



UUM JOURNAL OF LEGAL STUDIES

<https://e-journal.uum.edu.my/index.php/jls>

How to cite this article:

Elisatris Gultom., Ardhes Blandhivay Leuanan., Siti Rohani., & Huta Disyon. (2025). Establishing equality in the core-plasma partnership in palm oil business: The role of the Indonesia competition commission. *UUM Journal of Legal Studies*, 16(1), 170-188. <https://doi.org/10.32890/uumjls2025.16.1.10>

ESTABLISHING EQUALITY IN THE CORE-PLASMA PARTNERSHIP IN PALM OIL BUSINESS: THE ROLE OF THE INDONESIA COMPETITION COMMISSION

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Received: 4/12/2023

Revised: 8/9/2024

Accepted: 31/10/2024

Published: 31/1/2025

ABSTRACT

Palm oil is the main product that has contributed significantly to the Indonesian and Malaysian economy over the past few decades. Oil palm plantations in Indonesia are owned not just by large corporations, but also by smallholders known as MSMEs (Micro, Small, and Medium Enterprises). One of the Indonesian government's strategies to strengthen the capacity of MSMEs is to encourage large enterprises and MSMEs to form core-plasma partnerships. Large enterprises frequently incur various violations when implementing the palm oil industry partnership. As a result, adequate supervision from a government authority is essential. The purpose of this study is to examine the legal basis for the supervision of the Indonesian Competition Commission ('ICC'; *Komisi Pengawas Persaingan Usaha*) on the implementation of core-plasma partnerships, to boost the oil palm plantation industry in Indonesia. This study type is normative-juridical and relies on secondary data sources to make assessments. The research typology used is analytical-descriptive, with the goal of fully and comprehensively explaining the duties and authorities of the ICC in supervising partnership implementation in Indonesia, and then evaluating them to determine the legal basis for the ICC's participation in partnership implementation. The analysis found that Law No. 9 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition does not regulate the ICC's authority to supervise partnerships. However, under Law No. 20 of 2008 on MSMEs and the implementation regulations, the ICC has the authority to oversee the implementation of core-plasma cooperation, namely through consultations, evaluations, suggestions, and considerations related to government policies, policy harmonization and law enforcement.

Keywords: Competition, core-plasma, KPPU, palm-oil, partnership.

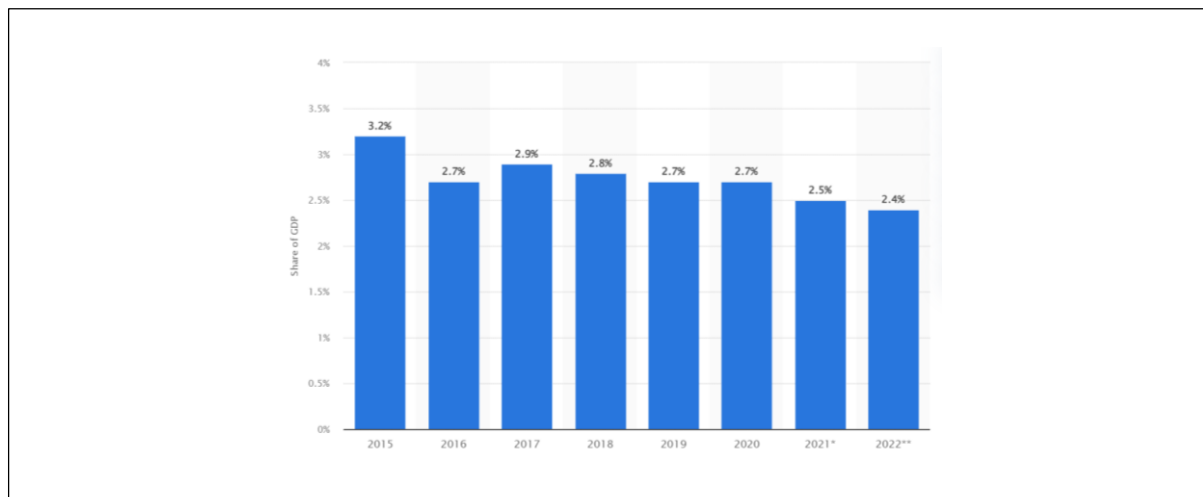
INTRODUCTION

Oil palm (*Elaeis guineensis*) is a significant plantation commodity important to the Indonesian and Malaysian economy. This is primarily due to its contribution to foreign exchange earnings through commodity exports and its utilization as a raw material in various processing industries. These industries include cooking oil, industrial oil, margarine, candles, soap, cosmetics, pharmaceuticals, and biodiesel fuel. The remaining material can be utilized for various purposes, such as composting, inclusion in animal feed, or conversion into biogas (Ghazali et al., 2021). This observation highlights the potential of the palm oil industry to significantly contribute to the economic growth of palm oil-producing nations, such as Indonesia and Malaysia.

The expected contribution of palm oil to Malaysia's gross domestic product (GDP) in 2022 was 2.4 per cent (See Table 1). Palm oil is a key sector in Malaysia's economy and serves as its primary agricultural export on a worldwide scale. The extent of fully developed palm oil plantations in Malaysia in 2021 amounted to approximately 5.14 million hectares. Mature oil palm trees can produce between 18 to 30 metric tons of fresh fruit bunches per hectare (Statistics Research Department, 2023).

