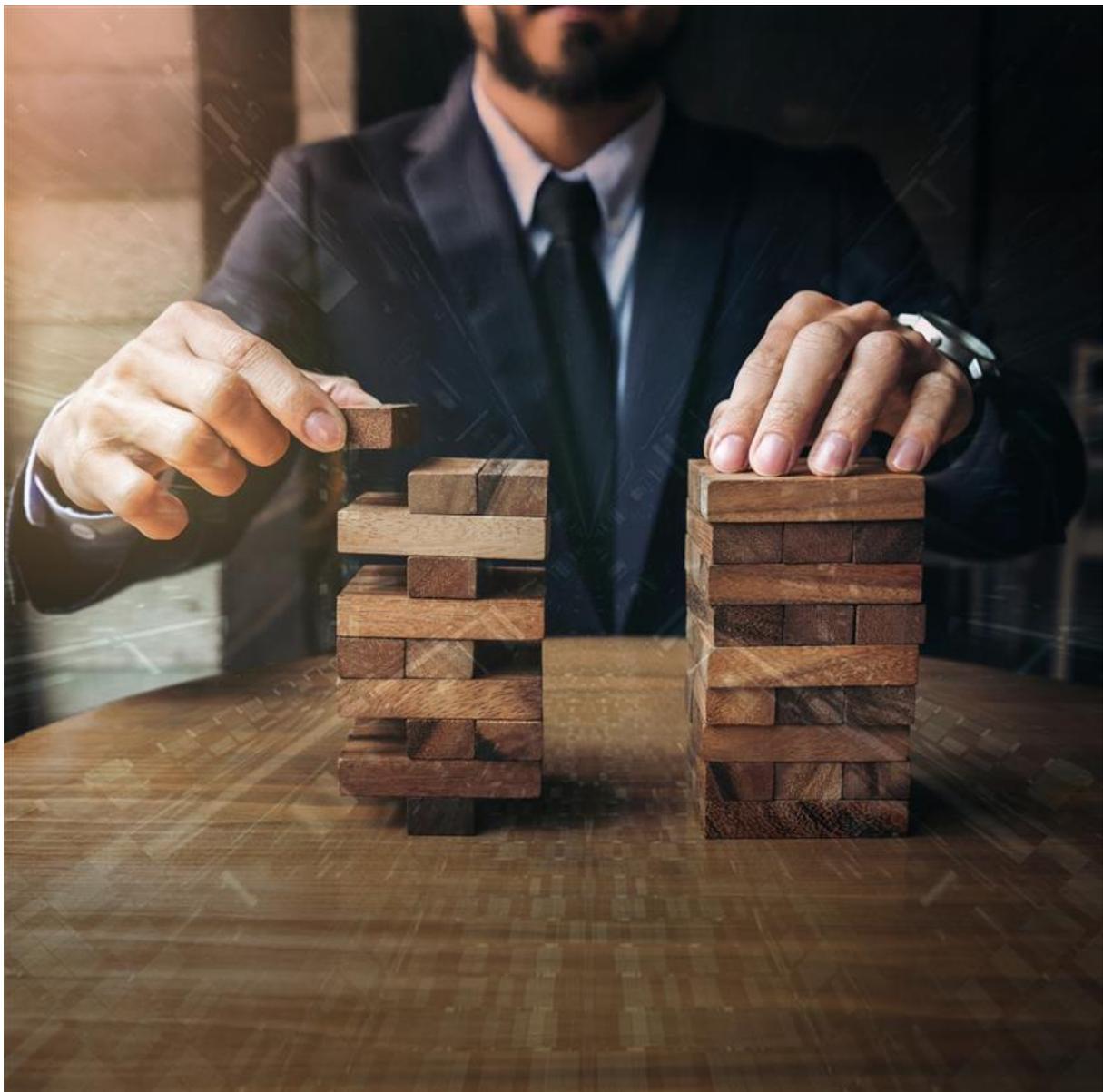


COMPETITION/ANTITRUST, CONSUMER & TRADE

KPPU Regulation 2/2026: Streamlining Enforcement to Support Indonesia's 2026 Competition Outlook



2026 is shaping up to be a transformative year for Indonesia's competition regime. In early January 2026, the Indonesia Competition Commission (*Komisi Pengawas Persaingan Usaha* or "**KPPU**") issued KPPU Regulation No. 2 of 2026 ("**KPPU Regulation 2/2026**"), which sets out the procedures governing how KPPU carries out its duties and exercises its authority under the Indonesian Competition Law (Law No. 5 of 1999).

Also in January 2026, KPPU presented its Competition 2026 Outlook, outlining its plan to strengthen Indonesia's competition ecosystem and improve the country's business competition index (*Indeks Persaingan Usaha* or "**IPU**"). These initiatives form part of the government's broader goal of reaching 8% economic growth, and KPPU Regulation 2/2026 plays a central role by providing the procedural framework that supports the agency's 2026 enforcement priorities.

The following section highlights the key points businesses should be aware of under this new regulatory framework.

