

## **Abuse of Market Dominance in Indonesia's Rice Industry: A Legal Analysis of PT Wilmar Padi's Alleged Price Monopoly**

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### **Abstract**

This study analyzes the alleged abuse of dominant position by PT Wilmar Padi in the rice market under Article 25 of Law No. 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition. Employing a normative legal method and a qualitative case study, the research investigates whether the company's market conduct fulfills the criteria of dominance abuse in competition law. The analysis draws on primary legal sources, policy documents, and academic literature to examine the structure of the rice supply chain and regulatory enforcement. The findings reveal that PT Wilmar Padi exercises substantial market power in procurement and pricing, potentially limiting competition and harming smallholder farmers. The study also identifies several institutional limitations faced by the Business Competition Supervisory Commission (KPPU), including insufficient data access, weak inter-agency coordination, and limited sector-specific expertise. While the legal framework formally prohibits abuse of dominance, enforcement remains underdeveloped in agricultural commodity markets. The paper recommends strengthening institutional capacity, adopting clearer legal guidelines for the agricultural sector, and promoting cross-agency collaboration. These steps are critical to ensuring that competition law contributes to equitable, transparent, and sustainable market governance.

**Keywords:** abuse of dominance; competition law; market regulation; market power

### **Abstrak**

*Penelitian ini menganalisis dugaan penyalahgunaan posisi dominan oleh PT Wilmar Padi dalam pasar beras berdasarkan Pasal 25 Undang-Undang Nomor 5 Tahun 1999 tentang Larangan Praktik Monopoli dan Persaingan Usaha Tidak Sehat. Dengan menggunakan metode yuridis normatif dan pendekatan studi kasus kualitatif, penelitian ini mengevaluasi apakah perilaku pasar perusahaan tersebut memenuhi unsur penyalahgunaan posisi dominan dalam hukum persaingan usaha. Analisis dilakukan melalui sumber hukum primer, dokumen kebijakan, serta literatur akademik untuk menelaah struktur rantai pasok beras dan respons regulasi yang tersedia. Temuan menunjukkan bahwa PT Wilmar Padi memiliki kekuatan pasar yang signifikan dalam pengadaan dan penetapan harga, yang berpotensi membatasi persaingan dan merugikan petani kecil. Studi ini juga mengidentifikasi keterbatasan kelembagaan Komisi Pengawas*

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*Persaingan Usaha (KPPU), termasuk akses data yang terbatas, koordinasi antarlembaga yang lemah, serta kurangnya keahlian khusus di sektor pertanian. Meskipun kerangka hukum telah mengatur larangan penyalahgunaan posisi dominan, penegakannya masih belum optimal dalam konteks pasar komoditas pertanian. Oleh karena itu, penelitian ini merekomendasikan penguatan kapasitas kelembagaan, penyusunan pedoman sektoral yang lebih jelas, serta peningkatan kolaborasi lintas lembaga untuk mendorong tata kelola pasar yang lebih adil dan berkelanjutan.*

**Kata kunci:** hukum persaingan usaha; kekuatan pasar; penyalahgunaan posisi dominan; regulasi pasar

## 1. INTRODUCTION

Indonesia's agricultural sector plays a central role in the nation's socio-economic framework, not only as a backbone of food security but also as the primary livelihood source for a significant portion of the population. Among the many agricultural commodities, rice (*gabah*) holds a uniquely strategic position. It is not merely a staple food, but also a politically sensitive product tied to inflation rates, food sovereignty, and national welfare.<sup>1</sup> The rice market, however, has become increasingly vulnerable to distortions, especially as large agribusinesses consolidate control over key stages of the supply chain. In this context, the alleged price monopoly by PT Wilmar Padi has attracted legal and public scrutiny. The case raises questions not only about corporate behavior but also about the adequacy of Indonesia's legal framework in regulating dominant firms in essential sectors.

The main allegation directed at PT Wilmar Padi is that it has abused its dominant market position by unilaterally suppressing the purchase price of *gabah*, thereby harming smallholder farmers and disrupting market dynamics. If substantiated, this practice could constitute a serious violation of competition law principles. Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition explicitly

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<sup>1</sup> Dennis Wye Keen Khon, Muhammad Iqbal Baiquni, and Waspiah Waspiah, "Two Decades of Business Competition Law: How Has Indonesian Competition Law Transformed?," *Journal of Private and Commercial Law* 7, no. 1 (July 31, 2023): 45–68, <https://doi.org/10.15294/jpcl.v7i1.44355>.

prohibits abuse of dominant position, especially when it leads to reduced competition or economic harm to other market participants. Article 25 of the law lays the foundation for regulating dominant firms, yet its application in agricultural markets remains limited. As agribusiness firms gain leverage through capital, logistics, and access to markets, their ability to influence pricing mechanisms often exceeds regulatory oversight.