Figure 1

Palm Oil Industry's Contribution to the GDP in Malaysia, 2015-2022



The plantation sub-sector substantially contributed to Indonesia's GDP in 2021, representing approximately 3.94% of the total. In 2021, plantations, which fall within the sectors of agriculture, forestry, and fisheries, accounted for a significant portion of the GDP, representing 13.28% of the total. However, the manufacturing sector held the most considerable part at 19.25%, surpassing the contribution of plantations. The agriculture, forestry, and fisheries sectors demonstrated a more substantial contribution than other industries, as outlined in Appendix 1 (Directorate of Production Account, 2022).

During the first semester of 2022, the Palm Oil Plantation Fund Management Agency facilitated the Indonesian palm oil sector's contribution towards generating non-tax state revenue. This was achieved

by collecting export levy revenues amounting to IDR 25.22 trillion (equivalent to MYR 7.6 billion), which was derived from the export of palm products. The current figure is below IDR 39.07 trillion (equivalent to MYR 11,76 billion), recorded during the corresponding period in 2021, mainly attributed to the government's imposition of a policy restricting the export of crude palm oil (CPO) in response to the prevailing scarcity of cooking oil (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2022a). In 2020, the aggregate volume of palm oil exports from Indonesia amounted to 25,935,554 metric tons, corresponding to USD 17,364,144,000 (Directorate General of Estates, 2021).

Palm oil is a prominent plantation commodity in Indonesia, as evidenced by the fact that Indonesia is the world's largest palm oil exporter, controlling up to 59% of the global output, with Malaysia in second place with production reaching 24% (WorldAgriculturalProduction.com, 2022) (See Table 1). The productivity achieved can be attributed to the extensive presence of oil palm plantations compared to other plantation commodities. This can be seen from the data presented in Table 2 (Directorate of Food Crops Horticulture and Estate Crops Statistics, 2022).

Table 1

World Palm Oil Production, 2022

World Production	Country	Production (1000 MT)
59%	Indonesia	45,500
24%	Malaysia	18,800
4%	Thailand	3,260
2%	Colombia	1,838
2%	Nigeria	1,400
1%	Guatemala	910
1%	Papua New Guinea	650
1%	Cote d'Ivoire	600
1%	Honduras	600
1%	Brazil	570

Table 2

Plantation Acreage

Plantation Commodities	Acreage (Thousand Ha)	Percentage
Palm oil	14,663.60	57.95%
Coconut	3,374.60	13.34%
Rubber	3,776.30	14.92%
Coffee	1,258.80	4.98%
Cocoa	1,478.00	5.84%
Sugarcane	444.80	1.76%
Tea	105.50	0.42%
Tobacco	200.60	0.79%

In Indonesia, oil palm plantations are held not only by huge companies, but also by smallholders, which have been classified as micro, small, and medium enterprises ('MSMEs'). Oil palm plantations in Indonesia are classified as major state plantations, private plantations, and people's plantations ('*perkebunan rakyat*') based on their concession status, as follows:

Table 3

Indonesian Oil Palm Plantations by Concession Status

Differentiator	Major State Plantations		Private Plantations		People's Plantations	
Companies	160	6,49%	2306	93,51%	-NA-	-NA-
Plantation Acreage (Ha)	550,333	3,76%	8.041.608	55,00%	6.029.752	41,24%
Production (million tons)	2.2	4,88%	27.4	60,75%	15.5	34,37%

Table 3 shows that a proportionate output level does not match the larger area of people's plantations. In 2021, people's plantations have produced 15.5 million tons of CPO, accounting for about 34% of the national CPO output, while the plantation acreage accounted for 41%. The top three largest CPO-producing provinces in Indonesia were Riau (20%), Central Kalimantan (16%), and West Kalimantan and North Sumatra (12%) (Directorate of Food Crops Horticulture and Estate Crops Statistics, 2022).

Table 3 additionally demonstrates the presence of competition among the three entities involved in the plantation industry, encompassing both the extent of the plantation acreage and, notably, the level of production. Business competition is crucial to achieving optimal effectiveness, efficiency, and productivity in a company's endeavour. The phenomenon can catalyse corporate entities to foster creativity and generate a wide range of products that exhibit strong competitiveness and profitability. Business competition is an inherent and inevitable phenomenon that arises within the context of dynamic commercial operations. In the current era of Industrial Revolution 4.0, in other words in the context of this fast-paced day and age, commercial entities will engage in competition not solely based on new products, services, or technology, but also via the implementation of innovative business models (Schiavi & Behr, 2018).

Enhancing the global competitiveness of MSMEs by their inherent capabilities poses an enormous obstacle. Consequently, the most efficient approach in improving the capabilities of MSMEs is to develop partnerships with well-established large enterprises, as illustrated by the current practice in the oil palm plantation industry in Indonesia. This can be achieved by implementing the core plasma program and facilitating collaboration between MSMEs and large enterprises (Brandstetter et al., 2006). The core-plasma partnership scheme can address the diverse challenges MSMEs encounter in their business development endeavours. This is primarily due to the comprehensive nature of the partnership, which encompasses the transfer of essential competencies in areas such as production and processing, marketing strategies, capital acquisition, human resource management, and technological advancements.

Efforts to make the oil palm core-plasma partnership a means of increasing the capacity of oil palm smallholders are difficult to actualize owing to the wide gap between MSMEs and large enterprises, particularly when considering the availability of resources controlled by each party. This condition then frames MSMEs as the party that requires a lot of help from large enterprises, so that MSMEs, such as farmer cooperatives, are psychologically 'under' large enterprises.

The disparity between MSMEs and large enterprises within the palm oil industry often serves as a prominent catalyst for the manifestation of exploitative conduct by the larger enterprises toward MSMEs (Arliman, 2017). Consequently, despite the enduring nature of their partnership, MSMEs need

to witness significant growth in their business operations. The disparity in the conduct of large companies and MSMEs within oil palm business partnerships is evident in the partnership agreement executed by both entities. This agreement places more obligations on MSMEs while affording them fewer rights than their larger counterparts.

