

PANORAMIC

MERGER CONTROL

Indonesia

 LEXOLOGY

Merger Control

Contributing Editor

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Freshfields

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QUICK REFERENCE TABLE

The table below is for quick reference only.

Voluntary or mandatory system?	Mandatory.
Notification trigger/filing deadline	<p>Notification must be filed if the transaction:</p> <ul style="list-style-type: none"> • constitutes a merger, consolidation or acquisition (of shares or assets) resulting in a concentration/change of control; • meets the jurisdictional thresholds; and • is between non - affiliated entities. <p>Foreign - to - foreign transactions that satisfy the above criteria may have to be notified if they have a nexus with the Indonesian market. Currently, the Indonesian Competition Commission (KPPU) applies a dual - nexus approach, meaning that both undertakings involved in the transaction must have assets in, or sales to Indonesia, either directly or indirectly through affiliates or subsidiaries.</p> <p>The transaction must be notified to the KPPU within 30 business days of the transaction becoming legally effective.</p>
Clearance deadlines (Phase I/Phase II)	<p>In Phase I, the KPPU has three business days to check the completeness of the notification documents and if the transaction is notifiable.</p> <p>In Phase II, after the Phase I period has ended and if notification is deemed to be required, the KPPU has a further 90 business days to carry out its assessment and issue its opinion.</p> <p>Simplified assessment is available for transactions that are not expected to create competition issues.</p>
Substantive test for clearance	

	The KPPU carries out a comprehensive assessment if the Herfindahl - Hirschman Index (HHI) is between 1,500 and 2,500, and the change in HHI is above 250; or the HHI is above 2,500 and the change is above 150. If the market concentration test is positive, the KPPU will consider certain factors, including entry barriers and potential anti - competitive behaviour.
Penalties	A late notification penalty of 1 billion rupiahs per day up to a maximum of 25 billion rupiahs applies.
Remarks	Not applicable.

Law stated - 1 May 2025

LEGISLATION AND JURISDICTION

Relevant legislation and regulators

What is the relevant legislation and who enforces it?

Merger control in Indonesia, enforced by the Indonesian Competition Commission (KPPU), is governed by:

- [Law No. 6 of 2023](#) on the Ratification of Government Regulation No. 2 of 2022 (in lieu of Law No. 11 of 2020 on Job Creation) into Law (the Job Creation Law);
- [Law No. 5 of 1999](#) on the Prohibition of Monopolistic Practices and Unfair Business Competition, as amended by the Job Creation Law (the Competition Law);
- [Government Regulation No. 57 of 2010](#) on Mergers, Consolidation and Acquisition of Shares that may result in Monopolistic or Unfair Business Competition Practices;
- [Government Regulation No. 44 of 2021](#) on the Implementation of the Prohibition of Monopolistic Practices and Unfair Business Competition;
- [Government Regulation No. 20 of 2023](#) on the Type and Rates of Non-Tax State Revenues at the KPPU;
- [KPPU Regulation No. 3 of 2023](#) on the Assessment of Mergers or Consolidations of Undertakings or Acquisition of Shares in a Company that May Result in Monopolistic Practices or Unfair Competition;
- [KPPU Guidelines for the Assessment of Mergers, Consolidations or Acquisitions](#) issued on 6 October 2020, to the extent that they do not conflict with KPPU Regulation No. 3 of 2023; and
- [Supreme Court Circular Letter No. 1 of 2021](#) on the Transfer of Examination of Objections to KPPU Decisions to the Commercial Court.

The following KPPU regulations are also relevant:

- [KPPU Chair Regulation No. 4 of 2022](#) on the Definition of Relevant Markets; and
- [KPPU Regulation No. 2 of 2023](#) on the Case Handling Procedure.

The KPPU also issued a [KPPU Guidelines for the Assessment of Mergers, Consolidations or Acquisitions](#) in 2020. It has not been updated since the issuance of KPPU Regulation No. 3 of 2023; however, it remains relevant to the extent not conflicting KPPU Regulation No. 3 of 2023.

Law stated - 1 May 2025

Scope of legislation

What kinds of mergers are caught?

Mergers, consolidations and acquisitions are caught.

A merger is the legal act of one or more undertakings merging with another undertaking, resulting in assets and liabilities being transferred by operation of law to one undertaking and the legal status of the other to cease by operation of law.

A consolidation is the legal act of two or more undertakings consolidating by establishing a new undertaking that obtains the assets and liabilities of the consolidating undertaking by operation of law, with the legal status of the consolidating undertakings ceasing by operation of law.

