JURIDICAL ANALYSIS OF HOLDING STATE-OWNED ENTERPRISES IN THE VIEW OF CORPORATE LAW AND COMPETITION LAW

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Abstract
This research aims to analyse the status and Position of subsidiaries company of Holding State-Owned Enterprises and to find out regul ate of Holding State-owned Enterprises in the view of Corporate Law and Competition Law. The result showed that Subsidiaries of Holding State-owned Enterprises have a different status from State-owned Enterprises and have the same position as SOEs in certain aspects. This is based on Article 2A paragraph (7) of Government Regulation No. 72 of 2016, which states that SOEs Holding Subsidiaries are treated the same as SOEs in terms of (1) obtaining government assignments or performing public services; and/or (2) obtaining special State and/or Government policies, including in the management of Natural Resources, with special treatment certain conditions as applied to SOEs. The regulation of SOE holdings, Government Regulation No. 72 of 2016, does not comply with Article 51 Prohibition of Monopolistic Practice and Unfair Competition Law No. 5 of 1999. This is based on the implementation guidelines of Article 51 of Act No. 5 of 1999 State concentration of activities or monopolies cannot be regulated by government regulations, but shall be regulated by law.

Keywords: SOES, Holding, Corporate Law, Competition Law.

I. INTRODUCTION
One of the mandates in the 1945 Constitution is for State-Owned Enterprises. The Constitution is mandated to the state to carry out management and control of existing natural resources and productions which can be crucial for the country and affect the life of the people shall be beneath the powers of the nation and will be used to the finest advantage of the human beings. (Novean Sereni, 2018).

BUMN is a state corporate entity with two elements: a public component and a private or commercial component (enterprise). Furthermore, Such state-owned enterprises have two sides of the currency, BUMN operates as a social institution as well as a profit-seeking corporate organization because it is a State instrument focused on the public's interests. (Eddhie Praptono and Soesi Idayanti, 2020).
As a business actor in the national economic system who has a role to seek profit and to achieve the public interest enshrined in the 1945 Constitution. State-Owned Enterprises (BUMN) shall make a variety of efforts to maintain their existence in the face of global business competition in order to compete with the developments of a very dynamic global economy.

Amid an increasingly dynamic world economic competition, SOEs have to make efforts that can maximize their performance and maintain their existence amid dynamic global competition. State-Owned Enterprises (BUMN) in their management need to make improvements based on the principles (Good Corporate Governance). The efforts that can be carried out by State-Owned Enterprises (BUMN) are by conducting restructuring and privatization (Nina Amelia Novita Sari, 2020).

SOEs are attempting to restructure as part of the bottom-up SOE master plan 2014-2019 implementation. The objectives of this restructuring are to enhance the agency's performance and value so that it can gain the state through dividends and taxes, and convey and provide services to consumers at competitive prices.

The Holding Company is one of the restructuring methods chosen by BUMN. The original concept for establishing a SOEs Holding Company was to enhance the management of SOEs. A Holding Company is a type of company in which a parent company supervises the operations of the Holding's subsidiaries that operate in the same sector.

In Indonesia, there are no specific laws regulating Holding Companies. (Adhi Suryo Judhanto, 2018). However, it has been regulated in government regulation number 72 of 2016 concerning Amendments to government law number 44 of 2005 concerning strategies for Participation and administration of state Capital in state Owned enterprises and limited liability companies.

However, The plan has raised several issues. One of the potential issues is related to the responsibilities, position, and status of SOE subsidiaries, that might contradict with Article 1 point 1 of Law No. 19 of 2003 on State-Owned Enterprises (BUMN). According to Article 1 number 1 of Law No. 19 of 2003, a SOEs is a corporation in which fairness is owned by the nation both majority or absolutely thru direct fairness participation deriving from the restricted state assets.

According to the article, the only thing included in the definition of BUMN as referred to is the parent company. Because with the words "direct equity participation deriving from the restricted state assets" it can be interpreted that the subsidiary is not included in the BUMN because it does not directly receive capital participation from the government, but receives capital participation in stages.
This is still a point of contention because, in practice, these subsidiaries receive benefits comparable to SOEs, such as preferential treatment in procurement of goods and services or preferential treatment in financial audits conducted on SOE subsidiaries.