Adequate supervision by the appropriate authorities plays a crucial role in achieving the objectives of the core plasma cooperation between MSMEs and large enterprises in managing the palm oil industry. The primary purpose of the Indonesia Competition Commission (ICC) is to oversee the effective execution of partnership agreements, enhance the capabilities of MSMEs, and foster the constructive involvement of oil palm enterprises in the country's economic development.

Building upon the preceding description, this article addresses the problem of the Indonesia Competition Commission's (ICC) involvement in overseeing the execution of partnerships between large enterprises and MSMEs in Indonesia. Subsequently, it delineates the various modalities through which the ICC exercises its supervisory function in implementing core-plasma partnerships between large enterprises and MSMEs within the palm oil industry in Indonesia.

METHODOLOGY

The research methodology of the present study can be classified as normative juridical, specifically involving the use of secondary data sources in the studies (Soemitro, 1990). Normative juridical studies have recourse to primary, secondary, and tertiary legal documents. The present study has employed a normative juridical methodology to examine and evaluate the legal principles and norms in the laws and regulations regarding partnerships between large enterprises and MSMEs, and subsequently to establish connections between prevailing legal concerns. The research typology used was analytical descriptive, which provided a complete and thorough description of the Indonesia Competition Commission's duties and authority in overseeing the execution of partnerships between MSMEs and large enterprises, specifically within the context of the oil palm plantation industry in Indonesia. The present study has also employed a qualitative methodology, wherein data was comprehensively described and analyzed without reliance on numerical representations.

RESULTS

The discussion of the research results will be carried out in relation to several topics, which will include the ICC's authority to supervise, and the form of the ICC's supervision in implementing core-plasma partnerships aimed at boosting the oil palm plantation industry in Indonesia.

Some previous studies related to core-plasma partnership, for example, has been conducted by researchers such as Ningum Natasya Sirait, Veri Antoni, and Anita Afriana, which have different focal points. The research by Natasya Sirait and Siregar (2022) was on the implementation of supervision to fulfil the 20% partnership requirement to obtain a Cultivation Rights (*Hak Guna Usaha*) permit for a palm-oil company. Antoni (2022) systematically interprets the prohibition in partnership relations between MSMEs and large enterprises. As for Afriana et al. (2020) the focus of their research was on how to effectively and efficiently resolve disputes in partnership agreements.

The difference between this study and previous ones is that the present study has focused on who is the authorized party to supervise the implementation of partnerships between MSMEs and large enterprises. This is especially important to determine since Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition ('Anti-Monopoly Law'), which is an umbrella regulation in the field of business competition, does not explicitly mention the ICC's authority to supervise partnership implementation in Indonesia. If the core-plasma partnerships with bigger palm oil companies fail, it is hoped that this study will benefit society, particularly oil palm smallholders, as they can ask for legal protection from the ICC.

The ICC's Position in Supervising the Implementation of Core-Plasma Partnerships

MSMEs are recognized as significant contributors to Indonesia's economic growth. They hold important positions and play crucial roles in fostering a more balanced, developed, and equitable national economic structure, as stated in the preamble of Considering letter b MSMEs Law. During the COVID-19 pandemic, Indonesia experienced a decline in national economic development. In 2020, the country's economic growth rate was recorded at -2.07%, while in 2021, it rebounded to 3.69% (Statistics Indonesia, 2022). Despite the challenges, the MSME sector remains a crucial pillar of the national economy, contributing significantly to the GDP, with a share of approximately 60.5%. Furthermore, this sector also plays a vital role in employment generation, absorbing approximately 96.9% of the national workforce (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2022b).

Furthermore, MSMEs can contribute to the reduction of the national unemployment rate while also improving the general level of social welfare. This situation can be linked to the ability of several well-established MSMEs to provide work possibilities for many formerly unemployed individuals. As a result, societal well-being will be improved and strengthened (Siti, 2011). The labour-intensive nature of the palm oil business, particularly oil palm farms, distinguishes it from capital-intensive industries. For example, during the oil palm fruit harvesting process, plantation staff perform manual observations to determine the freshness of the fruits. This requires staff to walk the entire farm (Lim et al., 2021).

Small and Medium Enterprises (SMEs) are of utmost importance in the context of emerging nations. Nevertheless, the indigenous MSMEs sector has encountered a significant challenge due to the impact of globalization, as it has led to the emergence of lower-priced imported goods that threaten their market position. Consequently, to ensure the effective participation and healthy competition of the MSME sector in the current global context, it is imperative to establish alignment by offering training and infrastructure support (Shih & Montes, 2022).

MSME firms in Indonesia have encountered various problems that hindered their ability to contribute significantly to the country's economy. These challenges included the need for more skilled human resources, inadequate access to capital, and a restricted marketing reach. The integration and implementation of certain strategies in information technology in the operations of MSME companies, especially in the context of the Industrial Revolution 4.0, need to be adequately established, in order to achieve the expected good output (Faujura et al., 2021, p. 79). Consequently, it is anticipated that the MSME sector will increasingly leverage digital platforms to enhance operational effectiveness and expand sales and marketing channels, which are now constrained in its ability to provide accessibility. This program aligns with the Indonesian government's objective of actively promoting the growth of the digital economy. It involves several measures, including enhancing internet infrastructure, such as broadband networks, and the widespread deployment of fibre optic networks across Indonesia (Ministry of Communication and Informatics, 2020).

