of very strategic KPPU's roles and functions for national economy, it is the government's obligation to pay attention to the life of KPPU Secretariat's staff. KPPU has always tried to increase honorarium in line with its staff's level of needs; however, since there were several constraints to be faced, the increase was just realized in August 2009 by virtue of Decree of the Business Competition Supervisory Commission Number 201.1/KPPU/Kep/VIII/2009 for the position of Department Head and below. Currently, KPPU is trying to increase honorarium of Bureau Heads up to Commission Chairman. In line with the enforcement of Decree Number 88/KPPU/KEP/III/2009 concerning Organization and Work Procedure of KPPU's Secretariat, KPPU has issued Decree No. 195.1/KPPU/Kep/VIII/2009 concerning Equality of Nomenclature of KPPU's Secretariat Positions and Honorarium Amount Determination.

- Increased human resources quality

In order to improve the capacity of internal and external resources, KPPU has tried to improve the capacity of human resources of KPPU as well as of external parties such as academicians and judges through workshop activities. Those activities included Merger Control Workshop, Validation Workshop on Training for the Trainer, and International Lecture by the Canadian business competition institution.

Concurrently with the issuance of Manual for Pre-Merger Notification on 13th May 2009, KPPU was cooperating with UNCTAD (United

Nations Conference on Trade and Development) and GTZ to hold a Merger Control Workshop on 14-15th May 2009 to increase internal resources' insight in understanding, anticipating and socializing the Manual for Merger. The workshop, which was also participated by representatives of some government institutions, was intended as a means of socialization internally for KPPU's staff and also externally as a means for exchange of experience in best practices with regard to rules of merger in other countries. By means of the workshop, it is expected that KPPU's internal resources would be ready to handle and implement the process of Merger Pre-Notification and the process of evaluation on planned mergers and acquisitions to be conducted by business actors and able to evaluate mergers and acquisitions that have previously been conducted.

Still in the series of activities in the same month, KPPU held "*Validation Workshop Training of Trainer (ToT) for the Competition Manual*" on 18-20th May 2009 to discuss the manual of business competition as the main stuff to create trainers in the field of business competition. The workshop was participated by internal senior staff and various academicians from prominent universities with background in jurisprudence. This workshop was an initial step to achieve the final goal expected by KPPU, which is to create trainers who are competent in Indonesia's law and policies on competition. Later, these trainers are expected to be KPPU's helping hands in the efforts to socialize law and policies on business competition to stakeholders. These trainers are expected to have active roles as KPPU's partners in internalizing the principles of business competition to every layer of society.

The third kind of activities was general lecturing by two international experts, i.e. Andre Brantz and Robert Lancop of the *Canadian Competition Authority* regarding the implementation of law on competition in Canada and its comparison with the implementation of law on competition in Indonesia. This workshop was held on 12-15th August 2009 and attended by researchers, the management, and the

leading executives of this Commission and intended to absorb international knowledge on the framework of law on business competition (particularly about cartel, market strength and the misuse thereof, and business merger) by means of various theories and case studies that have ever been handled by Canadian institutions for business competition.

In addition, KPPU has also consistently provided scholarship to its staff members who want to continue their study to S2 degree both within and outside the country.

- Organizational development that is more suitable to the need:
In performing its duties and functions, KPPU is assisted by the Sekretariat element. Therefore, pursuant to Law No. 5 of 1999 and Presidential Decree Number 75 of 1999 in conjunction with Presidential Regulation Number 80 of 2008, KPPU has established a Sekretariat and has been stipulated by means of the Decree of KPPU that has been amended several times, the last by the Decree of KPPU Number 88/Kep/KPPU/III/2009.
- Career Path:
The career path of KPPU's staff members is regulated in the Decree Number 163/KPPU/KEP/XI/2006 concerning General Manual for Career Management of KPPU's Staff Members.
- Increasingly more comfortable work condition:
KPPU's building which is located at Jl. Ir. Juanda No. 36 has been occupied by KPPU for about eight (8) years. In line with the institutional development of KPPU, the need for adequate infrastructures is also increasing. To that end, since 2008 KPPU has expanded its building by occupying former KPK's building located right beside KPPU's building. In order to enhance comfort in working and create good condition of work environment, KPPU has made renovation in 2009, among others including an additional room for investigators situated on the first floor of KPPU's building. In addition,

in order to improve the relationship of KPPU with the public, KPPU has added a press room on the first floor that will later function as a special room for certain parties, particularly the press, who want to know further about KPPU or the latest information about KPPU's activities.

- Having an independent budget department, separate from the budget of the Ministry of Trade:

In Presidential Regulation Number 80 of 2008, it is already stipulated that KPPU has its own budget, after its budget has been under the Ministry of Trade for nine years. By owning its own budget department, KPPU shall be entitled to manage and account for the use of its budget without involving the Ministry of Trade anymore. However, the Presidential Regulation has not been followed up by a decree of the Minister of Finance for its operation, so that KPPU in this budget year of 2009 is still under the Ministry of Trade, and it is just in 2010 that KPPU can manage its budget independently.

