

Competition Case Summary

I. Oligopoly – Salt Distribution in North Sumatera

KPPU Decision No. 10/KPPU-L/2005

Arising from a report of trouble to send or buy salt raw material in North Sumatera, it is later known that PT Garam, PT Budiono, and PT Garindo exclusively supply salt in North Sumatera. The other business actors are as well doing the arrangement exclusively with the said suppliers and distributing or ordering salt solely from the said suppliers. The three suppliers has over 75% of market allocation of salt supply in North Sumatera, and therefore, KPPU decided that PT Garam, PT Budiono, PT Garindo, PT Graha Reksa, PT Sumatera Palm, UD Jangkar Waja, and UD Sumber Samudera has violated the provisions in Article 4 of Law No. 5/1999.

II. Price Fixing – Cargo for Surabaya-Makassar Lane

KPPU Decision No. 03/KPPU-I/2003

This is a KPPU initiated case. In this case, PT Meratus, PT Tempuran Emas, PT Djakarta Llyod, PT Jayakusuma Perdana Lines, PT Samudera Indonesia, PT Tanto Intim Line, PT Lumintu Sinar Perkasa made a business meeting in 23 December 2002. The suspects are affirming that they made and signed a quota and tariff arrangement agreement that applies since 1 January 2003 up to 31 March 2003. They are affirming that they are arranging the cargo serving Surabaya-Makassar-Surabaya and Makassar-Jakarta-Makassar lanes. Therefore, they are violating Article 11 of Law No. 5/1999.

III. Market Allocation – Taxi Service in Batam

KPPU Decision No. 28/KPPU-L/2007

The taxi service in Batam has no argo-metering system and the business actors are allocating the service in 1 airport and 7 docks for the existing taxi services in Batam, whose determining the price and service area. The Hang Nadim airport is exclusively served by KKOB Taxi Service and rejects any other taxi service applying for taxi service in Hang Nadim Airport, but the management of Hang Nadim Airport declined the proposal. Therefore, KPPU decided that there's a violation of Article 19 (d) of Law No. 5/1999 on the market allocation in taxi services in Batam, respectively for Hang Nadim relevant market.

IV. Vertical Integration & Tying Agreement – Garuda Abacus Case

KPPU Decision No. 01/KPPU-L/2003

Central Jakarta District Court Decision No. 001/KPPU/2003/PN.Jkt.Pst
Supreme Court Decision No. 01 K/KPPU/2004

In 28 August 2000, Garuda made an agreement with PT Abacus Indonesia that Garuda ticket reservation shall only be made through dual access of Abacus terminal because Abacus system is the cheapest among others. In order to effectively performing the reservation system, Garuda made a conditions for travel agencies whose selling Garuda tickets to provide Abacus system prior to obtain connection with ARG. Garuda itself has 95% share participation in Abacus and two of Garuda's member of Board of Directors are also Abacus' member of Board of Commissioners, namely Emirsyah Satar and Bagus Oka.

This arrangement put barriers to other CRS providers to market their system to the travel agencies.

According to KPPU Decision, Garuda has violated the provisions of Article 14 of the Law No. 5/1999.

Garuda filed an appeal before the Central Jakarta District Court in 23 September 2003. In its decision, the Central Jakarta District Court annulled KPPU decision by reason that the arrangement between Garuda and Abacus is for efficiency reason. And with the rule of reason nature in Article 14 of the Law No. 5/1999, such reason is admissible and acceptable.

KPPU later filed an objection of such Central Jakarta District Court Decision to the Supreme Court. And in 5 September 2005, the Supreme Court annulled Central Jakarta District Court Decision and affirmed KPPU Decision.

V. Exclusive Distribution Agreement – Distribution of Semen Gresik Products

KPPU Decision No. 11/KPPU-I/2005
Surabaya District Court Decision No. 24/Pdt.G/2006/PN.Sby
Supreme Court Decision No. 05 K/KPPU/2007

Semen Gresik applies a marketing scheme namely Vertical marketing System (VMS) to market Semen Gresik's products exclusively to certain customers and shops. The application of VMS make barrier to entry for other distributors, customers, and shops. KPPU Decided that Semen Gresik and its distributors has violated Article 15 (1) of Law No. 5/1999.