The broader significance of this case lies in the structural imbalance of Indonesia's agricultural markets. Rice production is dominated by small-scale farmers who lack the bargaining power, access to market information, and infrastructure needed to negotiate on equal footing with large buyers. When a company like PT Wilmar Padi exerts significant control over procurement and pricing, the result is often a systemic distortion of market fairness. The concern is not limited to immediate price impacts but extends to long-term consequences such as disincentives to produce, loss of farmer income, and increased dependency on corporate-controlled distribution channels. These outcomes necessitate a legal evaluation that considers both doctrinal consistency and socio-economic implications.

Several scholars have addressed the challenges posed by market dominance in the Indonesian legal context. Tarmizi<sup>2</sup> in 2022 emphasized the importance of dynamic legal interpretation to align Law No. 5 of 1999 with the evolving nature of market power and corporate influence. His work suggests that static readings of the law fail to capture the complexity of dominance as it is practiced in real markets. Huta Disyon<sup>3</sup> in 2023 analyzed alleged monopolistic conduct in Indonesia's aviation fuel sector, pointing to institutional inertia and gaps in regulatory coordination as key obstacles to effective enforcement.

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<sup>2</sup> Tarmizi Tarmizi, "Analisis Hukum Persaingan Usaha Di Indonesia Dalam Undang-Undang Nomor 5 Tahun 2019," *Shar-E : Jurnal Kajian Ekonomi Hukum Syariah* 8, no. 1 (July 21, 2022): 151–60, <https://doi.org/10.37567/shar-e.v8i1.986>.

<sup>3</sup> Huta Disyon, Garnita Amalia, and Illona Novira Elthania, "Tinjauan Hukum Persaingan Usaha Terhadap Dugaan Praktik Monopoli Penjualan Avtur Di Indonesia," *Jurnal Persaingan Usaha* 3, no. 2 (November 10, 2023): 163–74, <https://doi.org/10.55869/kppu.v3i2.111>.

Mustamin<sup>4</sup> in 2024 contributed a broader assessment of anti-monopoly and competition law, highlighting procedural inefficiencies and the limited scope of current enforcement tools. Together, these studies underscore the need for a more responsive and integrated approach to competition regulation in Indonesia.

Comparative legal developments across jurisdictions provide valuable insights into how abuse of market dominance can be effectively addressed in essential sectors. The European Union, through Article 102 of the Treaty on the Functioning of the European Union (TFEU), regulates firms that exploit their dominant position to the detriment of competition and consumer welfare. In the United States, the Sherman Act and the Clayton Act form the backbone of antitrust enforcement aimed at preventing monopolistic behavior. Meanwhile, several ASEAN countries such as Singapore and the Philippines have established more assertive regulatory frameworks, particularly in food and agriculture markets.<sup>5</sup> These international approaches highlight that strong legal instrument, supported by competent institutions, can maintain market fairness and economic stability even in sectors with significant strategic and social value.

In Indonesia, competition law enforcement is primarily entrusted to the Business Competition Supervisory Commission (Komisi Pengawas Persaingan Usaha, or KPPU). Despite its central role, the Commission faces significant limitations when operating in the agricultural sector. Challenges such as ambiguous jurisdictional boundaries, lack of detailed market data, and limited enforcement capacity hinder the Commission's ability to detect and respond to buyer-side dominance. The informal and decentralized nature of agricultural trade adds further complexity, making anti-competitive practices less visible and more difficult to regulate. A more effective response would require greater

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<sup>4</sup> Mustamin Mustamin, "Analisis Hukum Anti Monopoli Dan Persaingan Usaha Tidak Sehat Di Indonesia Berdasarkan Peraturan Perundang-Undangan," *Jurnal Asy-Syarikah: Jurnal Lembaga Keuangan, Ekonomi Dan Bisnis Islam* 6, no. 1 (March 28, 2024): 57–72, <https://doi.org/10.47435/asy-syarikah.v6i1.2664>.

