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DANANTARA (INVESTMENT MANAGEMENT INSTITUTION): AN INDONESIAN COMPETITIVE LAW PERSPECTIVE

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Abstract

This study analyzes Danantara (Investment Management Institution): An Indonesian Competition Law Perspective. This research endeavors to answer the following questions: How is Danantara's independence from a governance perspective, and what challenges does Danantara face in creating inter-institutional and cross-sectoral relations from the perspective of business competition law in Indonesia? This study employs a normative juridical method, using statutory and conceptual approaches. The study concludes that Danantara has to implement GCG principles (Transparency, Accountability, Responsibility, Independence, Fairness) to manage State-Owned Enterprises (BUMN) and investments. However, the enactment of Law No. 16 of 2025, there are several articles may affect Danantara's independence and potentially give rise to abuse of power, namely Article 3F point g, which stipulates that Danantara, in the process of formulating the work plan and budget of the investment and operational holding company, must consult with the House of Representatives (DPR), and Article 4A point 3 show that the mechanism for capital participation in the context of establishing state-owned enterprises must obtain approval from the DPR. The cross-sectoral dominance of Danantara's authority creates opportunities for certain parties to exploit legal loopholes to commit acts that could lead to monopolistic practices and unfair business competition. Articles 25, 26, and 27 of Law No. 5 of 1999 and Article 86M of Law No. 1 of 2025 show that certain parties may abuse authority through the unfair centralization of cooperative affiliations in addressing the monopoly rights granted to Danantara, which may result the centralization of cooperative affiliations between BUMN and business partners become a crucial matter in building public trust for the realization of fair business competition.

Keywords: *BUMN; Danantara; Competition Law; Indonesia.*

INTRODUCTION

Institutional independence is the embodiment of an organization's commitment and integrity in fulfilling the responsibilities mandated by law. The institutional commitment and integrity mandated should provide reinforcement in developing a work mechanism that is transparent and accountable in addressing potential regulatory overlap within an integrated institutional system (Asshiddiqie, 2005) particularly in the mechanism for exercising authority and responsibility between institutions. It has implications for the formation of institutions, which should be based on the principles of good governance (transparency, accountability, responsibility, independence, fairness) and compliance regulation.

The role of the government in implementing good governance institutions should take into account the importance of integrating institutional coordination to minimize overlapping authority and responsibility, as well as potential fraud in carrying out institutional activities as state administrators. The formation of law-mandated institutions should be able to create institutional independence without undermining the authority of other

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institutions, particularly by building cooperative and coordinated institutional relations that are participatory in achieving national goals.

Investment is a primary factor in determining the direction and prospects of a country's economic growth. The government's ability to optimize the availability of state resources is a key factor in setting strategic targets to achieve sustainable economic growth. The optimization of state resource availability is supported by strategic approaches and related activities that generate added value for each of the government's investment decisions. A strategic approach oriented toward improving the economy and public welfare is expected to provide a positive perspective for state institutions to maximize their authority and institutional responsibilities in supporting the acceleration of national objective achievement.

Danantara (Investment Management Institution) is the institutional embodiment that plays a crucial role in optimizing the availability of resources as the state's long-term investment. The Danantara institution is important for enhancing the state's revenue potential, particularly in understanding its strategic role by consolidating all state assets under a single sovereign ownership, especially in making strategic investment decisions to support accelerated national economic growth. This is in accordance with Law No. 1 of 2025 concerning the Third Amendment to Law No. 19 of 2003 on State-Owned Enterprises, which explains that State-Owned Enterprises (BUMN) are an extension of the government in managing vital production sectors that control public livelihoods, and should be utilized to maintain state economic sovereignty in realizing the greatest possible prosperity and welfare of the people.