KPPU Can Now Delegate and Sub-Delegate to Streamline Operations

KPPU Regulation 2/2026 provides the procedural framework governing the Secretary General's role in carrying out the functions of the KPPU Secretariat. This framework includes, among others, coordination with other agencies and oversight of partnership arrangements involving micro, small, and medium enterprises ("**MSMEs**"). The regulation also formalises a multi-tier delegation structure designed to streamline decision-making and enhance coordination across units. Under this framework, implementing units and task forces may carry out delegated or sub-delegated tasks in accordance with technical guidelines to be issued by the Secretary General.

Under Articles 5 and 6 of KPPU Regulation 2/2026:

- **Delegation to the Secretary General**

KPPU may delegate its duties and powers under the regulation, except the imposition of administrative sanctions, which remains with the KPPU Panel and cannot be delegated. Preserving the sanctioning power at panel level reinforces KPPU's independence and accountability as a state institution.

- **Sub-delegation to bureau heads**

The Secretary General may sub-delegate the implementation of delegated duties and powers to bureau heads to ensure operational continuity.

KPPU Regulation 2/2026 also emphasises KPPU's compliance with public administrative laws, reflecting the recognition of KPPU Secretariat staffs as civil servants (*aparatur sipil negara*) and the application of public governance standards to KPPU's internal processes.

As a result, businesses can now expect greater procedural clarity, more predictable process management, and a more consistent level of enforcement activity.

KPPU Outlines 2026 Priorities to Improve IPU

The Competition 2026 Outlook gathered government representatives, academics, business associations, and economists to discuss Indonesia's competition landscape and the priorities for 2026. The discussion focused on the role of competition policy in shaping a fairer business environment, identifying structural barriers, and supporting Indonesia's broader economic transformation agenda.

During the session, KPPU noted that Indonesia's IPU stood at 5.01, up from 4.95 in 2024. However, an IPU of around 6.33 would be required to support the government's 8% economic growth target. Other speakers highlighted the regional disparities (e.g., Java vs. Aceh/eastern Indonesia) and called for a stronger and more consistent enforcement nationwide, including support for MSMEs to access supply chains, procurement, and equitable partnerships.

Considering this, KPPU emphasised the importance of strengthening fair competition to improve efficiency, innovation, and productivity. Academics echoed this sentiment and stressed the need for KPPU to reinforce its enforcement capabilities. Consistent and predictable enforcement was viewed as essential for fostering more contestable markets and increasing Indonesia's IPU.

In the context of improving Indonesia's IPU, KPPU Regulation 2/2026 is well placed to support the agency's 2026 enforcement agenda. The regulation enables KPPU to maintain its independence, while facilitating coordination with other agencies to promote a more level playing field for businesses, including MSMEs. Over time, these measures are expected to contribute to improvements in the IPU.

For stakeholders, particularly market participants, this development is likely to translate into clearer procedures, alongside a more structured and potentially more active approach to supervision and enforcement against monopolistic practices and unfair competition.

Points to Watch in Implementing the Delegation Framework

Although the delegation structure under KPPU Regulation 2/2026 is intended to streamline enforcement, businesses should remain mindful of certain practical ambiguities that may arise in its implementation. Key areas of potential uncertainty include the following:

- **Delegation of determinations on harm or losses**

KPPU Regulation 2/2026 allows KPPU to delegate the assessment of whether business actors or the public have suffered harm or losses. However, the process for determining harm and calculating losses is closely linked to the imposition of administrative sanctions, which remains the exclusive authority of the KPPU Commissioners. As delegated assessments may ultimately form part of a KPPU decision, this arrangement may raise questions as to the validity and robustness of harm or loss determinations conducted at the Secretariat level.

- **Authority to conclude investigations and escalate to examinations (*pemeriksaan*)**

Within the KPPU's case-handling framework, the KPPU Commissioners, acting through the Commissioner Meeting (*Rapat Komisi*), have the authority to determine whether an investigation should proceed to the examination stage. If this authority were delegated or sub-delegated to the Secretariat or operational units, it could create tension with established procedures and raise consistency concerns. From a governance perspective, maintaining this decision-making authority at the Commissioner level supports accountability and alignment with existing regulations.

That said, delegation at this stage could, in theory, introduce an additional layer of objectivity by separating investigative functions from adjudicative decision-making, including preserving the objectivity of the Commissioners when adjudicating cases at the examination stage. Whether this would operate as an effective check-and-balance mechanism will depend on how the delegation framework is applied in practice.

- **Variations in enforcement approach**

As delegation and sub-delegation expand the number of operational units involved in enforcement, there is a risk of divergent enforcement approaches in the absence of clear technical guidance. Businesses may encounter variations in information requests, evidentiary standards, or procedural timelines across different cases.

Considerations for Businesses Following the Enactment of KPPU Regulation 2/2026

While KPPU Regulation 2/2026 represents a positive step toward more structured enforcement, businesses should closely monitor how the delegation framework is implemented in practice. This includes tracking forthcoming technical implementing regulations or guidelines to be issued by the KPPU Secretary General, which are expected to clarify procedural standards, decision-making boundaries, and coordination across units.

In the interim, and in light of KPPU's strengthened institutional capacity, businesses should treat competition compliance as a priority within corporate risk management and governance. This will be increasingly important as KPPU's supervisory and enforcement activities become more coordinated and potentially more proactive. It also remains to be seen whether the currently discussed draft amendment to Law No. 5 of 1999 will further address these procedural and institutional issues.

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