<sup>5</sup> Arsenio M. Balisacan, "Competition, Antitrust, and Agricultural Development in Asia," 2023, 357–73, [https://doi.org/10.1007/978-981-19-5542-6\\_26](https://doi.org/10.1007/978-981-19-5542-6_26).

institutional coordination, targeted legal reform, increased political support, and enhanced resources for investigation and monitoring.<sup>6</sup> The allegations against PT Wilmar Padi thus present a relevant case for evaluating the current effectiveness of Indonesia's competition law regime and its capacity to address structural imbalances in strategic markets.

This paper seeks to examine whether PT Wilmar Padi's conduct can be classified as an abuse of market dominance under Article 25 of Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition. It further aims to analyze the broader legal and institutional implications of this case within Indonesia's rice sector, particularly in relation to how dominant firms influence pricing structures and impact market fairness. In doing so, the study also assesses the responsiveness and capacity of the Business Competition Supervisory Commission (KPPU) in regulating dominant actors in critical economic sectors such as agriculture. By focusing on this case, the paper contributes to the academic discourse on competition law enforcement, market governance, and the protection of smallholder producers. Ultimately, the study aspires to offer constructive insights for strengthening Indonesia's legal framework and institutional mechanisms to promote fair, inclusive, and accountable market practices.

## **2. RESEARCH METHODS**

This study adopts a normative legal research method grounded in a doctrinal approach, focusing on the interpretation of statutory provisions, legal doctrines, and authoritative legal sources.<sup>7</sup> The primary legal basis is Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, with particular emphasis on Article 25 regarding abuse of dominant position. Primary legal materials include statutory texts, implementing regulations, and official guidelines issued by the

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<sup>6</sup> Carissa Christybella Wijaya et al., "Penegakan Hukum Persaingan Usaha Di Indonesia Melalui Harmonisasi Public Enforcement Dan Private Enforcement [Competition Law Enforcement in Indonesia through the Harmonization of Public Enforcement and Private Enforcement]," *Law Review*, March 30, 2021, 342, <https://doi.org/10.19166/lr.v0i0.2963>.

<sup>7</sup> Muhaimin, *Metode Penelitian Hukum* (Nusa Tenggara Barat: Mataram University Press, 2020).

Business Competition Supervisory Commission (KPPU). These are complemented by secondary sources such as scholarly journal articles, legal commentaries, and institutional reports. A doctrinal analysis is essential to evaluate how legal norms are applied to real-world cases involving dominant market actors and to assess whether the conduct of PT Wilmar Padi aligns with or violates these norms.<sup>8</sup>

In order to enrich the normative analysis, this research incorporates a qualitative case study approach.<sup>9</sup> The case of PT Wilmar Padi is examined through publicly available information, policy documents, and, where accessible, KPPU decisions or proceedings. This contextual exploration helps illustrate how market dominance is exercised in Indonesia's rice sector and how pricing strategies may influence competition and farmer welfare. Additionally, the study draws on comparative perspectives from jurisdictions such as the European Union, the United States, and selected ASEAN member states. Through this comparative lens, the research identifies regulatory gaps and highlights best practices in addressing abuse of dominance in essential sectors. The entire analysis is framed within broader principles of fairness, legal certainty, and accountability, with the aim of contributing to the development of a more responsive and equitable competition law regime in Indonesia.

### **3. RESULTS AND DISCUSSION**

#### **3.1. Analysis of the Alleged Abuse of Dominant Position by PT Wilmar Padi Under Indonesian Competition Law**

Article 25 of Law No. 5 of 1999 prohibits business actors from abusing their dominant market position in ways that hinder fair competition. A dominant position exists when a business controls a significant portion of the market or enjoys substantial advantages over its competitors. These advantages can include market share, access to

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<sup>8</sup> Aan Komariah & Djam'an Satori, *Metode Penelitian Kualitatif* (Bandung: Alfabeta, 2011).

<sup>9</sup> Ahmad Mustamil Khoiron Adhi Kusumastuti, *Metode Penelitian Kualitatif* (Semarang: LPSP, 2019).

supply and distribution channels, capital strength, or the ability to influence prices.<sup>10</sup> In the context of Indonesia's rice industry, PT Wilmar Padi is frequently identified as a company with such dominance. Its vertical integration, financial capacity, and national distribution network provide a considerable competitive edge. This has raised concerns about the company's ability to influence market dynamics in a way that suppresses competition. Such concerns form the basis for closer legal scrutiny under Article 25.