The problems noted above also are associated with Article 2A paragraph (7) government regulation number 72 of 2016 concerning Amendments to government regulation number 44 of 2005 regarding procedures for the country equity Participation and administration of state-Owned enterprises and limited liability companies, It provides for equal treatment of parent companies (such as state-owned enterprises) in obtaining government contracts or providing public services and/or obtaining specific government and/or government policies, including natural resource management. Same as some treatments in BUMN

II. RESEARCH METHOD

1. Types of Research and Research Approach

The research method used in this journal is normative juridical. Normative research is legal research carried out by examining the provisions of legislation carried out by literature studies to find data that can be used to solve problems. (Abdulkadir Muhammad, 1999:133)

The approach in this research is Statute Approach, its carried out by reviewing and analyzing all regulations relating to the problem to be researched, and then a conceptual approach is carried out.

2. Research Phase and Materials

The first stage in this research is library research. By doing this library research, the author will find secondary data obtained from reviewing and analyzing the relevant research materials, whether related to regulations, journals, text books, papers, and/or other documents related to the problems to be researched. In this research, data sources will be as :

a. Primary Data

Legal materials that are bound, for example, are several laws and regulations relating to the object of research.

b. Secondary Data

Supporting legal materials that are able to describe primary legal materials, such as books, texts, journals, legal documents obtained from literature studies.

c. Tertiary Data

Legal materials that are able to provide direction and definition of primary and secondary legal materials.

3. Data Analysis

Data analysis in this journal uses descriptive-analytical method.
III. RESULT AND DISCUSSION

3.1. Status and Position of SOEs Holding Subsidiaries

In 2020, SOE consist of 142 Companies and 800 Company Subsidiaries which are divided into 27 clusters. Therefore, the Ministry of SOEs was trying to restructure to create a healthy and efficient SOE. One of the efforts made is to establish a SOEs Holding. In this SOEs Holding was consists of the Parent Company and Subsidiary.

Related to the types of the Holding Company itself can be seen from several sides, including:

(Sulistiowati, 2010:25):

1. Viewed from parent company business activities
   When viewed from the business activities carried out by the Parent Holding Company, it is divided into Investment Holding Company and Operating Holding Company:
   a. Investment Holding Company
      In this Holding, the parent company does not participate in the implementation of business activities, but the parent company only carries out capital participation and receives dividends or profits generated by subsidiaries.
   b. Operating Holding Company
      Operating Holding Company is different from Investment Holding Company, in this holding the parent company participates in conducting business activities and also controls the operation of the subsidiary at the same time.

2. Viewed from involvement in making decisions
   a. Investment Holding Company
      In this Holding, the Parent Company only acts as the owner of the shares solely for investment (acts as an investor), without interfering in the management of its subsidiaries. Because of this, all or most of the authority to manage the business rests with the subsidiary.
   b. Management Holding Company
      In this case, the Parent Company intervenes or at least monitors every business decision taken by the subsidiary.

3. Viewed from involvement in equity
   a. Affiliation Holding Company
      The parent company only owns less than 51% of the shares in the subsidiary.
   b. Subsidiary Holding Company
      The parent company owns 51% or more in its subsidiaries.
   c. Non-Competitive Holding Company
      The shares owned by the parent company in this holding are not more than 50%, but when compared to other shareholders, the parent company remains uncompetitive. This situation may apply to the following situations:
1) If there are more than two parties as shareholders, and the parent company owns less than 51% shares, but the ownership is larger when compared to other shareholders.

2) If the parent company has fewer shares than the other shareholders, however, there are certain relationships between the holding company and other shareholders that are agreed upon in writing.

3) If the parent company is a minority has been given the right of veto in the articles of Association. The Law on Limited Liability Companies only justifies the granting of a veto for the status quo by applying the principle of super majority voting and shares without voting.

d. Combination Holding Company

Is a combination of an affiliation, subsidiary, and non-competitive Holding Companies.

