



Commission for the Supervision of Business Competition

REGULATION OF THE COMMISSION FOR THE SUPERVISION OF BUSINESS
COMPETITION

NUMBER 1 YEAR 2015

REGARDING

PROCEDURES FOR THE SUPERVISION OF PARTNERSHIP IMPLEMENTATION

BY THE GRACE OF THE ALMIGHTY GOD

COMMISSION FOR THE SUPERVISION OF BUSINESS COMPETITION,

Considering: whereas in order to implement provisions of Article 36 of Law Number 20 Year 2008 regarding Micro, Small, and Medium Enterprises as well as Article 31 paragraph (3) of Government Regulation Number 17 Year 2013 regarding the Implementation of Law Number 20 Year 2008 regarding Micro, Small, and Medium Enterprises, it is necessary to stipulate a Regulation of the Commission for the Supervision of Business Competition regarding Procedures for the Supervision of Partnership Implementation;

In view of: 1. Law Number 5 Year 1999 regarding Prohibition of Monopolistic Practices and Unfair Business Competition (State Gazette of the

Republic of Indonesia Year 1999 Number 33, Supplement to the State Gazette of the Republic of Indonesia Number 3817);

2. Law Number 20 Year 2008 regarding Micro, Small, and Medium Enterprises (State Gazette of the Republic of Indonesia Year 2008 Number 93, Supplement to the State Gazette of the Republic of Indonesia Number 4866);
3. Regulation of the Government of the Republic of Indonesia Number 17 Year 2013 regarding the Implementation of Law Number 20 Year 2008 regarding Micro, Small, and Medium Enterprises (State Gazette of the Republic of Indonesia Year 2013 Number 40, Supplement to the State Gazette of the Republic of Indonesia Number 5404);
4. Presidential Decree Number 75 Year 1999 regarding Commission for the Supervision of Business Competition as amended by Presidential Regulation Number 80 Year 2008 regarding Amendment to Presidential Decree Number 75 Year 1999 regarding Commission for the Supervision of Business Competition;
5. Presidential Decree Number 112/P Year 2012;
6. Regulation of the Commission for the Supervision of Business Competition Number 1 Year 2014 regarding Organization and Working Procedures of the Commission for the Supervision of Business Competition;

HAS DECIDED:

To stipulate: REGULATION OF THE COMMISSION FOR THE SUPERVISION OF BUSINESS COMPETITION REGARDING PROCEDURES FOR THE SUPERVISION OF PARTNERSHIP IMPLEMENTATION.

CHAPTER I

PROVISIONS

Article 1

Referred to herein as:

1. Commission shall be Commission for the Supervision of Business Competition as intended in Law Number 5 Year 1999 regarding Prohibition of Monopolistic Practices and Unfair Business Competition established to supervise Business Actors in running their business activities so as not to conduct monopolistic practices and/or unfair business competition.
2. Partnership shall be cooperation in business linkages, both directly and indirectly, on a mutual-need,-trust, -consolidation, and -benefit basis engaging Micro, Small, Medium, and Large business actors.
3. Supervision of the Implementation of Partnership shall be activities to supervise the implementation of Partnership conducted between Micro, Small, and Medium Enterprises and Large Enterprises and among Micro, Small, and Medium Enterprises in accordance with provisions of laws and regulations.
4. Small Enterprises shall be independent and productive economic businesses conducted by individual persons or business entities not constituting

subsidiaries or not constituting company branches owned, controlled, or becoming direct or indirect parts of Medium or Large Enterprises that meet the criteria of Small Enterprises.

