
Newsletter

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Indonesia's Competition Law at a Crossroads: Reform, OECD Accession, and Enforcement Trends



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Introduction

Indonesia's competition regime is undergoing pivotal changes in 2025, marked by progress towards OECD accession, legislative reform, and intensified enforcement by KPPU—despite significant budget constraints. These developments signal a shift toward a more assertive and globally aligned antitrust framework.

1. Legislative Reform: Amendment of the Competition Law Underway

In H1 2025, the [Indonesian Parliament \(*Dewan Perwakilan Rakyat*\)](#) began formal deliberations to amend Law No. 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition, as amended (**Law 5**). The proposed revisions aim to modernize the legal framework in line with international standards, particularly those of the OECD.

Discussions to amend Law 5 have been ongoing since 2013, and the proposed changes are expected to be similar to those from a decade ago. Key areas under review include:

- **Realignment of prohibited conduct and definitions** to reflect global best practices.
- **Introduction of a leniency program** to encourage whistleblowing in cartel cases for more efficient enforcement.
- **Update to the merger control mechanisms.**

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2. OECD Accession Progress

[Indonesia reached key milestones in its OECD accession process in June 2025](#), including the submission of its Initial Memorandum and active participation in peer reviews. As part of this process, Indonesia is aligning its competition policy with OECD best practices, which emphasize:

- Market transparency and accountability.
- Institutional independence of competition authorities.
- Effective deterrence through sanctions and remedies.

This alignment is expected to enhance legal certainty and investor confidence, particularly in cross-border and digital transactions.

3. Enforcement Trends Amid Budget Constraints

Despite a 35.18% budget cut for 2026—marking the third consecutive year of reductions—[KPPU delivered strong enforcement results in H1 2025](#):

- Over Rp220 billion in fines were issued across six decisions and one determination.
- Notable cases included sanctions for abuse of dominance in the digital payment systems market and bid rigging in public infrastructure projects.
- A major investigation is underway into an alleged cartel behavior involving nearly 100 business undertakings, marking the largest number of parties ever investigated by KPPU in a single case.

KPPU also reviewed 63 merger notifications totaling Rp244.05 trillion, with several transactions receiving conditional approval following remedial commitments.

4. Strategic Implications for Businesses

The evolving antitrust landscape presents both risks and opportunities:

- **Compliance Readiness:** Especially critical for the digital, financial, and logistics sectors.
- **Transaction Planning:** Preparing for regime changes, as well as changes in thresholds and potential heightened scrutiny that may result in conditional approvals in concentrated markets.
- **Regulatory Engagement:** Proactive dialogue with KPPU and providing the correct data and information for market assessment are key.

5. Conclusion

Indonesia's antitrust regime is undergoing a strategic transformation, driven by global alignment efforts and domestic reform. As the country moves closer to OECD standards and strengthens its legal and institutional frameworks, companies must adapt to an increasingly assertive and sophisticated competition environment.

Facing evolving regulatory expectations, businesses that invest early in compliance and strategic engagement will be best positioned to thrive.