The Holding Company Theory that used in the Establishment of SOEs Holding in Indonesia is the Operating Holding Company. In this Holding Company, the parent company participates in conducting business activities, supervising and even controlling subsidiaries. In Indonesia, until now there is no juridical understanding of this Holding Company. (Roqimatullah, 2018).

However, the concept of the parent company and subsidiary company is contained in Indonesian regulations, namely Law Number 1 of 1995 concerning Limited Liability, especially in the interpretation of Article 29. According to Article 29, "subsidiary" means a company has a relationship with a company. other because (Sulistiowati, 2010):

a. The Parent Company owns more than half of the subsidiary's equities.

b. In the GMS, the parent company has more than 50% (fifty percent) of the voting rights.

c. In terms of the increase and dismissal of the Directors and commissioners of subsidiaries, the parent company has influence and control over the subsidiaries in terms of improvement and development of the company.

The definition of a subsidiary SOEs itself has been stated in Article 1 number 2 of the law of the Minister of SOEs number 03/MBU/2012 concerning guidelines for Appointing the Board Member of directors and Commissioners in Subsidiaries of state-Owned enterprises which states that a SOEs Subsidiary is a limited liability company which partially most of the shares are owned by SOEs or limited liability company managed by SOEs.

Considering there is no specific regulation regarding Holding in the Indonesian legal system, the approach taken to Holding is based on Indonesian Company Law, namely the single-company approach. Which is the basis for the regulation of limited liability companies in Indonesia, subject to Law Number 40 of 2007 concerning Limited Liability Companies. (Tenripadang Chairan, 2010).

If the establishment of Holding company is subject to Law No. 40 of 2007 concerning Limited Liability Companies, of course, the approach used according to the doctrine of separate legal entity
and limited liability company for the parent company in Indonesia as meant in Article 3 Paragraph (1) Limited Liability Company Law which states Company shareholders are not personally responsible for employment made on behalf of the company and the company exceeds the shareholding. (Abdulkadir Muhammad, 2010)

Based on the Separate Legal Entity doctrine, the company was like other legal subjects, has the independent capacity to stand and act. So the company must be responsible for all the consequences of its actions, also known as *ubi commode, ibi incomodda*. Meanwhile, based on the Limited Liability doctrine, This means that the shareholders of the company are not personally liable for any loans or illegal actions of the company. (Inda Rahadiyan, 2013)

In addition to limited liability companies and separate legal entities, the corporate veil piercing legal doctrine is another doctrine used in corporate law in Indonesia. Under this doctrine, although the parent company and its subsidiaries have different legal entities and stand alone as legal entities, the two still have a relationship with each other due to the ownership of shares by the parent company in the subsidiary and the parent company can exercise control over the subsidiary (Munir Fuady, 1999).

In case related to the issue the position of a subsidiary of a SOEs, based on this doctrine, the parent company has the authority which is presented as (Sulistiowati, 2010):

a. Have share ownership in subsidiaries

As the majority shareholder in a subsidiary of a state-owned company, the parent company of a state-owned company has the authority to control the subsidiary as a management unit. one of the capabilities of percentage possession owned by the figure enterprise is Zeggenschapsfuntie, wherein the ownership of shares gives voting rights to the figure corporation to govern the subsidiary through numerous manipulate mechanisms that may be performed.

b. General Meeting of Shareholders (GMS)

In the GMS forum, shareholders can do controlling over subsidiaries by determining strategic matters that can encourage the procurement of the company's goals in the long term.

c. Subsidiary directors and/or officers arrange board members.

As the majority shareholder, the Parent Company has the authority to assign persons appointed by the parent company to the board of directors and commissioners of the subsidiary. The authority is a form of indirect subsidiary operational control.