An acquisition is the legal act of an undertaking acquiring shares or assets of another undertaking, resulting in a change of control of the undertaking or the assets of the undertaking. A change of control could also involve a change from sole to joint control or vice versa.

The concepts of mergers, consolidations and acquisitions should be interpreted broadly to mean any type of concentration of control over undertakings that were previously independent into one undertaking or group of undertakings, or a change of control from one undertaking to another undertaking that results in a concentration of control or market concentration.

A share acquisition may be carried out through a direct purchase from the existing shareholder or the capital market, or through subscription of new shares by capital injection. The definition of shares goes beyond the conventional understanding of the term by encompassing legal instruments that are conceptually similar to shares, which enable their owners to control and receive benefit from such ownership (eg, a participating interest, which is commonly acquired in the oil and gas industry). An acquisition of shares with no or limited voting rights (preferred stock) is exempt from notification as it does not result in a change of control.

A transfer of assets (tangible or intangible) is tantamount to an acquisition of shares and, accordingly, should be notified to the KPPU if there is:

- a transfer of their management control or physical control; or
- an increase in the ability of the acquirer to control a relevant market.

The following asset transfers are exempt:

1. a non-bank asset transfer transaction valued at less than 250 billion rupiahs;
2. a bank asset transfer transaction valued at less than 2.5 trillion rupiahs;
3. a transfer of assets that is carried out in the ordinary course of business (this depends on the business profile of the acquiring party and the purpose of the acquisition) – transactions in the ordinary course of business are:
 - transfers of assets that are finished goods from one undertaking to another for resale to consumers by an undertaking that is active in the retail sector (ie, the sale of consumer goods by retailers); and
 - transfers of assets that are supplies to be used within three months in the production process (ie, the purchase by an undertaking of raw materials and basic components from various sources for production).
4. The assets have no relationship with the business activities of the undertaking acquiring the assets.

The transferred asset value in points (1) and (2) above is as cited in the latest financial statements, or as calculated at the sale, purchase or other legal asset transfer. The highest of these should be the basis for calculation of the threshold. If the transferred assets are privately owned, the asset value would be based on the value as referred to in the seller's tax filing.

An undertaking is any individual or business legal or non-legal entity that is established and domiciled, or is carrying out activities within, Indonesia either individually or jointly by virtue of an agreement, while carrying out various business activities in the economic field.

If the transaction is carried out between affiliates, the transaction is exempt. A company is an affiliate of another if:

- it either directly or indirectly controls, or is controlled by, that company;
- both it and the other company, directly or indirectly, are controlled by the same parent company; or
- there is a main principal shareholder relationship with the counterparty.

The principal shareholder should be a controlling shareholder. 'Affiliation' means a relationship of control.

Law stated - 1 May 2025

Scope of legislation

What types of joint ventures are caught?

Joint ventures are, in principle, caught by Indonesian merger control legislation unless they are greenfield joint ventures. To avoid doubt, mergers, consolidations or acquisitions carried

out by a joint venture after its establishment are still caught, provided that other criteria are met.

Law stated - 1 May 2025

Scope of legislation

Is there a definition of 'control' and are minority and other interests less than control caught?

A change of control occurs if the controlling undertaking changes from an undertaking:

- carrying out a merger (merging entity) into one that accepts the merger (surviving undertaking);
- carrying out a consolidation into one that is the result of the consolidation;
- whose shares are acquired into one that carries out the acquisition of shares; or
- whose assets are acquired into one that carries out the acquisition of assets.

In the event of an acquisition of shares, control exists if the acquiring party holds:

- more than 50 per cent of the shares or voting rights; or
- 50 per cent (or less) of the shares or voting rights but has the ability to influence or direct the company's policy or management, or both.

Whether the acquiring party has the ability to influence or direct the undertaking's policy or management is determined case by case. Case law shows that an acquiring party may, for instance, have control because it has certain veto rights and a right to nominate the majority of directors, including the president director, or if it has more expertise than the other shareholder in the business in which the target is engaged.

In case of a share acquisition involving a foreign target, the matter of control is determined based on the law applicable to the target. However, we see that in determining whether a change of control has occurred, the KPPU will also consider whether the acquiring party (i) will consolidate the financial statements of the target, (ii) has the right to appoint the majority of directors, in particular the president director and finance director, and (iii) is registered as the controlling shareholder in the trade/company register (or local equivalent).