Danantara, as the institution responsible for consolidating all state assets (State-Owned Enterprises or BUMN) under Law No. 1 of 2025 concerning the Third Amendment to Law No. 19 of 2003 on State-Owned Enterprises, provides a broader perspective on understanding the challenges faced by Danantara in regulating, supervising, and operationally managing state assets (State-Owned Enterprises). The challenge for Danantara to increase its contribution to state revenue is an important factor in comprehending the logical consequences and urgency behind the government's establishment of Danantara. This undoubtedly has implications for Danantara's existence as a primary factor in enhancing the productivity of assets managed by State-Owned Enterprises.

The existence of Law No. 1 of 2025 generally poses considerable challenges in addressing potential unfair business competition in related industries. The potential for unfair business competition in this regard is demonstrated through the dominance of share ownership by business entities within State-Owned Enterprises (BUMN) with the issuance of Government Regulation No. 10 of 2025 concerning the organization and institutional governance of Danantara**. It affects the potential strengthening of individual or corporate interests in the institutional strategic decision-making process.**

Government Regulation No. 10 of 2025 implicitly explains the potential for institutional conflicts of interest within Danantara in enhancing the investment productivity of parent companies and subsidiaries of State-Owned Enterprises (BUMN), which is also demonstrated through the inclusion of special characteristic phrasing “flexibility and professionalism” of Danantara as an institution in increasing investment value and also serving as a strategic partner for foreign investors.

The unique characteristics of Danantara, namely its flexibility and professionalism in boosting investor interest, reflect the government's efforts to enhance investment growth from both domestic and foreign sources. The phrasing "flexibility and professionalism" in the explanatory notes of Government Regulation No. 10 of 2025 carries implications for immeasurable potential within the State-Owned Enterprises' investment management mechanism. It is due to the statement regarding flexibility and professionalism, as contained in the general provisions, explanation paragraph 3 of PP No. 10 of 2025, which creates opportunities for potential fraud in the strategic decision-making processes for managing State-Owned Enterprises' investment, operational, and supervisory holdings. This condition also implicitly reveals a lack of clarity in the indicators used to measure the flexibility and professionalism of the Danantara institution, which, in turn, carries the potential for abuse of a dominant position by parties involved in the Danantara institution.

Government Regulation No. 10 of 2025 also indicates that the dominance of business-entity ownership in the management of BUMN carries the potential for abuse of institutional position in the management processes of investment, operational, and supervisory holdings. This is because Danantara's implicit dominant control over parent companies and subsidiary BUMN entities enables strong internal access to produce strategic decisions oriented toward the sustainability of BUMN. Internal accessibility has the potential to result in violations of Article 27 of Law No. 5 of 1999 concerning the prohibition of monopolistic practices and unfair business competition, specifically regarding the prohibition of abuse of dominant position (Nugroho et al., 2011), and share ownership in BUMN managed by Danantara.

Furthermore, this is reinforced by Article 86M in Chapter VIIIC of Law No. 1 of 2025, which affirms the President's authority to grant monopoly rights to Parent and subsidiary companies of State-Owned Enterprises over vital production sectors related to public livelihood. It implicitly reveals that Danantara's dominance in managing State-Owned Enterprises tends to impact the potential for conflicts of interest in every strategic decision made by parent and subsidiary companies of State-Owned Enterprises.

The dominance of Danantara's management and the government-granted monopoly rights to BUMN have implications for the potential dominance of business chain control by BUMN companies and their existing strategic partners. This dominance in business chain control is also demonstrated by the special monopoly rights granted to BUMN (Article 86M, Chapter VIIIC of

Law No. 1 of 2025), which carries logical consequences for the business partnership mechanism established through BUMN cooperation. This condition carries the potential for abuse in the business partner selection process, thereby affecting strategic partners' ability to control the value chain of business processes developed by State-Owned Enterprises.