If the three doctrines above are associated with the position of a state-owned subsidiary, it is seen that the subsidiary has a different position with the parent company, this is due to the doctrine of separate legal entities and Limited Liability Companies both are independent legal entities and have the independence to stand alone. However, according to the doctrine of Piercing the Corporate Veil,
juridical independence does not prevent the parent company from restricting the subsidiary, nor does juridical independence owned by the subsidiary disappear because it is controlled by the parent company.

However, SOEs holding in Indonesia based on authorities law No. 72 of 2016 concerning Amendments to government regulation No. 44 of 2005 regarding techniques for Participation and management of state Capital in SOEs and constrained liability corporations, According to Article 2A(7) of the Government Regulations, it is stipulated that SOE subsidiaries controlled by SOEs shall be treated the same as SOEs in the following cases:

a. Receive government assignments or perform public services; and / or

b. Obtain state and/or government legislation, including those governing natural resource management, with special consideration for SOEs.

This article will definitely affect the position of SOE-controlled subsidiaries, because SOE-controlled subsidiaries take the same position on the above matters as SOEs and treat SOEs equally. However, the status of a subsidiary of a state-owned enterprise cannot be equated with the state-owned enterprise itself. This is due to a change in the capital when SOEs Holding itself was incorporated, which changed the status of a subsidiary previously with SOEs status to a subsidiary of SOEs Holding.

From several Government Regulations relating to the establishment of a SOEs Holding Company, for example Government Regulation Number 73 of 2021 on the Addition of State Equity Participation of the Republic of Indonesia into the share capital of the Company (Persero) PT Bank Rakyat Indonesia Tbk (Holding Ultra Micro), Government Regulation Number 47 of 2017 Regarding the Addition of the Republic of Indonesia's State Equity Participation into the Share Capital of the Company (Persero) PT Indonesia Asahan Alumunium (Holding Mind.ID), the author found a difference between a subsidiary of a SOEs that was formed based on a Holding and a subsidiary of a SOEs that was not based on a Holding.

In the establishment of SOEs Holding, the Government still owns Series A Dwiwarna shares in a Holding subsidiary, intended the State does not lose control of the SOEs Holding subsidiary. Amendment of Article 2A(2) of Government Regulation No. 44 of 2005 on the Procedures for State Participation and Management of State-owned Enterprises and Limited Liability Companies in accordance with Government Regulation No. 72 of 2016

Of course, this different from subsidiaries formed without regard for holding, such as PT Bank Rakyat Indonesia Tbk's subsidiaries, namely PT Bank Rakyat Indonesia Agroniaga, PT Asuransi BRI Life, PT BRI Asuransi Indonesia, and etc. Whereas the State does not have Series A Dwiwarna Share Ownership in SOE subsidiaries that are not established with Holding.
IV. Regulations for the Establishment of SOEs Holding in the Perspective of Competition Law

The establishment of a Holding Company, whether by SOEs or by the private sector, is always considered to have the potential to violate the provisions stipulated in Law Number 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition. This is because most of the ownership in other companies which can lead to a dominant position or market domination by the Holding company can lead to monopolistic practices. (Adhi Suryo Judhanto, 2018)

Basically, monopoly is a normal market condition in the business environment and is not a prohibited activity, but it is prohibited by law when it leads to monopolize that cause unfair business competition. A business actor can be said to monopolize if the business actor has the power to shut down the company or other business actors. (Rachmadi Usman, 2016)

The definition of monopoly is found in Article 1 point 1 of Law 5 of 1999. According to the article, a monopoly is defined as the control of one or more economic actors over the production and/or marketing of goods and/or the use of certain services. However, the term in Article 1(1) is fine if the term monopoly refers only to the market structure and the suppliers or recipients in the relevant market. (Susanti Adi Nugroho, 2012)

The prohibition of monopoly activities is regulated in Article 17 of Law No. 5 of 1999, which states:

1. Business actors are prohibited from exercising control over production and or services that may result in monopolistic practices and unfair business competition.

2. The following events may give rise to reasonable suspicion or suspicion that the economic operator controls the production and/or marketing of the goods and/or services referred to in paragraph (1):
   a. The related goods and/or services have not been replaced; or
   b. To prevent other economic operators from competing in commerce for the same goods and/or services, or
   c. An economic operator or a group of economic operators controls more than 50% of a certain type of goods or services.