Law stated - 1 May 2025

Thresholds, triggers and approvals

What are the jurisdictional thresholds for notification and are there circumstances in which transactions falling below these thresholds may be investigated?

The jurisdictional thresholds for notification are:

-

the combined value of assets in Indonesia exceeds 2.5 trillion rupiahs or, if all undertakings involved in the transaction are active in the banking sector, 20 trillion rupiahs; or

- combined turnover in Indonesia exceeds 5 trillion rupiahs or, if all undertakings involved in the transaction are active in the banking sector, 20 trillion rupiahs.

Of relevance to the calculation are assets or sales in Indonesia of the acquirer and all undertakings (ie, including the target) that follow the merger, consolidation or acquisition directly or indirectly control, or are controlled by, the undertaking that carries out a merger, consolidation or acquisition of shares or assets. This includes the ultimate parent entity, which is the highest controller of a group of undertakings that is not controlled by any other undertaking.

The jurisdictional thresholds are also met if only one party involved in the transaction meets the threshold.

The definition of 'target' includes the target and its subsidiaries and the seller is not taken into account; however, if the transaction results in a change from single to joint control, the assets or turnover in Indonesia, or both, of the existing shareholder and its affiliates are also relevant (unless the transaction is carried out by a joint venture within the meaning discussed below).

The asset value and turnover are calculated based on the consolidated audited financial report of the ultimate parent entity – or, if no consolidated financial report is available, the financial reports of the ultimate parent entity and each of its subsidiaries – in all cases that occurred during the year before the one in which the transaction takes place. Turnover includes sales of products produced domestically and imported products. Exported products should be excluded from the calculation.

If the asset or sales value of a party involved in the merger, consolidation or acquisition has decreased by 30 per cent or more in an accounting year as compared with the year before, the value is calculated on the basis of the average of the past three years or, if the decrease occurred in under three years, the average of the past two years.

If the transaction is carried out by a joint venture, the ultimate controlling entity for the calculation of the asset and sales value is the joint venture itself, so the calculation should be based on the financial statements of the joint venture and its subsidiaries (if any), as well as of the target and its subsidiaries (if any). The asset and sales value of other affiliates of the joint venture (eg, controlling entities and sister companies) may be ignored for the calculation of the threshold.

According to the KPPU, the joint venture should form a business unit that is independent from each of the shareholders that have formed the joint venture. The joint venture should have its own financial statements, separated from each of the undertakings that have formed it.

The KPPU does not seem to require that the shareholding of parent companies in the joint venture is equal (ie, 50/50) or that they have exactly the same rights over the governance of the joint venture, but rather that both parent companies are given rights over strategic decisions (including veto rights) that would confer on them joint control over the joint venture.

We have not seen any instances where transactions below the jurisdictional threshold have been caught by the merger filing regime. However, if the undertakings involved in the

transaction are alleged to have engaged in anti-competitive behaviour, the KPPU may still investigate them based on alleged violations of the Competition Law provisions.

Law stated - 1 May 2025

Thresholds, triggers and approvals

Is the filing mandatory or voluntary? If mandatory, do any exceptions exist?

A post-merger filing is mandatory if all criteria are met. Parties involved in the transaction may carry out a voluntary pre-merger filing; however, even if parties carry out a voluntary pre-merger filing, the post-merger filing will still be mandatory. No exceptions exist other than when the transaction is carried out between affiliates, in which case the transaction is exempt. A company is an affiliate of another if:

- it either directly or indirectly controls, or is controlled by, that company;
- both it and the other company, directly or indirectly, are controlled by the same parent company; or
- there is a main principal shareholder relationship with the counterparty.

The principal shareholder should be a controlling shareholder.

Specifically for asset transfers, the following are exempt from the post-merger filing:

1. a non-bank asset transfer transaction valued at less than 250 billion rupiahs;
2. a bank asset transfer transaction valued at less than 2.5 trillion rupiahs;
3. a transfer of assets that is carried out in the ordinary course of business (this depends on the business profile of the acquiring party and the purpose of the acquisition) – transactions in the ordinary course of business are:
 - transfers of assets that are finished goods from one undertaking to another for resale to consumers by an undertaking that is active in the retail sector (ie, the sale of consumer goods by retailers); and
 - transfers of assets that are supplies to be used within three months in the production process (ie, the purchase by an undertaking of raw materials and basic components from various sources for production).
4. the assets have no relationship with the business activities of the undertaking acquiring the assets.