Abuse of dominance can take several forms, including predatory pricing, market foreclosure, and discriminatory practices that prevent equal access to supply chains. These behaviors, if carried out by a dominant firm, may undermine competition and reduce the welfare of both consumers and producers.<sup>11</sup> In PT Wilmar Padi's case, the key allegation is price suppression at the farm gate level, which allegedly disadvantages smallholder farmers. This conduct may also limit opportunities for competitors to gain access to raw materials. If these claims are substantiated, they could represent a violation of Indonesia's competition law. The existence of dominance alone is not unlawful, but the misuse of that position for anti-competitive purposes is. Determining whether PT Wilmar Padi crossed this line requires careful legal and economic analysis.

A comprehensive understanding of market structure is essential in evaluating claims of dominance. The Indonesian rice sector is highly fragmented at the production level, involving millions of small-scale farmers with limited bargaining power. In contrast, the downstream market milling, distribution, and retail is increasingly controlled by large firms like PT Wilmar Padi. This imbalance creates a structural dependency of producers on a small number of powerful buyers. Such a configuration makes it easier for dominant firms to set prices unilaterally. If there are no viable alternative buyers, farmers

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<sup>10</sup> Yosua Yosua and Ditha Wiradiputra, "Pencegahan Terhadap Praktik Monopoli Jasa Kargo Ekspor Benih Lobster Menurut Hukum Persaingan Usaha (Studi Putusan 04/KPPU-I/2021)," *Jurnal Rectum: Tinjauan Yuridis Penanganan Tindak Pidana* 5, no. 1 (January 26, 2023): 607, <https://doi.org/10.46930/jurnalrectum.v5i1.2748>.

<sup>11</sup> Moh. Makmun, "Monopoli Dalam Perspektif Jarimah Ta'zir (Studi Putusan Di Komisi Pengawas Persaingan Usaha)," *Al-Manahij: Jurnal Kajian Hukum Islam* 12, no. 2 (December 5, 2018): 297–312, <https://doi.org/10.24090/mnh.v12i2.1244>.

may be forced to accept prices that are economically unsustainable. This dynamic is central to the analysis of whether dominance has been abused.

The Business Competition Supervisory Commission (KPPU) is the designated authority for enforcing Indonesia's competition law. While KPPU has handled several dominance-related cases, especially in the palm oil and cooking oil industries, enforcement in the rice sector remains limited. The absence of comprehensive market data and the informal nature of agricultural transactions complicate regulatory oversight. In addition, the strategic sensitivity of rice as a staple commodity often leads to overlapping regulatory authority among government agencies.<sup>12</sup> These institutional barriers may hinder effective investigation and enforcement. KPPU must therefore strengthen its data collection, inter-agency coordination, and sector-specific expertise. Only then can it respond effectively to cases involving dominant agribusiness firms.

External variables must also be considered in evaluating corporate conduct. Government pricing policies, international trade fluctuations, and climate-related disruptions frequently affect supply and pricing in the rice market. These factors can influence business decisions and market behavior in ways that are not necessarily anti-competitive. However, such justifications should not be used to mask strategic behavior that undermines fair competition. Legal analysis must be contextual but also grounded in clear evidence of intent and effect. A nuanced approach is needed to distinguish between market responses and abuse of dominance. This is particularly important in politically sensitive sectors like agriculture.

Comparative insights from international jurisdictions can enrich Indonesia's legal framework. The European Union, through Article 102 of the Treaty on the Functioning of the European Union, has developed an extensive body of case law on abuse of dominance. This includes practices such as excessive pricing, margin squeezing, and

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<sup>12</sup> Mochamad Cholil and Rhido Jusmadi, "Analisis Penguasaan Produksi Garam PT Garam (PERSERO) Berdasarkan Prespektif Ketentuan Pengecualian," *Jurnal Persaingan Usaha* 3, no. 1 (July 28, 2023): 32–43, <https://doi.org/10.55869/kppu.v3i1.53>.



refusal to deal. These concepts have evolved over time and provide valuable guidance on identifying anti-competitive behavior. Similarly, U.S. antitrust law under the Sherman Act has addressed similar issues through the rule of reason approach.<sup>13</sup> Lessons from these systems can help refine Indonesia's enforcement tools and institutional design. Comparative analysis is particularly useful when dealing with novel or complex forms of market dominance. It also enhances the legitimacy of regulatory decisions in a globalized economy.