Monopoly is classified into two types: Monopoly by nature and Monopoly by law. Monopolies by nature develop as a result of the development or demands of open markets. While monopoly by law is a monopoly that benefits the state, this is because it is supported in its implementation by the formation of laws. (Andi Fahmi Lubis, 2017)

According to the law, monopoly by law is an exception in Law No. 5 of 1999. Monopoly by law is usually associated with public services and interests. Monopolies are generally granted by law to State-Owned Enterprises, which are mandated by the Constitution to exercise control over the
Sectors of production that are considered important to the country and determine the lives of the people.

Exceptions are provided in Article 51 of Law No. 5 of 1999. It states that the monopoly and/or concentration of activities related to the production and/or marketing of goods and/or services that support the livelihoods of society as a whole is important to national manufacturing. If the circumstances are serious, the state-owned enterprise or a unit established or designated by the government shall supervise the enforcement according to law. (Roqimatullah, 2018)

The following are the elements of the article based on the Guidelines for the Implementation of Article 51:

1. Monopoly and/or concentration of activities
   a. Monopoly
      Monopoly, in its most basic form, describes a situation in which business actors control over specific goods and or services can be obtained without the need for, or can result in, monopolistic practices and/or unfair business competition.
   b. Concentration of activities
      The concentration of activities within the meaning of section 1(3) of Act No. 5 of 1999 can be defined as the concentration of economic power.

2. Production and/or marketing of goods and/or services that affect the livelihood of society at large.

   Based on the theory of law and the systematic interpretation of this element, The purpose of the goods and/or services that determine the livelihoods of many people has multiple functions:
   a. Allocation, aimed at goods or services originating from Natural resources controlled by the state are used for the best benefit of the people.
   b. Distribution, directed at goods and/or services that are desperately needed by the people but cannot be fulfilled by the market at specific time or continuously; and/or
   c. Stabilization, relating to goods and/or services that shall be provided for the public interest, such as goods and/or services in the sector of defense, security, monetary and fiscal, which requires special regulation and supervision.

3. Production branches that are important to the State

   The definition of important branches of production for the state is a variety of businesses for the production or supply of goods and or services with the following characteristics:
   a. Strategic, namely the sector production of goods and/or services that directly protect the interests of national defense and maintain national security; or
b. Financial, namely the production branch which is complementary to the manufacture of goods and/or services for monetary stability and tax guarantees, and the financial services sector which is utilized for the public interest.

4. Regulated by the law

The concept of legal regulation is the legal obligation of the state to impose monopoly and/or concentration of activities on goods and/or services that control people's lives and industries that are important to the state. This means that state monopolies and/or concentration of activity can only occur after regulation in the form of law (without legal legislation). The law must clearly define the objectives of monopoly and/or concentration of activities, as well as state control and monitoring mechanisms in the conduct of such activities, in order to avoid monopolistic practices and/or unfair competition.

The state exercises monopoly and/or concentration on activities related to the control of people's livelihoods and the production and/or sale of goods and/or services in nationally important industries, which may be carried out by state-owned enterprises and/or by any agency or an institution established or designated by the government.

5. Organized by State-Owned Enterprises and/or a bodies or institutions established to be appointed by the government.

a. Organized by State-Owned Enterprises

Implementation of monopoly and/or concentration of production and/or marketing activities goods and/or services by the state is prioritized and especially organized by SOEs towards activities related to the production and/or marketing of goods and/or services that affect the livelihood of many people and branches of production that are important to the state.

b. Organized by an agency or institution formed by the government

Agency or institution formed by the government is an agency or institution that is determined and regulated by laws and regulations established by the central government. The government-created agency or institution that carries out the task of serving the public interest (public service) and is funded by state funds (APBN) or other public funds with connections to the State.