It means that the high intensity of the partnership network between partner companies and State-Owned Enterprises indicates a potential for violations of Article 11 of Law No. 5 of 1999, which prohibits monopolistic practices and unfair business competition. This relates to understanding the potential for conspiracy among several business actors, price-fixing, allocation of customers or territories, and conflicting interests among actors occurring within the strategic partners of State-Owned Enterprises, which can lead to monopolistic practices and/or unfair business competition within the business chain of the parent and subsidiary companies of State-Owned Enterprises. Furthermore, this potential is reinforced by Article 87F of Law No. 1 of 2025, which addresses the resolution of disputes among State-Owned Enterprises, State-Owned Enterprise subsidiaries, and affiliated companies. Paragraphs 3 and 4 explain that if a dispute arises and cannot be resolved through a mediator appointed by the Ministry, the settlement agreement, resolution of differences, or dispute resolution is final and binding on the parties to be executed in good faith (paragraph 4), without any court process to prove violations in business cooperation activities between partners and State-Owned Enterprises.

Law No. 1 of 2025 concerning the Third Amendment to Law No. 19 of 2003 on State-Owned Enterprises and Government Regulation No. 10 of 2025 on the Organization and Governance of the Nusantara Investment Management Institution constitute the guiding mechanism for Danantara's institutional activities. These regulations clearly affirm that Danantara's organizational governance process is designed to enhance the investment productivity of State-Owned Enterprise parent and subsidiary companies. This increase in investment productivity is clearly demonstrated by its unique characteristics, supported by flexibility and professionalism that enhance investment value. However, it also presents several comprehensive challenges that need to be concretely understood to strengthen Danantara's integrity as an independent body capable of providing legal clarity in managing the nation's productive assets. Danantara's commitment and integrity in carrying out its legal mandate are expected to provide investors with a positive perspective on legal certainty when engaging in strategic cooperation with State-Owned Enterprise parent and subsidiary companies.

Therefore, the institutional independence of the Investment Management Institution (Danantara) is a crucial factor in realizing a governance transformation that is both integrity-based and adaptive (as outlined in Agenda 3 of Indonesia's Long-Term National Development Plan (RPJPN) 2025-2045), particularly in enhancing national economic growth.

This research aims to analyze the independence of Danantara as an institution managing BUMN and investments under the mandate of Law No. 1/2025, from the perspective of business competition law in Indonesia, due to several provisions within Law No. 1/2025 related to the management of BUMN and investments by Danantara that have the potential to give rise to unfair business competition (Law No. 5/1999), as well as the challenges faced by the Investment Management Institution (Danantara) in building inter-institutional and sectoral relationships from the perspective of business competition law in Indonesia.

RESEARCH METHODS

This research employs a normative juridical method, a scientific study aimed at discovering truth grounded in the logic of legal science from a normative perspective. (Ibrahim, 2008). It uses conceptual and statutory approaches (Marzuki, 2016). Secondary data from relevant laws and regulations, legal literature (books and scientific journals), and other sources related to the research issues are used in this study. The data collected for this research will also be analyzed qualitatively.

RESULTS AND DISCUSSION

1. The Independence of the Investment Management Institution (Danantara) from a Governance Perspective

a. Governance of the Investment Management Institution (Danantara)

Institutional independence oriented toward the legal mandate is a manifestation of the government's commitment to clarifying institutional authority in addressing the targets set by the government. This commitment, coupled with institutional integrity values, is expected to become a key factor in creating state governance oriented toward improving the quality of performance produced by state institutions. (Nik Mahmod, 2013)

The quality of institutional performance reflects the suitability of competency qualifications for the goals the state aims to achieve. The suitability of competency qualifications is a clear parameter for establishing work standards that contribute positively to every strategic policy formulation process. (Jałocha et al., 2014). Relevant competencies, accompanied by a clear organizational system, are key to creating a transparent and accountable work atmosphere and culture that supports the strategic targets set by the government. (Young, 2009).