Law stated - 1 May 2025

Thresholds, triggers and approvals

Do foreign-to-foreign mergers have to be notified and is there a local effects or nexus test?

Foreign-to-foreign mergers may have to be notified if they have a dual nexus in the Indonesian market. A transaction has a nexus if at least (i) the acquiring party or one of its affiliates (eg, its ultimate parent entity, sister company or subsidiary), and (ii) the target or one of its subsidiaries has assets in, or sales to Indonesia.

Assets are movable or immovable objects, both tangible and intangible, that possess economic value.

Whether a company has sales in Indonesia is not always easy to determine. Parallel sales could also trigger a notification requirement.

Law stated - 1 May 2025

Thresholds, triggers and approvals

Are there also rules on foreign investment, special sectors or other relevant approvals?

Indonesia has a general foreign investment regime, which is set out in Law No. 25 of 2007 on Investment, as amended by the Job Creation Law, and implementing legislation, including Presidential Regulation No. 10 of 2021 on Investment Sectors, as amended by Presidential Regulation No. 49 of 2021, as well as regulations issued by the Minister of Investment and Downstream Industry/Investment Coordinating Board.

Under Law No. 25 of 2007, as amended, all business fields are open to foreign investment unless declared otherwise. Foreign investment must be carried out through a foreign investment company in the form of a limited liability company under Indonesian law (PT PMA) and domiciled within the territory of Indonesia, unless provided otherwise by law. Foreign investors who make investments through a PT PMA should:

- subscribe to shares at the time the PT PMA is established;
- purchase shares; or
- invest through other methods in accordance with applicable laws and regulations.

Presidential Regulation No. 10 of 2021, as amended, indicates:

- 37 business fields are subject to specific requirements, which may be classified as:
 - open to foreign direct investment (FDI) but subject to a maximum foreign shareholding limit;
 - open to FDI but subject to special approval from the relevant ministry;
 - 100 per cent reserved for domestic investors; and
 - certain business fields that are limited, supervised or regulated by a separate regulation on the supervision and control of alcohol beverages;
- six business fields that are completely prohibited from FDI under the Job Creation Law (narcotics, gambling or casinos, harvesting of fish listed in the Convention on International Trade in Endangered Species of Wild Fauna and Flora, utilisation or harvesting of coral, chemical weapons and chemicals that may damage the ozone layer);

- 60 business fields that are reserved for cooperatives and small and medium-sized enterprises; and
- 46 business fields that are open to FDI if in partnership with cooperatives and small and medium-sized enterprises.

Several sectoral laws (eg, in banking, non-banking financial services (venture capital, multi-finance and securities companies), insurance, mining, oil and gas, and shipping) introduce specific foreign investment rules and restrictions.

Law stated - 1 May 2025

NOTIFICATION AND CLEARANCE TIMETABLE

Filing formalities

What are the deadlines for filing? Are there sanctions for not filing and are they applied in practice?

A transaction that meets the relevant criteria should in principle be notified to the Indonesian Competition Commission (KPPU) within 30 business days of the date that the transaction becomes legally effective. Notifications must be submitted through the [KPPU's online portal](#). The portal is only accessible for submissions between 9am and 2pm (Western Indonesian Time) on business days, which excludes Saturdays and Sundays, official national holidays and joint leave.

If the target is an Indonesian limited liability company, a transaction becomes legally effective on:

- for a merger, the date of approval by the Minister of Law (MoL) of the amendment of the articles of association;
- for a consolidation, the date of approval by the MoL of the deed of establishment of the new company;
- for an acquisition of shares, the date of notification to the MoL; and
- for an acquisition of assets, the date of the asset transfer.

A transaction involving a target that is a public company becomes legally effective on:

- the date on which the public disclosure letter for the transaction is submitted to the Financial Services Authority (OJK) for a merger, consolidation, or acquisition between public companies; or
- the final date of payment of shares or other equity securities in the exercise of a rights issuance, merger, consolidation or acquisition carried out by a private company in connection with a public company.

The legal effectiveness of foreign-to-foreign transactions is determined based on the closing date in the agreement between the parties or approval from the authorities in the jurisdiction in which the transaction is taking place.

If a transaction has more than one date on which the transaction will become legally effective, the final date will apply.

For late notification, the KPPU can impose a penalty of 1 billion rupiahs per day up to a maximum of 25 billion rupiahs.

The KPPU has to date imposed penalties for late notification in at least 62 cases. To the best of our knowledge, five cases were related to foreign-to-foreign transactions.