5. Medium Enterprises shall be independent and productive economic activities conducted by individual persons or business entities not constituting subsidiaries or not constituting company branches owned, controlled, or becoming direct or indirect parts of Small or Large Enterprises with a total net assets of or annual sale proceeds that meet the criteria of Medium Enterprises.
6. Large Enterprises shall be productive economic activities conducted by business entities with a total net assets of or annual sale proceeds that are larger than that of Medium Enterprises including national businesses owned by the state or the private sector, joint ventures, and foreign businesses conducting economic activities in Indonesia.
7. Business Climate shall be conditions endeavored by the Government and Regional Governments so as to empower Micro, Small, and Medium Enterprises in a synergized manner through the stipulation of various laws and regulations and policies in various aspects of economic life so that Micro, Small, and Medium Enterprises obtain favoring, certainty, opportunity, protection, and support for doing business to the broadest possible extent.
8. Business Actors shall be any incorporated and unincorporated individual person or business entity, established and domiciled or conducting activities in the jurisdiction of the State of the Republic of Indonesia, both jointly and

severally by virtue of an agreement, conducting various business activities in the field of economy.

9. Commission Meeting shall be the highest resolution adopting organ attended by commission chairman and a number of commission members.
10. Ministry shall be the ministry whose duties and responsibilities are in the field of Micro, Small, and Medium Enterprises.
11. Technical Agency shall be the ministry/non-ministry government institution responsible for the development of Micro, Small, and Medium Enterprises in its activity sector.
12. Team for the Supervision of the Implementation of Partnership shall be a team assigned by the Commission to Supervise the Implementation of Partnership.
13. Partnership Agreement shall be agreements set forth in authentic deeds.

Article 2

Partnership Principles

- (1) Partnership between Micro, Small, and Medium Enterprises and Large Enterprises shall be implemented with due observance of Partnership principles and by upholding fair business ethics.
- (2) Partnership principles as intended in paragraph (1) shall include the following principles:
 - a. mutual-need;
 - b. mutual-trust;

- c. mutual-consolidation; and
 - d. mutual-benefit.
- (3) Partnership between Micro, Small, or Medium Enterprises and Large Enterprises shall be implemented along with the assistance and strengthening of Large Enterprises.
- (4) In implementing Partnership, the Micro, Small, or Medium Enterprises and Large Enterprises shall have equal legal standing and Indonesian law shall apply to them.

Article 3

Matters Prohibited in Partnership

- (1) In implementing Partnership:
- a. Large Enterprises shall be banned from owning and/or controlling Micro, Small, and/or Medium Enterprises being their business partners; and
 - b. Medium Enterprises shall be banned from owning and/or controlling Micro and/or Small Enterprises being their business partners.
- (2) Owning and/or controlling Micro, Small, and/or Medium Enterprises as intended in paragraph (1) sub-paragraph a shall be a condition where:
- a. Large Enterprises have the majority of or all shares, capital, assets of Micro, Small, and Medium Enterprises; and

- b. Large Enterprises control decision making with regard to Micro, Small, and Medium Enterprises being their partners.
- (3) Owning and/or controlling Micro and/or Small Enterprises as intended in paragraph (1) sub-paragraph b shall be a condition where:
 - a. Medium Enterprises have the majority of or all shares, capital, assets of Micro and Small Enterprises; or
 - b. Medium Enterprises control decision making with regard to Micro and Small Enterprises being their partners.
- (4) The control of decision making as intended in paragraph (2) sub-paragraph b and paragraph (3) sub-paragraph b above constitutes a form of control over Micro, Small, and/or Medium Enterprises.
- (5) The form of Control may be conducted both directly and indirectly through:
 - a. ownership and/or control of shares, capital, or assets;
 - b. voting rights;
 - c. agreement and/or Partnership Agreement; and
 - d. trade requirements.

Article 4

Micro, Small, Medium, or Large Enterprises in conducting Partnership system shall be banned from severing legal relationship unilaterally in accordance with provisions of laws and regulations.

CHAPTER II

SCOPE, SYSTEM, AND SOURCE OF THE SUPERVISION OF PARTNERSHIP

Part One

Scope of Partnership

Article 5

Partnership between Micro, Small, and Medium Enterprises and Partnership between Micro, Small, and Medium Enterprises and Large Enterprises shall include a process of skill transfer in the field of production and processing, marketing, capital, human resources and technology adjusted to the Partnership system.