The enhancement of competitiveness and global participation of MSMEs is significant not only at the national level, but also at the international level. This matter has been deliberated during the Entrepreneurship Summit held from April 26-27, in 2010 in Washington DC (Ferry Dzulkifli, 2010). The G20 Presidency prioritizes digital transformation for the 2022 G20 Summit in Bali. This prioritization revolves around three core concerns: establishing connections and recovery in the aftermath of the COVID-19 epidemic, enhancing digital skills and literacy, and facilitating cross-border data flow and the free movement of data with trust (Ministry of Communications and Informatics, 2022). The rapid transformations observed in the contemporary digital economy have given rise to the need for adaptations in business competitiveness policies and laws (Lee, 2022).

The business competition presents various benefits, encompassing both micro and macro perspectives. Consequently, competition in the business sector is deemed essential across various tiers, encompassing MSMEs. This is demonstrated by the purpose of implementing the Anti-Monopoly Law, specifically articulated in Article 3 letter b of the said legislation, which aims to establish a favourable environment for enterprises of different scales, including large corporations, middle-sized enterprises, and Micro and Small Enterprises (MSEs).

As mentioned in the previous section, partnerships are a commercial relationship between large enterprises and MSMEs. Talking about the implementation of partnerships between large enterprises and MSMEs is inextricably linked to the laws and regulations that underlie the establishment of partnerships, namely Article 25 to Article 37 of the MSME Law, which relate to the establishment of partnerships. These Articles of MSME Law stipulate those additional provisions concerning the partnership scheme, as mentioned in Article 26, and which are further regulated by Government Regulation No. 17 of 2013.

The applicability of the Job Creation Law also affects changes in the norms governing the investment ecosystem and business activities in various aspects, including employment, convenience, protection, and empowerment of cooperatives and MSMEs; and the ease of doing business, support for research and innovation, land acquisition, economic growth, central government investments, acceleration of national strategic projects, improvement of government administration, and the imposition of sanctions (Sarjana et al., 2023). One of the most essential modifications in the legislation related to MSMEs is outlined as follows:

1. The amendments refer to the regulations outlined in Article 6, specifically concerning the threshold for the MSME category, which is determined based on criteria related to capital and sales, namely:
 - a. Micro-sized business criteria: a business that has a net worth of up to IDR 1 billion (equivalent to MYR 300.000), and this do not include buildings and land where the business is located. The maximum annual sales proceeds for micro-sized businesses are IDR 2 billion (equivalent to MYR 600.000).
 - b. Small-sized business criteria: a business with a net worth of IDR 1 billion to IDR 5 billion (equivalent to MYR 300,000 to MYR 1,500,000); or maximum annual sales proceeds between IDR 2 billion to IDR 15 billion (equivalent to MYR 600,000 to MYR 4,500,000).
 - c. Medium-sized business criteria: a business with a net worth of IDR 5 billion to IDR 10 billion (equivalent to MYR 1,500,000 to MYR 3,000,000); or maximum annual sales proceeds between IDR 15 billion to IDR 50 billion (equivalent to MYR 4,500,000 to MYR 15,000,000).

2. The amendments related to the provisions outlined in Article 12, namely those related to risk-based business licensing.
3. The phrase 'may' is removed from the provisions of Article 21, which relate to the funding and guarantee of MSMEs by State-Owned Enterprises, notable national and foreign entrepreneurs, the government (both at the central and regional levels), and the business community.
4. The rules outlined in Article 25 have been excluded and reorganized inside Article 90 of the Job Creation Law, which specifically address partnerships.
5. The provisions outlined in Article 26 are modified by including a novel cooperation plan known as the supply chain scheme.
6. The word 'acceptance of supplies' about the form of partnership with a general trading scheme (as stated in Article 26 of the MSME Law) is removed in the amendment of Article 30.
7. A proposed amendment to Article 32A involves establishing partnerships through implementing a supply chain scheme, as outlined in Article 26 of the MSME Law.
8. The clarification of Article 35 is modified to include an explanation about the terms 'own' and 'control' in relation to the restriction on large and medium enterprises from owning or exerting control over MSMEs as their business partners.

Article 1 Point 13 of the MSMEs Law and Article 1 Number 4 GR 17/2013 define a partnership as a commercial collaboration, including direct and indirect collaboration. This relationship between MSMEs and larger corporations is based on mutual need, strengthening, and benefits. MSMEs and large corporations can actively and favourably participate in the activities of a company under the term 'mutual,' which defines a partnership. Article 11 of the MSME Regulation explains why MSMEs and large companies collaborate. It stresses protecting consumers and MSMEs.

Several techniques help MSMEs, and large firms collaborate. Article 26 of the MSME Law allows MSMEs and large enterprises to collaborate through core-plasma, subcontracting, franchising, general trading, distribution, agency, profit sharing, operational cooperation, joint ventures, and outsourcing. The regulation of partnership schemes employed in the partnership agreement is also addressed in Article 87, point 5 of the Job Creation Law. The partnership schemes outlined in the Job Creation Law resemble those outlined in the MSME Law, except for the supply chain scheme, which stands out as a notable distinction. In addition, Article 106 GR 7/2021 serves as an implementing regulation of the Job Creation Law and provides further elucidation on the concept of 'other forms of partnership.' These forms include profit sharing, operational collaboration, joint ventures, and outsourcing, which have already been addressed in previous regulations.