The impact of dominance on smallholder farmers must be examined in terms of both economics and social justice. When farm-gate prices are depressed due to monopsonistic control, farmers may struggle to cover basic production costs. This can lead to long-term disincentives for rice cultivation, particularly among vulnerable rural populations. Reduced profitability also undermines investment in agricultural innovation and sustainability. The ripple effects may include lower food security, higher rural poverty, and increased dependence on imported food. Therefore, protecting farmer welfare is not merely an economic goal but also a legal and moral obligation. Competition law must account for these broader public interest concerns.

Consumers are also affected when market competition is distorted by dominance. If a single firm controls pricing at multiple levels of the supply chain, retail prices may rise without justification. This poses a threat to food affordability, particularly in low-income households that rely heavily on rice. In such cases, anti-competitive behavior harms the most vulnerable segments of the population.<sup>14</sup> Effective legal enforcement is needed to prevent these outcomes and restore market balance. The link between corporate conduct and consumer harm is essential in establishing the public interest dimension of

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<sup>13</sup> Muhammad Alim Kurniawan and Siti Anisah, "Penerapan Private Enforcement Dalam Penegakan Hukum Persaingan Usaha Di Indonesia, Amerika Serikat Dan Uni Eropa," *Jurnal Penegakan Hukum Indonesia* 2, no. 2 (June 6, 2021): 289–314, <https://doi.org/10.51749/jphi.v2i2.36>.

<sup>14</sup> Ioannis Lianos, "Competition Law as a Form of Social Regulation," *The Antitrust Bulletin* 65, no. 1 (March 28, 2020): 3–86, <https://doi.org/10.1177/0003603X19898626>.

competition law. Consumer protection thus serves as a complementary objective alongside market efficiency.<sup>15</sup>

Regulatory transparency and stakeholder participation are critical in promoting accountability in competition enforcement. Engaging farmer cooperatives, consumer organizations, and academic institutions can improve oversight and provide early warnings of market irregularities. Participatory approaches also foster public trust in regulatory institutions like KPPU. Greater openness in investigation and decision-making processes enhances the credibility and effectiveness of enforcement. This includes public access to case documents, stakeholder consultations, and mechanisms for submitting complaints. The legitimacy of regulatory action increases when diverse voices are included. Such engagement should be institutionalized as part of a long-term governance strategy.

In conclusion, the allegations against PT Wilmar Padi must be thoroughly examined using both legal doctrine and market analysis. Indicators of dominance and potential abuse are present, particularly in terms of pricing behavior and market structure. A detailed investigation by KPPU is necessary to establish whether a violation of Article 25 has occurred. This case also highlights broader institutional challenges in regulating dominance in agricultural markets. Legal reform, inter-agency coordination, and enhanced market transparency are key to improving enforcement. Strengthening these dimensions will support fairer and more inclusive economic outcomes. Ultimately, competition law must evolve to address the realities of modern agribusiness while protecting the public interest.

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15 Desi Apriani, "Tinjauan Terhadap Hukum Persaingan Usaha Di Indonesia Dari Perspektif Hukum Perlindungan Konsumen," *Jurnal Panorama Hukum* 4, no. 1 (June 27, 2019): 19–30, <https://doi.org/10.21067/jph.v4i1.3040>.

### **3.2. Assessing the Institutional Capacity of KPPU in Addressing Abuse of Dominant Position in the Agricultural Sector**

The Business Competition Supervisory Commission (KPPU) is the central authority responsible for enforcing competition law in Indonesia. Its mandate, derived from Law No. 5 of 1999, includes investigating monopolistic practices, issuing decisions, and imposing sanctions. In theory, the KPPU possesses sufficient authority to address abuse of dominance in any sector, including agriculture. However, practical enforcement in agriculture has often been weak due to structural and institutional limitations. The fragmented nature of agricultural markets, coupled with informal trading mechanisms, presents unique challenges.<sup>16</sup> These conditions hinder the collection of accurate data and complicate market structure analysis. As a result, identifying abuse of dominance becomes significantly more difficult in comparison to formal industrial sectors.

