

KPPU INVESTIGATES ALLEGED MOTOR SCOOTER CARTEL

The KPPU has conducted its first hearing into an alleged motor scooter price fixing cartel between Astra and Yamaha, the dominant players in this market. The KPPU again appears to be pursuing a concerted action-type 'agreement', which it used in the recent beef cartel case (see Makarim & Taira [client alert on the beef cartel case of 13 July 2016](#)).

On 19 July 2016, Business Competition Supervisory Commission (*Komisi Pengawas Persaingan Usaha/KPPU*) conducted its first hearing in respect of an alleged motor scooter cartel, with the recitation of claim by the Team of Investigators and the submission of the Report of Alleged Violation (*Laporan Dugaan Pelanggaran/LDP*) in respect of the reported parties.

The hearing alleges violations of Article 5 paragraph (1) regarding the prohibition on price fixing between competitors, in relation to the sales price of automatic scooters ("*skutik*") in Indonesia with a capacity of 110 – 125 cc. The reported parties are PT. Astra Honda Motor (AHM) and PT. Yamaha Motor Indonesia (YMI).

Amongst other matters, the KPPU reports it has found evidence of discussion regarding the price through an electronic mail (e-mail) from an executive of YMI, i.e. an internal communication to set the selling price to be equal to the selling price set by AHM, the market leader. During the next hearing, the KPPU will call experts to calculate consumer losses in 2013 – 2015. The reported companies' market shares are in the region of 97% (AHM 68% and YMI 29%). According to KPPU, the cartel has resulted in an average excessive price to consumers of around Rp. 2.5 million per unit in comparison with a competitive market.

Although this cartel case does not fall under one of the KPPU's 7 identified priority sectors, the KPPU notes that the majority of the population in Indonesia still uses two-wheeled vehicles as their primary means of transportation.

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Makarim & Taira S. Practice Profile
Matters concerning the KPPU (Competition Law), Litigation, Transactional



Makarim & Taira S. has an experienced team of lawyers handling KPPU matters (competition law) in Indonesia. With an experienced team of local corporate/transactional lawyers and litigators, a technical advisor with 12 years' experience at the competition regulator (KPPU), most recently as Senior Investigator (2009-2015) and a foreign legal consultant to assist with client matter management, Makarim & Taira S. has the full range of expertise to handle Indonesian competition law matters and to advise and represent clients in their dealings with the KPPU.

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