

ABSTRACT

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JURIDICIAL ANALYSIS OF THE ACTIVITIES OF PREDATORY PRICING AS A RESULT OF THE ABUSE OF POWER BY A DOMINANT POSITION (REVIEWED BY LAW NO. 5 OF 1999)

(xii + 84 Pages; 1 Table)

Indonesia, the fourth most populated country in the world is the home of many local and international companies. To ensure the stability, continuity, and fairness of the business scene, the government created laws to protect the business players in the market. Indonesia enacted Law No. 5 of 1999 to combat monopolistic practices and unfair business competition. Through this legislation, companies must perform the competition in a fair way. However, in reality there are some companies that perform business competition in an unfairly manner. One of the unfair acts in a business competition is performing predatory pricing (Article 20). This is an activity that can only be done by a dominant company by selling their goods/services at a loss in order to remove competitors out of market or create barriers entry for new potential competitors. In order survive during the predatory pricing period; the dominant company must be armed with a good financial stability, because during the time, the dominant company will suffer a loss by the price they set under the variable cost. In this final paper, the author focuses on the regulation of predatory pricing in Indonesia and the dominant company that exploits their power by performing the activities of predatory pricing. Normative legal research will be use to explain the issue stated above by implementing the statute approach and conceptual approach. In conclusion, predatory pricing is an activity performed by dominant company to maintain its dominant position in the market by abusing his power; thus the law prohibits this activity and such companies can be punished if it is proven that their activities have disrupt the business scene.

Reference: 21 (1995-2014)

Keyword: Business Competition, Predatory Pricing, Dominant Position