The partnership scheme between MSMEs and large and medium-sized companies can be characterized based on many rules, such as the MSME Law, GR 17/2013, and the Job Creation Law, as follows:

Table 4

Partnership Scheme

Partnership Scheme	SMSE Law	GR 17/2003	Job Creation Law	Explanation
Core-Plasma	√	√	√	• Large enterprises as the core and MSMSEs as plasma; or • Middle enterprises as the core and MSEs as plasma
Subcontract	√	√	√	• Large enterprises as contractors and MSMEs as subcontractors; or • Middle enterprises as contractors and MSEs as subcontractors
Franchise	√	√	√	• Large enterprises as franchisors and MSMEs as franchisees; or • Middle enterprises as franchisors and MSEs as franchisees
General trading	√	√	√	Example: Marketing cooperation and the provision of business locations from MSMEs by large businesses that are carried out openly
Distribution and Agency	√	√	√	• Large enterprises grant special rights to market goods and services to MSMEs; or • Middle enterprises grant special rights to market goods and services to MSEs
Profit sharing	√	√	X	• MSMEs run businesses that are financed or owned by large enterprises; or • MSEs run businesses that are financed or owned by middle enterprises
Operational cooperation	√	√	X	• MSMEs together with large enterprises run a temporary business until the work is completed; or • MSEs together with middle enterprises run a temporary business until the work is completed
Joint Venture	√	√	X	• Local MSMEs can make partnerships with large foreign enterprises. • Local SMEs can make partnerships with middle foreign enterprises.
Outsourcing	√	√	X	Outsourcing is carried out in fields and types of business that are not the main job or main component.
Supply Chain	X	X	√	• Large enterprises as recipients of goods and MSMEs as providers of goods; or • Middle enterprises as recipients of goods and SMEs as providers of goods
Other Forms	√	√	√	

Indonesian palm oil facilities use the core plasma scheme extensively. Large companies, called the core, provide services to MSMEs, called the plasma. These services include technical support, product marketing, financial reporting, livestock production facilities, technology transfer, and business management advice. These services aim to guarantee palm oil production fulfils quality, quantity, and sustainability standards (Febriandika et al., 2017).

Major corporations and MSMEs collaborate on equality, transparency, results-orientedness, responsibility, and complementarity principles (Feig, 2010). Indonesian law defines partnership as mutual need, trust, strengthening, and benefit. Article 1 Number 13 of the MSMEs Law and Article 57 of Law Number 39 2014 concerning Plantations define these ideas. Partnerships voluntarily pursue a common goal without hierarchical dominance. Partnerships should follow partnership principles and ethical business practices to benefit all parties. Otherwise, partnerships may be seen as exploiting MSMEs on behalf of larger companies.

When the partnership agreement term ends and MSMEs' conditions remain the same, the uneven position of MSMEs and large firms in oil palm business partnerships becomes more apparent. MSMEs' conditions may worsen after the partnership agreement expires, as they must take on significant debt to fund their palm oil operation, which is unprofitable. Another example is the cooperative use of customary land owned by the Tambusai Kuala Mahato Malay Indigenous Community in Rokan Hulu, Riau, with a 60% profit-sharing arrangement for indigenous people and 40% for palm oil firms. The actual results of customary land use differ from the terms agreed upon with PT TorusGanda (Ismi & Hasanah, 2023, p. 6).

This inequality is understandable since large firms create the MSMEs-large enterprise cooperation agreement using a standardized contract. MSMEs must only ratify the content of the agreement. Under rules and regulations, MSMEs and major firms must have equal partnership positions (Irawan, 2018). Large enterprises cannot dominate the execution of a partnership agreement. The partnership agreement also requires each party to strengthen its partners rather than weaken them. Large firms' benefits make it a good idea for MSMEs, such as oil palm smallholder cooperatives, to rely on them for business development. These benefits include large assets, vast markets, improved managerial efficiency and effectiveness, and huge capital resources. MSMEs frequently have low financial resources, poor marketing skills, and poor credit management, which leads to loan disbursement (Badriyah et al., 2023, p. 4).

Core plantations have the potential to contribute significantly in various aspects, including plantation replanting, processing fresh fruit bunches (FFB) and marketing the resulting products, overseeing the allocation and management of replanting funds obtained through BPD PKS and bank credit, and supervising the repayment of credit received by smallholders (Raharja et al., 2020).

Despite the idea that large enterprises would be able to enhance MSMEs, serious challenges must be addressed in the core-plasma partnership, especially the differences in power and size asymmetry between the two parties that may impact culture, operational processes, and governance structures during the partnership (Rothkegel et al., 2006). Large firms that are MSME partners profit from MSE-large enterprise oil palm plantation partnerships. MSE partnerships offer large enterprises the following advantages: 1) fast, accurate, inexpensive, and non-discriminatory funding; 2) procurement of infrastructure, production and processing facilities, raw materials, auxiliary materials, and packaging; 3) permits and tariff relief for facilities and infrastructure; 4) ease of financing; and 5) funds a place of

business, business fields and activities, or procurement of goods and services for the government, as outlined in Article 102, paragraph (5) of GR 7/2021.

Nevertheless, these incentives and facilities are exclusively accessible only to large enterprises that satisfy these subsequent criteria: 1) engage in innovation and the creation of export-oriented goods; 2) employ local labourers; 3) employ suitable and eco-friendly technology; 4) establish educational and training programs for MSEs; 5) offer support to MSEs; and 6) involve MSEs in market expansion, as stipulated in Article 102, paragraph (3) of GR 7/2021. Furthermore, the establishment of a core-plasma partnership model within the oil palm industry has the potential to mitigate the occurrence of social conflicts between firms and neighbouring communities (McCarthy et al., 2012).

In conflict resolution, establishing partnership agreements is a highly effective proactive measure. This approach fosters collaboration among involved parties and facilitates staff training and capacity enhancement. Furthermore, integrating conflict resolution plans into long-term planning documents, gathering relevant data, enlisting the assistance of a neutral third party or mediator, and conducting conflict mapping and analysis are identified as additional strategies for effectively addressing conflicts (Fisher et al., 2017).