Part Two

Partnership System

Article 6

Supervision by the Commission toward Partnership shall be conducted under the following systems:

- a. core-plasma;
- b. subcontract;
- c. franchise;
- d. general trade;
- e. distribution and agency;
- f. profit sharing;

- g. operational cooperation;
- h. joint venture;
- i. outsourcing; and
- j. other Partnership forms.

Part Three

Source of Supervision of the Implementation of Partnership

Article 7

Supervision of the Implementation of Partnership shall come from:

- a. the initiative of the Working Unit of the Commission that performs duties in the field of Supervision of Partnership Implementation;
- b. the Technical Ministry/Agency;
- c. the reporting of the mass media;
- d. the community; and/or
- e. other sources.

CHAPTER III

PARTNERSHIP SYSTEM-BASED SUPERVISION

Part One

Supervision of Core-Plasma Partnership System

Article 8

In implementing core-plasma Partnership system:

- a. Large Enterprises shall hold a position as a core, Micro, Small, and Medium Enterprises shall hold a position as a plasma; or
- b. Medium Enterprises shall hold a position as a core, Micro and Small Enterprises shall hold a position as a plasma.

Article 9

Large or Medium Enterprises as the core in supervising the implementation of Partnership under a core-plasma system need to observe the following matters:

- a. the provision and preparation of land;
- b. the provision of production facilities;
- c. the granting of technical guidance about production and business management;
- d. the acquisition, control, and improvement of technology needed;
- e. financing;
- f. marketing;
- g. underwriting;
- h. the granting of information; and
- i. the granting of other assistance needed for the improvement of efficiency and productivity as well as business insight.

Part Two
Supervision of Subcontract Partnership System

Article 10

In the implementation of the Subcontract Partnership System:

- a. Large Enterprises shall hold a position as contractor, Micro, Small, and Medium Enterprises shall hold a position as subcontractor; or
- b. Medium Enterprises shall hold a position as contractor, Micro and Small Enterprises shall hold a position as subcontractor.

Article 11

In the supervision of the implementation of Partnership under a subcontract system, Large or Medium Enterprises need to provide support in the form of the following:

- a. opportunity to work on a portion of the production and/or the components thereof;
- b. opportunity to obtain raw materials produced in a sustainable manner with a proper amount and price;
- c. guidance and technical capability for production and management;
- d. acquisition, control, and improvement of technology needed;
- e. financing and arrangement of payment system that does not harm one of the parties; and
- f. effort not to unilaterally conduct termination of relationship.

Part Three

Supervision of Franchise Partnership System

Article 12

In a Franchise Partnership System:

- a. Large Enterprises shall hold a position as franchisor, Micro, Small, and Medium Enterprises shall hold a position as franchisee; or
- b. Medium Enterprises shall hold a position a franchisor, Micro and Small Enterprises shall hold a position as franchisee.

Article 13

Large Enterprises expanding their business by way of franchise shall give an opportunity to and prioritize capable Micro, Small, and Medium Enterprises.

Article 14

- (1) Franchisor and franchisee shall prioritize the use of goods and/or materials produced domestically insofar as meeting the quality standards of goods and services provided and/or sold under a franchise agreement.
- (2) Franchisor shall be obligated to foster franchisee in a sustainable manner in the form of training, management operating guidance, marketing, research, and development.

Article 15

Micro, Small, and Medium Enterprises that will develop their business by applying a business system through the marketing of goods and/or services proven successful

may be utilized and/or used by other parties, may establish Partnership under a franchise system as a franchisor.

Part Four

Supervision of General Trade Partnership System

Article 16

- (1) In a General Trade Partnership System:
 - a. Large Enterprises shall hold a position as goods recipient, Micro, Small, and Medium Enterprises shall hold a position as goods supplier; or
 - b. Medium Enterprises shall hold a position as good recipient, Micro and Small Enterprises shall hold a position as goods supplier.
- (2) Micro, Small, and Medium Enterprises as goods supplier shall produce goods or services for their trade partners.