Agenda and Challenges of 2010

Entering the year of 2010, KPPU will prioritize:

1. Strategic cases related to the people's basic needs:

Basically, Law No. 5/1999 does not argue about domination or monopoly related to market structure as long as it does not impede competition, reduce economic efficiency, and eliminate the people's welfare. As a supervisory institution that was established by a law, KPPU always prioritizes supervision over the creation of high market concentration that results in market power potential to bring about Monopolistic Practices and unfair business competition, particularly in connection with the markets of strategic and principal commodities for the people that influence inflation.

In the future, in order to support priority on this law enforcement, the Commission would give room for research and study with more intensive *Structure-Conduct-Performance* (SCP) approach, so that the approach of economic analysis will be more dominant and initiative cases will increase. In this case please be informed once again that the Commission is not anti-dominant positions, but it will act firmly if the concentrated market structure is misused by these dominant business actors.

2. Eliminating misuse of authorities by officials in charge of goods/service procurement in tender conspiracies:

Facts show that horizontal conspiracies in the procurement of goods and services are greatly caused by conditioning of the committee members or even officials above them who intervene either directly or indirectly in determining tender winners. Observing this matter, KPPU is aware of the importance to reduce tender conspiracies by minimizing conditioning of relevant officials. Therefore, so far, KPPU has only given recommendations for disciplining employees to result in deterrence effects as a part of law enforcement.

KPPU observes that public officials such as Heads of Regions or tender committees are considered as apparatus that are providing public services

as long as they do not exceed their duties and authorities as set forth in the applicable law. Therefore, in the process of determining tender winners which should be basically neutral, the official concerned who conditions and facilitates a conspiracy shall be considered as not performing their public duties anymore.

This, in fact, has made the position of the public official as a business actor who carries out economic activities as already governed in Article 1 point 5 of Law No. 5/1999 concerning Prohibition against Monopolistic Practices and Unfair Business Competition stipulating that “business actor is every individual or business entity, either in the form of a legal entity or not a legal entity being established and domiciled or conducts activities in the legal territory.” Therefore, it is possible for him to be imposed with sanctions not different from those imposed to other business actors as regulated in Article 47 covering the order to discontinue an activity that is proven to result in a monopoly practice and/or unfair business competition and/or loss to the public; indemnity payment determination; imposition of fine of at least Rp 1 billion and at most Rp 25 billion.

3. There should be strengthening of law in terms of substance, law of procedure, and integration of KPPU's law enforcement in a system of competition law enforcement together with other law enforcers.

In order to deal with those challenges, KPPU should do two things. Firstly, developing cooperation and coordination in the form of MoU with the Police of the Republic of Indonesia and other law enforcing institutions. Secondly, encouraging amendment of Law No. 5/1999, particularly in order to empower KPPU more, among others in the form of KPPU's institution and authority strengthening as well as law of procedure arrangement.

In the future, through such strategies and approaches in law enforcement, we are sure that this Commission, which we love and are proud of, will give bigger contribution for increasing the people's income saving, meaning improved welfare of the whole people of Indonesia.

Finally, on behalf of KPPU and all of its staff members, we would like to express our thanks and appreciation deeply and sincerely to all stakeholders of KPPU: the state leaders in the government, the legislative, the judicative, and all of their staff, and to the whole business world and non-government organizations for all attention, encouragement, and cooperation that have been provided so far for the advancement of KPPU; in particular to media leaders and journalists, we would also like to express our deep appreciation and gratitude for their support and cooperation so far. I am sure that the success that has been achieved by KPPU so far is the contribution of each of us and all stakeholders of KPPU. Therefore, may All-Just God would give abundant blessings to all stakeholders of KPPU who have showed good attention and cooperation so far.

RECAPITULATION OF CASE HANDLING
BUSINESS COMPETITION SUPERVISORY COMMISSION
2000-2009

		PERKARA LAPORAN										PERKARA INISIATIF										TOTAL PERKARA
TAHUN		00	01	02	03	04	05	06	07	08	09	00	01	02	03	04	05	06	07	08	09	
PENETAPAN	TIDAK ADA INDIKASI	0	1	4	2	1	4	2	1	16	3	0	0	0	0	1	0	0	0	1	0	36
	PERUBAHAN PERILAKU	0	0	0	0	0	0	1	2	3	0	0	0	0	0	0	0	3	1	0	0	10
PUTUSAN	BERSALAH	1	0	1	2	6	11	6	24	41	12	0	1	1	4	1	4	0	1	1	0	117
	TIDAK BERSALAH	0	2	0	1	0	3	6	1	6	0	0	0	1	0	0	0	0	1	0	0	21
	SARAN DAN PERTIMBANGAN	0	1	0	0	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0	3
PERKARA BERJALAN		0	0	0	0	0	0	0	0	0	15	0	0	0	0	0	0	0	0	0	5	20
TOTAL		1	4	5	5	7	18	15	28	66	30	1	1	3	4	2	4	3	3	2	5	207
		179										28										

Perkara Laporan = Report Cases; Perkara Inisiatif = Initiative Cases; Total Perkara = Total Cases; Year = Tahun; Penetapan = Ruling; Tidak Ada Indikasi = No Indications; Perubahan Perilaku = Change in Conduct; Putusan = Decision; Bersalah = Guilty; Tidak Bersalah = Unguilty; Saran dan Pertimbangan = Recommendations and Considerations; Perkara Berjalan = On-going Cases; Total = Total.