Based on the regulations mentioned above, the ICC possesses an apparent capacity to oversee the implementation of collaborative endeavours, such as the oil palm core-plasma partnership. This assertion is not subject to dispute. The ICC not only assumes the responsibility of supervising this partnership, but also engages in collaborative efforts with other institutions. Establishing effective partnerships requires the collaboration of the ICC and other relevant entities due to their interrelated duties and functions. Effective coordination across agencies is necessary to eliminate overlapping power, as such overlaps might disrupt the supervisory process.

The ICC engages in collaborative efforts with other agencies through various mechanisms, such as arranging meetings, issuing notification letters, exchanging data and information, conducting field supervision, and engaging in other forms of coordination. To initiate the process of partnership monitoring, the ICC has the option to formally submit a letter to the relevant agency. When increased oversight calls for more intricate protocols, the ICC must coordinate through joint meetings or the exchange of data and information.

The regulations regarding the oversight of partnership implementation within the ICC are outlined in ICC Regulation Number 4 of 2019 concerning Procedures for Monitoring the Implementation of Partnerships (ICC Regulation 4/2019). Partnership supervision refers to a set of operations conducted by investigators to monitor the implementation of partnerships within the framework of the partnership scheme, guided by the principles of partnership and ethical business practices as outlined in statutory requirements, namely Article 1 Number 3 of ICC Regulation 4/2019. The principles referred to will include the principles of balance and equality, honesty and fairness, and most importantly they must be in accordance with regulations (Atikah, 2022, p. 111).

Partnership supervision can be sourced from a variety of sources, including the following: 1) initiatives from the commission work unit that oversees partnership implementation; 2) ministries and technical agencies; 3) mass media coverage; 4) the public; and 5) other sources. Meanwhile, according to Article 7 ICC Regulation 4/2019, the first allegations of violations of partnership implementation might originate from:

1. Reports, i.e., anybody who knows about or suspects there is a violation of partnership implementation, or
2. The initiative of the ICC based on data and information about Partnership implementation violations. This data and information can be obtained from the following sources: results of supervision, studies, findings in the inspection process, results of Commission hearings, and results of coordination with relevant agencies; incomplete reports; news in the media; and data and other information that can be accounted for.

Unlike earlier ICC Regulation, ICC Regulation 4/2019 explicitly states the ICC's authority to supervise partnership implementation. Thus, establishing ICC Regulation 4/2019 refutes the various "baseless allegations" made to the ICC about its role in supervising the implementation of partnerships, ensuring that the ICC's action has a solid and clear legal foundation.

ICC's Supervision of the Implementation of Core-Plasma Partnerships in Palm Oil Business Activities in Indonesia

The ICC is widely regarded as the most effective institution for managing business competition challenges (Paparang, 2019). This is primarily due to its multifaceted role and extensive jurisdiction in resolving matters, including partnership disputes between MSMEs and large enterprises within the oil palm industry. Dispute resolution can be defined as an organized attempt to resolve problems arising from events that disrupt societal equilibrium or, in the context of partnership disputes, disturb the balance in the implementation of agreements between the parties (Safrijal et al., 2023, p. 2). The significance of the ICC as a versatile institution should not be underestimated, particularly when concerning its duties and obligations as stipulated in Article 35 and Article 36 of the Anti-Monopoly Law, together with the ICC's jurisdiction in overseeing the execution of partnerships through the provisions of Article 37 of the MSME Law.

The ICC performs supervision in conformity with the prohibitions regulating the implementation of partnerships (*vide*. Article 87 number 8 of the Job Creation Law), as follows:

1. Large enterprises are prohibited from owning and controlling MSMEs' business partners. 'Owning and controlling MSMEs' is a condition where a large enterprise owns most or all the MSMEs' shares, capital, and assets or controls decision-making over MSME partners.
2. Middle-sized enterprises are prohibited from owning and controlling MSE business partners. 'Owning and controlling MSEs' is a condition in which a middle-sized enterprise owns most or all the MSE shares, capital, assets or controls decision-making over MSE partners.

The ICC supervises the implementation of partnerships based on business partners' control and ownership, specifically the following: 1) ownership and control of all or most of the shares, capital, or assets; 2) voting rights; 3) partnership agreements and agreements; and 4) terms of trade.

The monitoring of major firms' ownership or control of most or all the shares, capital, and assets of MSMEs can be accomplished through acquisitions or the establishment of new companies. Meanwhile, the supervision of partnership agreements and terms of trade as a way of controlling business partners must be carried out to ensure that partnership principles and sound business ethics do not contradict the basic principles of MSME independence, do not create MSME's dependency on large enterprises, do not cause harm to any party by the provisions of the laws and regulations, and there is equal legal standing between the parties based on the laxity of the laws and regulations.

If the ICC analysis finds a violation in the partnership's implementation, the ICC can recommend the following: 1) coaching, registration of partnership agreements, and revocation of business licenses by the agency authorized to issue permits; 2) consideration suggestions; and 3) follow-up on initiative cases. So far, the understanding of the ICC's duty to supervise the implementation of partnerships has been restricted to the work of law enforcement; nevertheless, its broader duty includes consultation, evaluation, and providing recommendations and considerations related to government policies, policy harmonization, and law enforcement.