Article 17

Business partnership under a general trade system may be conducted in the form of cooperation for marketing, provision of business location, or receipt of supplies from Micro, Small, and Medium Enterprises by Large Enterprises conducted in a transparent manner.

Article 18

The fulfillment of needs for goods and services required by Large or Medium Enterprises shall be conducted by prioritizing the procurement of products generated

by Micro or Small Enterprises insofar as meeting the quality standards of goods and services needed.

Article 19

The arrangement of payment system in the form of general trade Partnership cooperation shall be conducted by not harming one of the parties.

Part Five

Supervision of Distribution and Agency Partnership System

Article 20

In a distribution and agency Partnership system:

- a. Large Enterprises shall grant a privilege to market goods and services to Micro, Small, and Medium Enterprises; and/or
- b. Medium Enterprises shall grant a privilege to market goods and services to Micro and Small Enterprises.

Part Six

Supervision of Profit Sharing Partnership System

Article 21

(1) In a profit sharing Partnership system:

- a. Micro, Small, and Medium Enterprises shall hold a position as implementer that runs business financed or owned by Large Enterprises; or

- b. Micro and Small Enterprises shall hold a position as implementer that runs business financed or owned by Medium Enterprises.
- (2) Each party partnering under a profit sharing system shall contribute in accordance with the capability and resources owned and agreed upon by the two parties acting as partners.
 - (3) The amount of the distribution of profits received or the losses borne by each of the parties acting as partners under a profit sharing system shall be based on the agreed upon agreement.

Part Seven

Supervision of Operational Cooperation Partnership System

Article 22

In an operational cooperation Partnership system:

- a. Micro, Small, and Medium Enterprises and Large Enterprises shall run business the nature of which is temporary up to the completion of the work; or
- b. Micro and Small Enterprises and Medium Enterprises shall run business the nature of which is temporary up to the completion of the work.

Part Eight

Supervision of Joint Venture Partnership System

Article 23

- (1) Local Micro, Small, and Medium Enterprises in conducting their business activities may establish business Partnership with foreign Large Enterprises

through a joint venture system by way of running a joint economic activity by establishing a new company.

- (2) Local Micro and Small Enterprises in conducting their business activities may establish business Partnership with foreign Medium Enterprises through a joint venture system by way of running a joint economic activity by establishing a new company.
- (3) A new company as intended in paragraphs (1) and (2) shall be established in accordance with provisions of laws and regulations.

Article 24

In running a joint economic activity, the parties shall share proportionally in shareholding, profits, risks, and company management.

Article 25

In the event that Micro, Small, and Medium Enterprises run business under a joint venture capital with foreign parties, provisions as provided for in laws and regulations shall apply.

Part Nine

Supervision of Outsourcing Partnership System

Article 26

- (1) In an outsourcing Partnership system:

- a. Large Enterprises shall hold a position as work owner, Micro, Small, and Medium Enterprises shall hold a position as work service provider and implementer; or
 - b. Medium Enterprises shall hold a position as work owner, Micro and Small Enterprises shall hold a position as work service provider and implementer.
- (2) Micro, Small, and Medium Enterprises may establish partnership with Large Enterprises under an outsourcing Partnership system to do the work or part of the work outside the main work of Large Enterprises.
 - (3) Micro or Small Enterprises may establish partnership with Medium Enterprises under an outsourcing Partnership system to do the work or part of the work outside the main work of Medium Enterprises.

Part Ten

Other Partnership

Article 27

- (1) Other than Partnerships as intended Articles 8 up to and including 26, among Micro, Small, and Medium Enterprises may conduct other Partnership.
- (2) Partnership as intended in paragraph (1) shall be conducted in accordance with provisions as intended in Article 2 paragraphs (1), (2), and (3), as well as Article 4.