An institutional organizational system is the result of organizational activities carried out in accordance with the values and governance established by the government. An organizational system based on values such as transparency, accountability, participation, independence, legal certainty, and fairness, reflected in fair leadership, is expected to produce efficient and effective strategic decisions or policies to achieve broader goals of economic growth and national welfare. Governance should remain grounded in the values of transparency and accountability to respond to the demands of evolving global issues, particularly in shaping the relevance of government established policies.

Danantara is an institution that serves as a governmental body responsible for managing State-Owned Enterprises (BUMN), including the operational administration of the institution, as regulated in Article 1, paragraphs 2-7, of Government Regulation (PP) No. 10 of 2025 concerning the Organization and Governance of Danantara. The existence of Danantara explicitly demonstrates the government's commitment to enhancing the economy and public welfare, serving as a concrete manifestation of achieving its strategic objectives by optimizing resource potential at a more competitive level. Optimizing the added value of resource potential is expected to stimulate industrial competitiveness and implicitly strengthen the nation's global competitiveness.

Danantara is a primary pillar in maintaining the proper and correct direction of BUMN management. Danantara's success in the government's strategic programs reflects that the development of the Danantara institutional body established by the government has fulfilled the principles of Good Corporate Governance (GCG). (Hukunala, 2025). Danantara, as the institution responsible as a super holding company, should be established based on GCG values, given the significant potential for abuse of power or fraud in the process of formulating policies or strategic decisions regarding BUMN business activities. Abuse of power reflects a lack of commitment and integrity by the government in carrying out the mandates stipulated in laws for legitimate state administration, refraining from misusing state institutions, and avoiding arbitrariness in governance, whether in a binding or discretionary manner. (Pietersz,2018). This suggests the potential for abuse of power, as the government, in managing the Danantara body, plays the dual role of regulator and owner of State-Owned Enterprises, thereby producing strategic decisions regarding investments and their management.

Independence and abuse of power are challenges that must be addressed in the management of Danantara. This is evident from several articles set out in Law No. 16 of 2025, concerning the Fourth Amendment to Law No. 19 of 2003. Specifically, Article 3F, point g, states that Danantara, when formulating the work plan and budget for investment and operational holding companies, must consult with the House of Representatives (DPR). Additionally, Article 4A, point 3, states that the mechanism for capital participation in the establishment of state-owned enterprises (BUMN) must be approved by the House of Representatives. Furthermore, Article 62J point 2 outlines that plans and implementation of mergers, consolidations, acquisitions, or separations of state-owned enterprises, as well as Article 86F concerning the dissolution of a state-owned general company (Perum) proposed to the President, must be conducted after consultation with the relevant DPR committees overseeing state-owned enterprises. This certainly provides a more rigid understanding of the potential for abuse of power in Danantara's management.

Abuse of power is a challenge that must be faced in the management of Danantara. Understanding the importance of maintaining transparency and integrity in institutional management is critical to every strategic decision the government makes. Strengthening accountability, organizational structure, and the individuals involved in the company is essential to fostering transparent and proper governance practices, thereby avoiding potential misuse of authority, violations, or fraud by specific parties involved in cooperation between corporations and the government. (Jaiyen et al., 2020). Transparency, supported by accountability in Danantara's management, is expected to reinforce public trust in State-Owned Enterprises' ability to manage resources and contribute to economic growth. (Daro & Harris, 2025). This undoubtedly affirms that the principles of Good Corporate Governance (GCG), established in the development of State-Owned Enterprises, should also be reflected through the establishment of Danantara as a super holding company. (Defilania & Silalahi, 2025).

The implementation of GCG (Good Corporate Governance) principles is crucial to accommodating Danantara's cross-ministerial strategic decisions. Institutional reform involving the objective devolution of regulatory institutions is expected to strengthen prudent oversight of corporate activities. (Vithiatharan & Gomez, 2014). The strategic decisions made by Danantara reflect its role as a government body tasked with managing State-Owned Enterprises. This function inherently requires coordination with ministries, as explained in Article 1, paragraphs 2 and 3, of Government Regulation No. 10 of 2025 on the Organization and Governance of the Nusantara Investment Management Institution. Institutional coordination among the ministries managing State-Owned Enterprises should be able to implement GCG values to support a more accountable management mechanism for Danantara.

b. Supervisory Mechanisms to Strengthen Danantara's Independence.