From 2019 to 2021, the ICC effectively oversaw and resolved fourteen cases related to partnerships involving MSMEs and large enterprises. These partnerships encompassed several models, including those utilizing the core plasma pattern, distribution, agency, and profit-sharing schemes. The cases under consideration are partnerships, including the AgenPos program at PT Pos Indonesia (Persero), partnerships between online ride-hailing transportation drivers at Grab and Gojek, and partnerships in palm oil plantations and chicken farms (Indonesia Competition Commission, 2022b). The specific details of these cases are as follows:

Table 5

Cases Related to Partnerships Between MSMEs and Large Enterprises Disresolved

Year	Core-Plasma Scheme	Distribution & Agency Scheme	Profit Sharing Scheme
2019	1 Palm oil plantation	1 Logistics	-
2020	6 Palm oil plantation, chicken farm	-	2 Online transportation
2021	3 Palm oil plantation, chicken farm	-	1 Online transportation

The ICC successfully achieved a positive outcome by implementing measures to enhance the management of plasma plantations across an extensive area of 23,566.98 hectares. This initiative was aimed at supporting plasma revenue generation. A total of 11,437 households, equivalent to 45,748 individuals, derived benefitted from this service. The core company allocated the plasma smallholders 492.01 hectares of plantation land.

The ICC has undertaken supervisory activities in the context of law enforcement inside the palm oil core-plasma partnership scheme. It has come to light that several conflicts have been scrutinized by the ICC, with some cases progressing to the trial phase and resulting in legally binding outcomes. The author's analysis of the ICC Decision Database (Indonesia Competition Commission, 2022a) revealed the existence of three instances of claimed violations of Article 35, paragraph (1) of the MSME Law in the implementation of the palm oil core-plasma partnership. Understandably, this prohibition on domination is due to the fact that such activities have the potential to create an unequal haggling position between MSMEs and the medium/large businesses that are their partners (Purba et al., 2024, p. 540). The cases in question are as follows:

Table 6

Cases Involving Alleged Violations of Article 35, Paragraph (1) of the MSME Law

Decision	Palm Oil Plantation Location	‘The Core’	‘The Plasma’	Alleged Violation
Case Number 21/KPPU-K/2019 dated June 22, 2022	Tanah Kuning, Tanjung Palas Timur, Bulungan District, East Kalimantan	PT Bulungan Citra Agro Persada	KSU Mega Buana	Article 35 paragraph (1) MSMEs Law
Case Number 02/KPPU-K/2021 dated September 26, 2022	Sungai Keruh, Musi Banyuasin District, South Sumatera	PT Guthrie Pecconina Indonesia	KUD Sinar Delima	Article 35 paragraph (1) MSMEs Law
Case Number 03/KPPU-K/2021 dated September 26, 2022	Kebun Intan Estate and/or Merah Delima Estate, South Kal.	PT Suryabumi Tunggal Perkasa	Cooperative Tri Hampang Bersatu	Article 35 paragraph (1) MSMEs Law

Furthermore, other regulations exist, namely Regulation of the Minister of Agriculture No. 98/Permentan/OT.140/9/2013, which has undergone multiple amendments, the most recent being Regulation No. 21/Permentan/KB.410/6/2017. These regulations outlined five distinct grounds for the revocation of a planting license. There are several instances of non-compliance with academic standards in the provided text. Here is a revised version that adheres to academic writing conventions: (1) A plantation company spanning 250 hectares that fails to establish plantations for smallholders. (2) A miller company engaged in a partnership with a cooperative yet neglects to allocate at least 5% of the company's shares to said cooperative. (3) A company involved in the falsification of landholding information. (4) A company that neglects to report ownership and management changes. (5) A company that fails to fulfil obligations such as zero burning and implementing environmental monitoring (Hidayat et al., 2018).

When large enterprises and MSMEs seek to establish a partnership agreement in core plasma, the ICC can provide consultancy services by offering guidance on the agreement's provisions that may or may not be implemented. It is imperative to comprehend the significance of this matter, as partnerships characterized by 'unequal' elements tend to benefit a single side disproportionately. Partnerships should be formed based on reciprocal necessity, trust, enhancement, and advantage.

The ICC is crucial in providing recommendations and considerations about government policies and partnership elements. These suggestions and considerations are paramount in fulfilling the ICC's mandate. To ensure the successful implementation of partnerships, they must not be disregarded or underestimated. Nevertheless, the ICC has not adequately provided recommendations and considerations regarding government policies incorporating core-plasma partnerships within the palm oil business, regardless of establishing partnerships between MSMEs and large enterprises. These policies include conflicting laws and excessive regulations.

The author suggests that to foster a favourable climate for partnerships that can effectively contribute to the national economy, it is crucial to prioritize the ICC's role in preventive measures rather than strict law enforcement. This approach should consider the potential "costs" that all parties involved must bear.

The economic burden associated with implementing punitive measures exceeds the financial implications of preventive measures. Similarly, adopting a proactive strategy can mitigate the likelihood of further discord among conflicting parties, thus safeguarding the smooth functioning of commercial operations.

CONCLUSION

Partnerships can be understood as a means for collaborating parties to attain autonomy and parity in conducting a business endeavour founded upon legal obligations and prudent business practices. It is important to note that partnerships do not entail one party exerting control over another by exploitative means. The absence of explicit provisions within the Anti-Monopoly Law related to the oversight of partnership implementation by the Indonesian Competition Commission (ICC) does not preclude the ICC from exercising such jurisdiction. This is because the MSME Law, in conjunction with Government Regulation No. 17 of 2013 and Government Regulation No. 7 of 2021, has specifically addressed and controlled this matter. Consequently, it can be firmly asserted that the ICC possesses the authority mentioned above. The ICC oversees the execution of partnerships by engaging in dialogue, evaluation, providing suggestions, and considering government policies, policy harmonization, and law enforcement. The supervision utilized in each core-plasma partnership may vary and can be customized to the specific circumstances and conditions which prevail during the duration of the partnership.