Article 28

Outsourcing Partnership system shall be run in the field and line of business not constituting the main work and/or not constituting the main component.

CHAPTER IV AGREEMENT

Article 29

- (1) Any form of Partnership conducted by Micro, Small, and Medium Enterprises shall be set forth in a Partnership agreement.
- (2) Partnership agreement as intended in paragraph (1) shall be made in writing in Indonesian language.
- (3) In the event that one of the parties constitutes a foreign individual or legal entity, the Partnership agreement as intended in paragraph (1) shall be made in Indonesian language and foreign language.

Article 30

- (1) Partnership agreement must meet the basic principle of independence of Micro, Small, and Medium Enterprises and must not create dependence of Micro, Small, and Medium Enterprises on Large Enterprises.
- (2) Partnership agreement as intended in paragraph (1) shall at least contain:
 - a. business activities;
 - b. rights and obligations of each party;
 - c. form of development;

- d. period; and
 - e. dispute settlement.
- (3) Partnership agreement as intended in paragraph (1) shall be reported to the Technical Agency in accordance with provisions of laws and regulations.

CHAPTER V

IMPLEMENTATION OF THE SUPERVISION OF PARTNERSHIP

Article 31

- (1) Supervision of the implementation of Partnership conducted toward the control and ownership of business partners as intended in Article 3 may be conducted toward:
- a. the ownership and/or control of all or the majority of shares, capital, and assets;
 - b. voting rights;
 - c. agreement and/or Partnership Agreement; and
 - d. trade requirements.
- (2) Supervision of the ownership or control of the majority of or all shares, capital, and assets by Large Enterprises over Micro, Small, and Medium Enterprises may be conducted through acquisition or the establishment of a new company.

- (3) Supervision of ownership or control of the majority of or all shares, capital, and assets by Medium Enterprises over Micro and Small Enterprises may be conducted through acquisition or the establishment of a new company.
- (4) Supervision of Agreement and/or Partnership Agreement as well as trade requirements as a form of control of business partners shall be conducted with due observance of the following provisions:
 - a. Partnership principle;
 - b. sound business ethics;
 - c. not contradictory to the basic principle of independence of Micro, Small, and Medium Enterprises;
 - d. not creating dependence of Micro, Small, and Medium Enterprises on Large Enterprises;
 - e. not harming one of the parties in accordance with provisions of laws and regulations;
 - f. equal legal standing among the parties based on laws and regulations; and/or
 - g. control of or ownership of capital, shares, assets of business partners.
- (5) In the event that based on an analysis result, there is a violation of provisions being found as intended in Article 3 paragraphs (1) and (4), the result of the Supervision of the Implementation of Partnership to be followed up to become an initiative case may be recommended.

- (6) With regard to Partnership agreement not set forth in writing as intended in Article 29 paragraph (2) above, the Commission may recommend the Technical Agency in accordance with provisions of laws and regulations to develop such Partnership agreement and the registration thereof.

CHAPTER VI

PROCEDURES FOR THE SUPERVISION OF PARTNERSHIP IMPLEMENTATION

Part One

Supervision of the Implementation of Partnership

Article 32

- (1) The Commission shall Supervise the Implementation of Partnership.
- (2) The Commission may establish a Working Unit that performs duties in the field of Supervision of the Implementation of Partnership.
- (3) The Working Unit as intended in paragraph (2) may establish a Team for the Supervision of the Implementation of Partnership.
- (4) The Team for the Supervision of the Implementation of Partnership may engage the Ministry of Cooperatives and Small and Medium Enterprises and/or the related technical ministry/non-ministry government institution.