The penalties imposed recently ranged between 1 billion and 10.33 billion rupiahs per transaction, and 20.66 billion rupiahs in total for a single company that acquired three different entities owing to a delay of 1,220 days. The highest penalty for a single transaction (12.6 billion rupiahs) was imposed in October 2019 for a delay of 240 days.

Law stated - 1 May 2025

Filing formalities

Which parties are responsible for filing and are filing fees required?

The following parties are responsible for a notification filing:

- for a merger, the surviving undertaking of the merger;
- for a consolidation, the undertaking resulting from the consolidation;
- for an acquisition of shares, the undertaking that acquires the shares; and
- for an acquisition of assets, the undertaking that acquires the assets.

As of May 2023, filing fees are required. They are calculated by multiplying the value of assets or sales in excess of the notification threshold, whichever is lower, by 0.004 per cent.

The value of assets or sales is based on the total asset or sales value of:

- the surviving entity, the consolidating undertaking, or the acquiring undertaking and the acquired undertaking; and
- the undertakings that are directly or indirectly controlled by the surviving undertaking resulting from the merger, the consolidating undertaking, or the acquiring undertaking and the acquired undertaking.

If both the asset and sales value meet the threshold, the filing fee will be calculated using whichever value is lower and will only be payable if the KPPU finds that the transaction is notifiable. The maximum fee is 150 million rupiahs.

The notification fee can be reduced to zero per cent or fully waived based on one or more of the following considerations:

- the transaction supports the development of micro, small and medium-sized enterprises;
- inability to pay or force majeure; or
- pursuant to a specific government policy.

These considerations were further elaborated in KPPU Regulation No. 3 of 2023 on the Assessment of Mergers or Consolidations of Undertakings or Acquisition of Shares in a Company that May Result in Monopolistic Practices or Unfair Competition, which was issued on 30 March 2023 and became effective on 31 March 2023.

The notification fee has its legal basis in Government Regulation No. 20 of 2023 on the Type and Rates of Non-Tax State Revenues at the KPPU, which was issued on 5 April 2023 and came into effect on 5 May 2023.

Law stated - 1 May 2025

Filing formalities

What are the waiting periods and does implementation of the transaction have to be suspended prior to clearance?

As Indonesia has a post-merger system, there are no waiting periods and the implementation of a transaction does not have to be suspended prior to clearance.

Law stated - 1 May 2025

Pre-clearance closing

What are the possible sanctions involved in closing or integrating the activities of the merging businesses before clearance and are they applied in practice?

As Indonesia has a post-merger system, there are no possible sanctions involved for closing or integrating the activities of the merging businesses before clearance.

Law stated - 1 May 2025

Pre-clearance closing

Are sanctions applied in cases involving closing before clearance in foreign-to-foreign mergers?

Not applicable.

Law stated - 1 May 2025

Pre-clearance closing

What solutions might be acceptable to permit closing before clearance in a foreign-to-foreign merger?

Not applicable.

Law stated - 1 May 2025

Public takeovers

Are there any special merger control rules applicable to public takeover bids?

No.

Law stated - 1 May 2025

Documentation

What is the level of detail required in the preparation of a filing, and are there sanctions for supplying wrong or missing information?

Filing documents comprise an online notification form and supporting documentation. A high level of detail is required. Even if the parties to a transaction have no overlapping market share, the KPPU still expects the notifying party to provide information on the products, competitors, customers and suppliers of the parties involved in the transaction. The KPPU also, in principle, expects to see relevant corporate documents of the transacting parties and audited financial reports of the transacting parties, ultimate parent entity of the acquirer its controlled subsidiaries with sales or assets in Indonesia and the target's controlled subsidiaries with sales or assets in Indonesia. As part of supporting documentation, the KPPU requires submission of a transaction impact analysis that includes estimated market share of the parties involved in the transaction, the markets affected by the transaction, and the benefits of the transaction for the parties.

The notifying party will need to grant power of attorney (notarised and consularised or apostilled if signed abroad) to the legal representatives submitting the filing on behalf of the notifying party to the KPPU.

The notifying party will also need to submit a business plan for the next five years, an impact analysis of transactions containing the estimated market share, markets affected and the benefits of the transaction) and a summary of the transaction.

The KPPU can ask the parties to submit supplementary documents in addition to the above.

Any foreign-language documents, in principle, must be translated into Bahasa Indonesia. A translated summary of each submitted document is generally permissible.

Incomplete notifications will not be accepted and the KPPU will not declare the submission complete. If the submission is deemed late, the KPPU may initiate a formal investigation and may impose penalties for the delay.