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APPENDIX

Appendix 1. Indonesia's Gross Domestic Product, 2019-2021

Industry	2019	2020	2021	
Agriculture, Forestry, and Fishery	1,354,399	2,115,389	2,253,837	13,28%
Crop, Animal Production, Hunting and Related Service Activities	1,038,903	1,575,280	1,672,252	9,85%
Food Crops	292,883	474,271	440,673	2,60%
Horticultural Crops	153,158	250,458	262,548	1,55%
Plantation Crops	405,148	560,226	668,380	3,94%
Animal Production	167,638	260,147	268,170	1,58%
Agriculture and Hunting Related Service Activities	20,077	30,180	32,482	0,19%
Forestry and Logging	63,218	108,640	111,991	0,66%
Fishery	252,279	431,469	469,594	2,77%
Mining and Quarrying	806,206	993,542	1,523,650	8,98%
Extraction of Crude Petroleum, Natural Gas and Geothermal	289,980	332,560	461,703	2,72%
Mining of Coal and Lignite	259,599	283,195	603,138	3,55%
Mining of Iron Ores	88,003	130,957	204,590	1,21%
Other Mining and Quarrying	168,624	246,831	254,219	1,50%
C. Manufacturing	2,276,668	3,068,042	3,266,904	19,25%
Manufacture of Coal Products, Oil and Gas Refineries	217,402	307,606	320,009	1,89%
Non-Oil and Gas Manufacturing	2,059,266	2,760,435	2,946,895	17,36%
Manufacture of Food Products and Beverages	744,171	1,057,001	1,121,360	6,61%
Manufacture of Tobacco Products	90,487	135,935	135,146	0,80%
Manufacture of Textiles and Wearing Apparel	145,805	186,627	180,216	1,06%
Manufacture of Leather and Related Product	28,654	39,204	42,509	0,25%
Manufacture of Wood and of Products of Wood and Cork, Except Furniture; Manufacture of Articles of Straw and Plaiting Materials	59,498	78,689	76,690	0,45%
Manufacture of Paper and Paper Products; Printing and Reproduction of Recorded Media	80,211	110,562	113,202	0,67%
Manufacture of Chemicals, Pharmaceuticals and Botanical Products	195,041	296,710	339,183	2,00%
Manufacture of Rubber and Plastic Products	72,399	82,857	88,608	0,52%
Manufacture of Other Non-Metallic Mineral Products	70,691	85,860	89,017	0,52%
Manufacture of Basic Metals	91,717	120,957	137,599	0,81%
Manufacture of Fabricated Metal Products, Except Machinery and Equipment; Computer, Electronic, Optical Products and Electrical Equipment	204,173	252,143	257,366	1,52%
Manufacture of Machinery and Equipment	32,881	43,231	48,900	0,29%
Manufacture of Transport Equipment	198,854	208,886	251,893	1,48%
Manufacture of Furniture	28,113	38,653	42,173	0,25%
Other Manufacturing; Repair and Installation of Machinery and Equipment	16,573	23,121	23,034	0,14%
Electricity, Gas, Steam and Air Conditioning Supply	111,437	179,742	190,047	1,12%
Electricity	97,624	150,541	159,079	0,94%
Gas Supply and Production of Ice	13,813	29,201	30,969	0,18%
Water Supply, Sewerage, Waste Management and Remediation Activities	9,005	11,305	12,025	0,07%
Construction	1,108,425	1,652,660	1,771,727	10,44%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	1,440,186	1,994,125	2,200,529	12,97%
Wholesale and Retail Trade and Repair of Motor Vehicle and Motorcycle	272,350	360,036	407,880	2,40%
Wholesale and Retail Trade, Except of Motor Vehicles and Motorcycles	1,167,836	1,634,090	1,792,649	10,56%
Transportation and Warehouse	463,126	689,578	719,633	4,24%
Railways Transport	4,200	7,790	7,844	0,05%
Land Transport	262,208	380,884	407,336	2,40%
Sea and Coastal Water Transport	37,865	48,600	50,358	0,30%
Inland Water Transport	12,212	15,722	16,501	0,10%
Air Transport	69,927	104,950	96,060	0,57%
Warehousing and Support Activities for Transportation; Postal and Courier Activities	76,713	131,632	141,533	0,83%
Accommodation and Food Service Activities	333,305	394,055	412,261	2,43%
Accommodation	63,867	74,611	79,173	0,47%
Food and Beverage Service Activities	269,437	319,444	333,088	1,96%
Information and Communication	589,536	695,964	748,755	4,41%
Financial and Insurance Activities	443,093	696,067	736,189	4,34%
Financial Intermediary Services	267,387	418,860	455,259	2,68%
Insurance and Pension Fund	98,454	159,065	162,717	0,96%
Other Financial Services	67,895	104,090	103,200	0,61%
Financial Support Services	9,358	14,052	15,013	0,09%
Real Estate	316,901	453,781	468,222	2,76%
Business Activities	206,936	294,256	301,085	1,77%
Public Administration and Defence, Compulsory Social Security	365,539	582,628	584,361	3,44%
Education	341,350	549,626	556,318	3,28%
Human Health and Social Work Activities	127,488	201,192	226,971	1,34%
Other Service Activities	205,011	302,578	312,180	1,84%
GROSS VALUE ADDED AT BASIC PRICE	10,498,610	14,874,528	16,284,691	95,96%
TAXES LESS SUBSIDIES ON PRODUCTS	450,545	563,489	686,098	4,04%
GROSS DOMESTIC PRODUCT	10,949,155	15,438,018	16,970,789	