Part Two

Duties and Authorities of the Team for the Supervision of the Implementation of Partnership

Article 33

- (1) The Team for the Supervision of the Implementation of Partnership shall have the duties to obtain data and/or information about potential violation of the Partnership ethics and sound business ethics in the implementation of Partnership relationship as provided for in laws and regulations.
- (2) In the context of discharging duties as intended in paragraph (1), the Team for the Supervision of the Implementation of Partnership shall have the authorities to:
 - a. monitor Partnership relationship established by Micro, Small, and Medium Enterprises and Large Enterprises;
 - b. conduct interviews;
 - c. hold meetings, ask for data and information as well as obtain reports from Micro, Small, Medium, and Large Enterprises;
 - d. inquire the Government;
 - e. establish coordination with the Technical Agency;
 - f. conduct field inspection;
 - g. analyze the results of the Partnership Implementation Supervision;
 - h. make a Report on the Results of the Partnership Implementation Supervision; and
 - i. report the Results of the Partnership Implementation Supervision in the Commission Meeting.

Article 34

Other than duties and authorities as intended in Article 33, the Team for the Supervision of the Implementation of Partnership shall have other authorities as follows:

- a. invite and inquire Business Actors, the government, or other stakeholders;
- b. enter into correspondence with related parties in the context of obtaining research-related data and information;
- c. obtain related data, letters, documents, and information from Micro, Small, Medium, and Large Enterprises, the government or other stakeholders;
- d. obtain related data, letters, documents, and information from other working units within the Commission;
- e. establish coordination with other related institutions or agencies;
- f. collect information from academics and independent resource persons;
- g. collect data and information from consumers;
- h. process and analyze data and information; and/or
- i. cooperate with third parties in the context of data collection and processing.

CHAPTER VII
RECOMMENDATIONS AND FOLLOW-UPS TO THE RESULTS OF
PARTNERSHIP IMPLEMENTATION SUPERVISION

Article 35

Supervision Result Recommendations can be in the form of:

- a. development, registration of Partnership Agreement and revocation of business license by the agency competent to issue licenses;
- b. suggestion and consideration; and/or
- c. follow-ups to initiative Cases as provided for in the Regulation of the Commission for the Supervision of Business Competition of the Republic of Indonesia regarding Procedures for the Handling of Partnership Implementation Cases.

Article 36

- (1) In the event that the Recommendations contain Development, registration of Partnership Agreement and revocation of business license, based on a Commission Meeting, a letter of recommendation signed by the Commission Chairman can be issued to the Technical Agency in accordance with provisions of laws and regulations.
- (2) In the event that the Recommendations contain suggestion and consideration, it shall be followed up by the Working Unit handling suggestion and consideration.

- (3) In the event that the Recommendations contain follow-ups to initiative cases, it shall be followed up by the working unit handling Initiative Cases.

CHAPTER VIII

TYPES OF ADMINISTRATIVE SANCTION

Part One

Article 37

Types of Administrative Sanction

The types of administration sanction can be in the form of:

- a. revocation of business license by the Technical Agency issuing licenses; and
- b. penalty.

Article 38

The Commission may impose administrative sanction in the form of penalty in the event of the following:

- a. Large Enterprises violating provisions as intended in Article 3 paragraph (1) shall be subject to a maximum penalty of IDR10,000,000,000.00 (ten billion rupiah);
- b. Medium Enterprises violating provisions as intended in Article 3 paragraph (1) shall be subject to a maximum penalty of IDR5,000,000,000.00 (five billion rupiah); and
- c. Procedures for the Imposition of Administrative Sanction shall be provided for further in a Regulation of the Commission for the Supervision of Business

Competition of the Republic of Indonesia regarding Procedures for the Handling of Partnership Implementation Cases.

CHAPTER IX
CLOSING PROVISIONS

Article 39

This Commission Regulation shall come into force as from its date of stipulation.

For public cognizance, hereby ordering the promulgation of this Commission Regulation by placing it in the Official Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On June 30, 2015

CHAIRMAN OF THE COMMISSION FOR
THE SUPERVISION OF BUSINESS
COMPETITION

Chairman,

[Signed and stamped; stamp reads:

COMMISSION FOR THE SUPERVISION
OF BUSINESS COMPETITION *OF THE
REPUBLIC OF INDONESIA*

M. NAWIR MESSI