One key challenge faced by the KPPU is the lack of sector-specific expertise related to agriculture. While competition law requires economic analysis, understanding the agricultural value chain also demands knowledge of farming systems, commodity cycles, and rural market behavior. Without such insights, investigations may overlook key indicators of market distortion. In the PT Wilmar Padi case, for instance, determining the impact on farm-gate prices requires deep contextual understanding of how prices are formed and negotiated. This gap in knowledge weakens the Commission's ability to establish the causal link between dominance and harm.<sup>17</sup> Therefore, building interdisciplinary capacity within the KPPU is critical. Integrating agricultural economists and rural development specialists into enforcement teams would enhance analytical precision.

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<sup>16</sup> Mochammad Abizar Yusro et al., "Parameter Hak Monopoli Badan Usaha Milik Negara Dalam Perspektif Persaingan Usaha Di Indonesia," *Journal of Judicial Review* 23, no. 2 (December 23, 2021): 217, <https://doi.org/10.37253/jjr.v23i2.4394>.

<sup>17</sup> Andreas Hisar Silitonga, Cita Citrawinda, and Grace Sharon, "Praktik Monopoli Jasa Pengurusan Transportasi Pengiriman Benih Bening Lobster," *Krisna Law : Jurnal Mahasiswa Fakultas Hukum Universitas Krisnadwipayana* 5, no. 2 (July 16, 2023): 121–35, <https://doi.org/10.37893/krisnalaw.v5i2.459>.

Another major limitation is data availability and reliability. Many transactions in agricultural markets are informal and unrecorded, especially at the farmer-to-collector level. The absence of standardized reporting systems makes it difficult to trace supply chains or detect pricing anomalies. In addition, dominant firms may structure their operations in ways that obscure their true market share.<sup>18</sup> PT Wilmar Padi, for example, may operate through affiliated entities, contractors, or cooperatives, complicating the analysis of control and influence. The KPPU must therefore develop better mechanisms for data collection, possibly through collaboration with ministries, statistical agencies, and local governments. Establishing data-sharing protocols would significantly improve evidence-based enforcement.

Institutional coordination is also an area that requires improvement. The regulation of agricultural markets involves multiple stakeholders, including the Ministry of Agriculture, BULOG (the National Logistics Agency), and regional governments. Fragmented responsibilities often lead to overlaps or regulatory gaps. For example, price-setting interventions by government agencies may blur the line between public policy and market manipulation. In such contexts, it is difficult to determine whether pricing behavior stems from private abuse of dominance or public policy decisions.<sup>19</sup> The KPPU needs a formal mechanism for inter-agency cooperation to resolve these ambiguities. Policy coherence and regulatory clarity are essential for effective law enforcement.

Resource limitations further constrain KPPU's performance in rural areas. The agency has limited regional offices and investigative personnel, especially outside major urban centers. Given the geographic spread of rice-producing regions, monitoring market behavior at the local level is logistically demanding. Without adequate presence on the

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<sup>18</sup> Rahmadi Tektona, "Quo Vadis : Kepastian Hukum Aturan Praktik Monopoli Dan Persaingan Usaha Tidak Sehat Pada Undang-Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja," *Jurnal Persaingan Usaha* 2, no. 1 (July 22, 2022): 43–54, <https://doi.org/10.55869/kppu.v3i-.51>.

<sup>19</sup> Surya Bhakti, Zainal Asikin, and Sahnun Sahnun, "Eksistensi Komisi Pengawas Persaingan Usaha Dalam Penanganan Persekongkolan Tender Dalam Perspektif Hukum Positif Indonesia," *JESS (Journal of Education on Social Science)* 4, no. 1 (June 1, 2020): 38, <https://doi.org/10.24036/jess.v4i1.231>.

ground, detecting localized abuse becomes unlikely. This is particularly relevant in agricultural markets where competition is often distorted at the district or sub-district level. Expanding KPPU's regional infrastructure would enable more responsive and targeted interventions. Long-term institutional strengthening should prioritize outreach and operational capacity in rural zones.

Public awareness of competition law in the agricultural sector is still low. Many farmers, cooperatives, and small traders are unaware of their rights under the law or the mechanisms available to report violations. As a result, cases of abuse often go unreported or are addressed through informal negotiations rather than legal channels. Increasing legal literacy among rural stakeholders is therefore essential. The KPPU should invest in targeted education campaigns that explain the basic principles of fair competition in accessible terms. Collaboration with farmer groups, NGOs, and local universities can amplify the reach of such initiatives. A well-informed public plays a crucial role in supporting law enforcement and accountability.