Further, if submitted information or documents prove to be false, the KPPU may cancel the registration of the notification or the findings of its review, or both. Cancellation may be treated as late notification and be subject to penalties of 1 billion rupiahs per day up to a maximum of 25 billion rupiahs.

Law stated - 1 May 2025

Investigation phases and timetable

What are the typical steps and different phases of the investigation?

A party may choose to engage in voluntary pre-merger consultation either in writing through the notification portal or verbally. If a party chooses the first option, the procedure is similar to the notification procedure. A consultation will not exempt the party from the obligation to submit a notification after the transaction has become effective. The outcome of the KPPU's assessment conducted as part of a consultation may be used for the post-merger notification, provided there are no changes to the supporting documents, for up to one year from its issuance date.

Notification comprises two phases: a check on the completeness of notification documents and a review, consisting of initial and comprehensive review sub-phases, with the latter only being applicable to transactions that appear to be problematic from an Indonesian competition law perspective. The first phase, which is applicable to all notified transactions, also consists of a check regarding if the transaction is notifiable. This check should be completed within three business days of the notification being submitted. If the notification documents are complete, the KPPU will issue a notification registration number and official confirmation on whether the transaction is notifiable. If the transaction is notifiable, the notification will continue to the review phase. If the notification documents are not complete, the KPPU will request the undertaking to provide additional documents or information as deemed necessary.

Law stated - 1 May 2025

Investigation phases and timetable

What is the statutory timetable for clearance? Can it be speeded up?

The KPPU has three business days from the date of submission to verify the completeness of the notification documents and issue a receipt confirming both the completeness of the notification documents and the notifiability of the transaction. Thereafter, the KPPU has 90 business days from the date the notification is declared complete to review the notification and issue its opinion.

Under the KPPU Guidelines for the Assessment of Mergers, Consolidations or Acquisitions, the procedure can be speeded up if the KPPU concludes that a notification is suitable for a simplified assessment as the transaction is not expected to create competition issues.

The simplified assessment takes into account the following characteristics of the transaction:

- no involvement of the parties in overlapping business activities;
- no engagement in vertically integrated business activities;
- should overlapping business activities exist, a limited joint market share of those activities;
- should vertically integrated business activities exist, a Herfindahl-Hirschman Index below the required threshold for each of those activities;
- the transaction not having the potential for tying or bundling, or a network effect;

- the notification was submitted within 30 business days of commencement of the transaction; or
- the transaction involves an acquisition resulting in an undertaking that gains sole control (from joint control with another undertaking hitherto).

A simplified assessment may be carried out either by the KPPU or at the request of the notifying party. If the KPPU approves a simplified assessment request, it should issue its opinion on the transaction within 14 business days. However, it remains unclear whether this simplified procedure is still applicable, as KPPU Regulation No. 3 of 2023 on the Assessment of Mergers or Consolidations of Undertakings or Acquisition of Shares in a Company that May Result in Monopolistic Practices or Unfair Competition does not refer to this procedure, nor does the KPPU's online portal provide a specific option accommodating it.

Law stated - 1 May 2025

SUBSTANTIVE ASSESSMENT

Substantive test

What is the substantive test for clearance?

The Indonesian Competition Commission (KPPU) applies the Herfindahl-Hirschman Index (HHI) or concentration ratio. The KPPU carries out a comprehensive assessment and looks at other aspects if:

- the HHI is between 1,500 and 2,500, and the change in the HHI is above 250; or
- the HHI is above 2,500 and the change in the HHI is above 150.

If the market concentration test is positive, the KPPU will consider certain factors, including entry barriers. In doing so, it will, for instance, look at the level of ease for new players to enter the market, the strength of new players, the time needed to enter the market, switching costs, homogeneity of products and brand loyalty.

Law stated - 1 May 2025

Substantive test

Is there a special substantive test for joint ventures?

No.

Law stated - 1 May 2025

Theories of harm

What are the 'theories of harm' that the authorities will investigate?

Theories of harm that the KPPU will investigate are market foreclosure, potential unilateral and coordinated effects.

If a transaction results in a conglomerate, the KPPU will also assess the potential of tying or bundling effects, or both.

Law stated - 1 May 2025

Non-competition issues

To what extent are non-competition issues relevant in the review process?

The KPPU will assess a transaction more positively if it may prevent a party from bankruptcy. A decrease in market players through bankruptcy would be viewed as more harmful than one of market players becoming dominant as a result of the transaction.