The agency or institution formed by the government has the characteristics of implementing:

a) State Government
b) Administrative Management of state
c) Control or supervision of State-Owned Enterprises; and or
d) State Administrative
The agency or institution established by the government in carrying out a monopoly and/or centralization of activities is obligated to fulfill the following matters:

a) The management and accountability of its activities are influenced, fostered, and reported to the government.
b) Not only intended for profit.
c) Does not have the authority to delegate all or part of the monopoly and/or concentration of activities to other parties.

State-Owned Enterprises and government agencies or institutions can organize a monopoly and/or a monopoly and/or centralization of activities in accordance with the needs and considerations based on laws and regulations.

c. Organized by a government-appointed agency or institution

The institution which appointed by government has large environment, one of which is a civil law institution that hasn't connection with states duties and functions

Based on the theory of state administrative law, appointment is the authority of the authorized and decisive state administration official to organize or carry out certain activities unilaterally (delegation of authority)

Therefore, the body or institution that appointed by the Government is determined by the authorized state administration official. The appointment procedures and requirements of government-appointed agencies or bodies that organize monopoly and/or centralized Activities are conducted in accordance with the laws and regulations governing the procurement of goods and/or services in the country so as not to become monopolistic practices and/or unfair business competition.

Systematically exclusion from the Prohibition of Monopoly activities can be described as follows:
However, according to the implementation guidelines of Article 51 of Law Number 1999, the state can allegedly exercise monopoly and/or concentration of activities in producing and/or services that affect the livelihoods of many people and productive sectors important to the state. (Andi Fahmi Lubis, 2017)

In addition, Article 51 Implementation Guidelines also stipulate that state Monopoly and/or concentration activities can only take place after they have been legally regulated in advance (rather than by post-law legislation). The law sets out the following objectives: Monopoly and/or concentration of activities and state control and supervisory mechanisms that implement monopoly and/or concentration of such activities to avoid monopolistic practices and/or unfair competition.

If it is related to the establishment of Holding SOEs which was established by Government Regulation, namely Government Regulation number 72 of 2016 concerning Amendment to Government Regulation Number 44 of 2005 concerning Procedures for Participation and Capital Administration in State-Owned Enterprises and Limited Liability Companies, the State has no right to undertake monopoly with the establishment of the Holding.
In addition, based on the implementation guidelines of Article 51 of Law Number 5 of 1999, then Article 2A paragraph (7) letter b Government Regulation Number 72 of 2016 which states that SOEs subsidiaries are treated the same as SOEs in terms of obtaining special State and/or Government policies, included in the management of Natural Resources with certain treatment as applied to SOEs is not in accordance with the provisions of Article 51 of Law Number 5 of 1999, its caused by the status and position of the Holding subsidiary is different from SOEs after join into the Holding. Therefore, Holding subsidiaries cannot be granted the same rights as SOEs in relation to natural resource management.

Therefore, the juridical basis used in the establishment of SOEs Holding should be by law, not by regulations under the law. This is because SOEs itself was born from a law, namely Law Number 19 of 2003 concerning SOEs and of course must pay attention to Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition.

So if there are conflicting rules between Government Regulation Number 72 of 2016 and Law Number 19 of 2003 or Law Number 5 of 1999, then Government Regulation Number 72 of 2016 will be set aside. This is based on the legal principle of lex superior derogate legi inferior, namely the legal principle which states that a higher law overrides a lower law.

V. CONCLUSION

The status of Holding SOEs subsidiaries is no longer the same as SOEs, however, for several subsidiaries that receive treatment as stated in Article 2A paragraph (2) of Government Regulation Number 72 of 2016 they have the same position as SOEs.

The regulation for the establishment of Holding SOEs in Indonesia, namely Government Regulation Number 72 of 2016 is not in accordance with Article 51 of Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition. This is based on the Guidelines for the Implementation of Article 51 of Law Number 5 of 1999, which essentially states that the State can carry out a monopoly and/or Government activities focus on activities related to the production and/or marketing of goods and/or services that control people's needs. The lives of many people and productive sectors of legal importance to the country must be regulated by law, not by laws and regulations.
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