Political economy considerations also influence the enforcement environment. Large agribusiness firms often have close ties with political actors or play strategic roles in national food policy. This may discourage regulatory intervention or lead to selective enforcement. In some cases, legal proceedings are delayed or diluted due to external pressure. Ensuring the independence and integrity of the KPPU is thus a fundamental institutional requirement.<sup>20</sup> Transparent recruitment, clear reporting lines, and legal protections for commissioners are necessary safeguards. Without these, enforcement in politically sensitive sectors like agriculture will remain inconsistent and vulnerable to interference.

In addition to structural reforms, the KPPU must also update its legal tools and procedures. Agricultural dominance often manifests in forms that are more subtle than

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<sup>20</sup> Felix Pranoto and Ariawan Gunadi, "Liability for Damages Due to Airline Negligence Based on Law Number 8 Year 1999 Concerning the Consumer Protection (A Study on the Decision No. 433/Pdt.G/2019/Pn.Jkt.Pst)," 2022, <https://doi.org/10.2991/assehr.k.220404.089>.

outright price fixing or mergers. Examples include exclusive contracts with farmers, tied sales of inputs, or control over logistics. These practices can be difficult to classify under existing categories of anti-competitive behavior. The development of specific guidelines for dominance in the agricultural sector would provide clarity for both regulators and businesses. Drawing from international experience, such as EU case law or ASEAN best practices, can guide this process. Tailored enforcement strategies are necessary to address the unique characteristics of agrarian markets.

Impact assessment is another area that should be institutionalized. Evaluating the social and economic effects of dominance especially on vulnerable groups like smallholder farmers helps frame enforcement within a broader public interest perspective. This includes tracking how enforcement actions affect price stability, rural incomes, and food security. KPPU's mandate should include not just legal compliance but also promoting competitive markets that support equitable development. Integrating impact analysis into decision-making can also strengthen the legitimacy of enforcement. It shifts the focus from punitive action to proactive market governance. Such an approach aligns with the evolving role of competition law in developing economies.

In summary, the capacity of the KPPU to address abuse of dominance in the agricultural sector remains constrained but reformable. Improvements in institutional coordination, sector-specific expertise, data infrastructure, and public engagement are all within reach.<sup>21</sup> The PT Wilmar Padi case underscores the urgency of these reforms and provides a real-world context for evaluating institutional readiness. Strengthening the KPPU is not only essential for legal enforcement but also for building a fair and resilient food system. As agriculture remains central to Indonesia's economy and social fabric, effective competition regulation in this sector is a national imperative. Future efforts must therefore move beyond legal formalism and embrace a more integrated, interdisciplinary

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<sup>21</sup> Sukarmi Sukarmi et al., "The Qualified Effects Doctrine in the Extraterritorial of Competition Law Application: An Indonesia Perspective," *Sriwijaya Law Review*, July 28, 2021, 192–204, <https://doi.org/10.28946/slrev.Vol5.Iss2.1050>.pp192-204.

approach. Only then can Indonesia ensure that competition law serves all segments of society, from rural producers to urban consumers.

## **CONCLUSION AND SUGGESTION**

This study finds that PT Wilmar Padi's market behavior potentially constitutes an abuse of dominant position under Article 25 of Law No. 5 of 1999. The company's control over supply chains and pricing in the rice sector may suppress competition and disadvantage smallholder farmers. While holding a dominant position is not illegal, exploiting that position to restrict market access or manipulate prices is prohibited. The analysis also reveals that KPPU's capacity to address such cases remains limited due to institutional, technical, and coordination challenges. Therefore, both the company's practices and the state of enforcement mechanisms require closer attention. Strengthening the legal interpretation of dominance and improving regulatory oversight are crucial steps. The case illustrates broader systemic issues in ensuring fair competition in Indonesia's agricultural markets.

To address these challenges, KPPU should prioritize developing sector-specific guidelines for agricultural dominance. Improved coordination with relevant ministries and better data infrastructure are essential for effective oversight. Expanding institutional capacity through training and regional presence can enhance enforcement in rural areas. Public awareness among farmers and cooperatives must also be increased to encourage reporting of anti-competitive behavior. Legal reforms should clarify buyer-side dominance and indirect market control strategies. Finally, enforcement should consider social impacts, ensuring that competition law supports both market fairness and rural welfare. These steps will strengthen Indonesia's competition policy in protecting both producers and consumers.

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