The KPPU may also take into account other non-competition issues when carrying out a review, such as:

- policy to augment the competitiveness and strength of national industry;
- technology and innovation development;
- protection of small and medium-sized enterprises;
- impact on the labour force; and
- implementation of relevant laws or regulations.

Law stated - 1 May 2025

Economic efficiencies

To what extent does the authority take into account economic efficiencies in the review process?

The KPPU will assess a transaction more positively if it has potential efficiency effects that benefit customers. Efficiency gains are balanced against the anticompetitive effects of a transaction. The KPPU will prioritise healthy competition over efficiency.

Law stated - 1 May 2025

REMEDIES AND ANCILLARY RESTRAINTS

Regulatory powers

What powers do the authorities have to prohibit or otherwise interfere with a transaction?

The Indonesian Competition Commission (KPPU) cannot prohibit or otherwise interfere with a transaction within the framework of merger control. However, it may initiate a formal investigation into a violation of the Competition Law, in particular cartel or abuse of dominance rules.

Law stated - 1 May 2025

Remedies and conditions

Is it possible to remedy competition issues, for example by giving divestment undertakings or behavioural remedies?

If the transaction proceeds to a comprehensive assessment and raises competitive concerns, KPPU investigators may propose a conditional approval, including a timeline for its implementation. The undertaking may then choose to: (1) approve the proposal in its entirety, (2) reject the proposal entirely or (3) partially reject the proposal.

If the undertaking selects option (2) or (3), it must provide legal, economic, and/or technical considerations related to the rejection. Further, if the undertaking partially rejects the proposal, it may propose a conditional approval (remedies) and the timeline for its implementation to the KPPU. The agreed remedies will be stipulated in a KPPU decision, which may take the form of (1) structural remedies, (2) behavioural remedies or (3) the implementation of a reasonable pricing strategy.

Law stated - 1 May 2025

Remedies and conditions

What are the basic conditions and timing issues applicable to a divestment or other remedy?

As Indonesia has a post-merger notification regime, a transaction will be legally effective by the time remedies are imposed. The KPPU will state the timing for remedy compliance. If the

undertaking does not accept the remedies proposed by the KPPU, the KPPU will initiate a Further Examination in accordance with the procedures outlined in KPPU Regulation No. 2 of 2023 on the Case Handling Procedure, which may lead to the imposition of penalties.

To the best of our knowledge, the KPPU has never imposed penalties or sanctions as a result of a party's failure to comply with its remedies.

Law stated - 1 May 2025

Remedies and conditions

What is the track record of the authority in requiring remedies in foreign-to-foreign mergers?

To the best of our knowledge, the KPPU has to date only agreed to or imposed behavioural, not structural, remedies. The KPPU has imposed behavioural remedies, usually consisting of reporting requirements, in at least five cases.

The KPPU has never imposed behavioural or structural remedies in a foreign-to-foreign merger.

Law stated - 1 May 2025

Ancillary restrictions

In what circumstances will the clearance decision cover related arrangements (ancillary restrictions)?

KPPU Regulation No. 3 of 2023 on the Assessment of Mergers or Consolidations of Undertakings or Acquisition of Shares in a Company that May Result in Monopolistic Practices or Unfair Competition is silent on the circumstances under which the clearance decision will cover related arrangements (ancillary restrictions). We are also not aware of any case in which the KPPU has addressed related arrangements.

Law stated - 1 May 2025

INVOLVEMENT OF OTHER PARTIES OR AUTHORITIES

Third-party involvement and rights

Are customers and competitors involved in the review process and what rights do complainants have?

Suppliers, competitors, industry associations, economists, experts and government agencies may be involved in the review process.

The notifying party is requested to provide contact details of third parties, and the Indonesian Competition Commission (KPPU) may invite such parties to be interviewed and hear their opinion about the impact of the transaction. Further, during the initial assessment phase, the KPPU may request information, statements or additional documents from competitors and related parties, who are required to provide the requested materials within the deadline set by the KPPU. While the KPPU has the authority to request additional information, there are no sanctions for failing to provide them. However, if the parties do not submit the requested information, the KPPU may conclude its assessment based on its own documents and data.

There is no formal procedure for third parties to submit a complaint about the transaction as part of the merger review process. However, any party may file a complaint to the KPPU based on an alleged violation of article 28 or other relevant provisions of the Competition Law, if they suffer losses as a result of the transaction. The case will be examined and adjudicated separately by the KPPU in the framework of a formal investigation.