Semen Gresik and its distributors filed an appeal before Surabaya District Court, and within its decision dated 31 October 2006, Surabaya District Court annulled KPPU Decision. Later on, KPPU filed an objection over Surabaya District Court Decision in 4 April 2008, and within its decision Supreme Court annulled Surabaya District Court Decision and affirmed KPPU Decision.

VI. Vertical Arrangement on Discount & Abuse of Dominant Position – ABC Battery Company

KPPU Decision No. 06/KPPU-L/2004

Abuse of Dominant Position by PT Artha Boga Cemerlang, allegedly from its program of "Shoo the Competitors Program" for March-June 2004 period. By the existence of such program, several wholesale and semi-wholesale shops in traditional markets within Java-Bali will receive 2% discount if showcasing ABC Battery products and additional 2% discount should it willing to not sell Panasonic Battery products. ABC Battery obtain 88,3% of AA Manganese Battery relevant market, and KPPU decided that ABC has violated Article 15 (3) (b) of Law No. 5/1999.

VII. Monopolistic Practice – Jakarta International Container Terminal

KPPU Decision No. 04/KPPU-I/2003
North Jakarta District Court Decision No. 01/Pdt-KPPU/2004/PN.Jkt.Ut
Supreme Court Decision No. 02 K/KPPU/Pdt/2004

PT Jakarta International Container Terminal (JICT), Kerjasama Operasi Terminal Petikemas Koja (KOTPK), and PT (Persero) Pelabuhan Indonesia II (Pelindo II) reported as allegedly performing violation over the Law No. 5/1999.

JICT is a business entity operating in loading and discharging service of containers which had a power over loading and discharging service of containers in the percentage of over 50% market share in the relevant market, which the latest update reported that JICT hold 69,53% of loading and discharging service in the relevant market (Pelindo II's concession area).

KOTPK is a business entity operated jointly by Pelindo II and PT Ocean Terminal Petikemas (OTP) and performing loading and discharging service for containers within Pelindo II's concession area.

Some new loading and discharging service companies are approaching Pelindo II to get the same opportunity of performing their business within Pelindo II relevant market, however JICT and KOTPK warned Pelindo II not to do so.

Later on JICT and KOTPK sent a letter dated 5 April 2002 to one of potential consumer not to use Segoro (another loading and discharging service within Pelindo II relevant market) and threatened such consumer to only use the service from JICT and KOTPK.

Wibowo S. Wirjawan has interlocking position as President Director of JICT and OTP, which both provides service within Pelindo II's concession area.

KPPU found that JICT had violated Article 17 paragraph (1) and Article 25 of Law No. 5/1999, while JICT and KOTPK had violated Article 19 paragraph (b) of Law No. 5/1999, and Wibowo S. Wirjawan had violated Article 26 paragraph (a) of Law No. 5/1999.

VIII. Market Control – Carrefour

KPPU Decision No. 02/KPPU-L/2005
South Jakarta District Court Decision No. 03/Pdt.KPPU/2005/PN.Jkt.Sel
Supreme Court Decision No. 01 K/KPPU/2006

Since Carrefour has a market power compared to its competitors, some suppliers stop their supply to Carrefour's competitors and solely supplying to Carrefour. Therefore Carrefour deemed to violate Article 19 of Law No. 5/1999.

Carrefour filed an appeal to the South Jakarta District Court, but the South Jakarta District Court declined the appeal and affirms KPPU Decision.

Supreme Court Judges affirm South Jakarta District Court and KPPU Decision that Carrefour has violated Article 19 of Law No. 5/1999.

IX. Cartel

Medical Check Service for Candidates of Indonesian Workers to be sent to the Middle East
KPPU Decision No. 14/KPPU-L/2009

26 (twenty-six) suspected business actors, namely 25 clinics and Gulf Approved Medical Center Association (GAMCA), alleged to be performing a violation over Article 5 and Article 11 of the Law No. 5/1999 by fixing the tariff and quota respectively to the medical check up service for candidates of Indonesian workers to be sent to the Middle East.

In the decision, KPPU found 25 clinics had performed price fixing and quota allocation, which violate the provisions of Article 5 and Article 11 of the Law No. 5/1999.