Law stated - 1 May 2025

Publicity and confidentiality

What publicity is given to the process and how do you protect commercial information, including business secrets, from disclosure?

The type of notification (eg, asset or share acquisition), the notifying party or acquirer and the target are published by the KPPU on its website.

Before 2019, the KPPU publicised its opinion on certain notifications. In recent years, however, the information published by the KPPU has been limited to the above.

Law stated - 1 May 2025

Cross-border regulatory cooperation

Do the authorities cooperate with antitrust authorities in other jurisdictions?

The KPPU cooperates with competition authorities in other jurisdictions on general policy matters and the sharing of generic information. The KPPU is under a legal obligation to respect the confidentiality of information.

Law stated - 1 May 2025

JUDICIAL REVIEW

Available avenues

What are the opportunities for appeal or judicial review?

Parties cannot file an objection against the opinion of the Indonesian Competition Commission (KPPU) on merger control. However, if the KPPU issues a conditional approval with remedies and, upon its supervision, concludes that the undertaking has not implemented them, it may initiate an investigation into an alleged violation of article 28 of the Competition Law (which prohibits mergers, consolidations or acquisitions that may result in monopolistic practices or unfair business competition). The relevant undertaking may file an objection to the KPPU's decision within the framework of an investigation into an alleged violation of article 28.

While it is possible, it is rare for parties penalised for late notification to file an objection to the KPPU's decision.

Law stated - 1 May 2025

Time frame

What is the usual time frame for appeal or judicial review?

The authority to review competition law cases is currently with the Commercial Court (formerly the District Court). The time frame for the objection phase is between three and 12 months.

Upon receipt of the Commercial Court's decision, the parties may file for cassation to the Supreme Court. Law No. 6 of 2023 on the Ratification of Government Regulation No. 2 of 2022 (in lieu of Law No. 11 of 2020 on Job Creation) into Law (the Competition Law) revoked the Supreme Court's obligation under the Competition Law to render its decision within 30 days of receipt of the application. Therefore, it could take up to 250 days to obtain a Supreme Court decision at cassation level.

ENFORCEMENT PRACTICE AND FUTURE DEVELOPMENTS

Enforcement record

What is the recent enforcement record and what are the current enforcement concerns of the authorities?

Unlike in other jurisdictions, a merger notification in Indonesia does not result in the Indonesian Competition Commission (KPPU) issuing a formal decision to permit or prohibit a transaction between the parties; instead, the KPPU will render a non-binding opinion, which can be:

- no allegation of monopolistic practice or unfair business competition;
- an allegation of monopolistic practice or unfair business competition with conditional approval; or
- an allegation of monopolistic practice or unfair business competition.

In most cases, the KPPU issues the first opinion described above.

If the KPPU issues a conditional approval, the undertaking may then choose to: (1) approve the proposal in its entirety, (2) reject the proposal entirely or (3) partially reject the proposal. If the undertaking selects option (2) or (3), it must provide legal, economic or technical considerations related to the rejection. The KPPU has imposed behavioural remedies, usually consisting of reporting requirements, in at least five cases.

The KPPU has never imposed behavioural or structural remedies in a foreign-to-foreign merger.

Law stated - 1 May 2025

Reform proposals

Are there current proposals to change the legislation?

The Indonesian legislature plans to enact a new competition bill that will replace the current Competition Law as part of the 2025 national legislation programme. However, it remains unclear when the bill will be promulgated into law.

Law stated - 1 May 2025

UPDATE AND TRENDS

Key developments of the past year

What were the key cases, decisions, judgments and policy and legislative developments of the past year?

There have been no significant developments in the field of merger control in recent years, aside from the implementation of the KPPU's online portal, which continues to evolve as it is relatively new, and the introduction of notification fees amounting to 150 million rupiahs per notification.

Despite the KPPU's attempts to address the digital economy and digital markets in 2021–2023 (digital economy studies, reviews of the EU's Digital Markets Act and Digital Services Act, issuance of KPPU Chairman Regulation No. 4 of 2022 on the Determination of Relevant Markets which introduces digital economy market analysis), we have not seen major developments in this sector in relation to merger control in the past year.

The KPPU also continues to be active in imposing penalties for late notification and in ensuring that penalties are paid, inter alia, by cooperating with the Attorney General's Office.

We understand that the KPPU aims to revamp the current Merger Guidelines and the relevant KPPU Regulations. However, there is no clarity on when the KPPU will do so.

Law stated - 1 May 2025