The Danantara management mechanism aims to ensure that management operates professionally in the interests of shareholders and other stakeholders, and to create greater value for the company. Governance regulations established by the government should be supported by clear coordination mechanisms between institutions and corporations to achieve corporate compliance with ethical and governance value standards. *(Pranava Rasahugan & Khalil, 2022).* Danantara's ability to establish proper standards and work ethic is a key factor in creating sound institutional governance standards for developing ethical and moral values, particularly in fostering a work culture oriented toward institutional integrity. (ButarButar & Sari, 2025). The institutional integrity developed is expected to serve as a benchmark for proper work standards for subsidiaries under Danantara's management. Proper and clear work standards, on a broader scale, are anticipated to help maximize the added value of national resource management.

Internal mechanisms are the primary factor in shaping Danantara's institutional integrity value. Proper internal governance mechanisms correlate with the quality of the audit approach, thereby reducing the need for external audits and investment. (AlQadasi & Abidin, 2018). Internal oversight mechanisms, through the existence of a supervisory board, are expected to strengthen Danantara's functions and roles in the management of BUMN.

The supervisory board is a crucial pillar in ensuring that Danantara's activities comply with the mandates of laws and regulations established by the government. This is because the supervisory board, through Government Regulation No. 10 of 2025 concerning the Organization and Governance of Danantara, Article 7 paragraph (1), is tasked with supervising the implementation of the Institution's activities carried out by the executive body. Furthermore, through paragraph (2), the supervisory board holds authority subject to presidential approval over several matters, including: approval of work plans, work budgets, performance indicators, evaluation of the achievement of key performance indicators, receiving and evaluating the accountability reports of the executive body, submitting the accountability reports of the supervisory board and executive body to the president, determining the remuneration of the supervisory board and executive body, proposing increases or reductions in the Institution's capital to the president, approving the Institution's annual reports, and temporarily dismissing members of the executive body.

The duties and authorities outlined in Article 7 paragraphs (1) and (2), implicitly, when viewed in light of Article 6 concerning the membership of the Danantara body, present considerable challenges in creating institutional independence for Danantara in managing BUMN. This is because Article 6 point 1c shows that the membership of the supervisory board includes representatives from ministries responsible for the administration of government affairs in the fields of economy, finance, BUMN, and investment, which carries the potential for coordinated cooperation among ministries or institutions, thereby potentially giving rise to abuse of power over the duties and authorities stipulated in Article 7 paragraphs (1) and (2).

This condition reveals the absence of supervisory board members who are independent and unaffiliated with Danantara and ministries/institutions, as stipulated in the fundamental values of governance, creating the potential for abuse of authority or fraud in Danantara's management processes. The potential for fraud can be minimized by strengthening the independence of the supervisory board and the audit committee and by establishing a clear whistleblowing/reporting system, thereby avoiding organizational damage and ensuring the effectiveness of achieving organizational goals. (Sudjono, 2023).

The formation of committees, as stipulated in Article 9, tends to be ineffective due to the absence of independent supervisory board assessments of every supervisory board decision, as outlined in Article 10 on the supervisory board's decision-making procedures. Although Law No. 1 of 2025 concerning the Third Amendment to Law No. 19 of 2003 concerning State-Owned Enterprises and Law No. 16 of 2025 concerning the Fourth Amendment to Law No. 19 of 2003 concerning State-Owned Enterprises have already included the existence of Independent Commissioners, this has not been accompanied by an amendment to Government Regulation No. 10 of 2025 that explicitly includes the existence of independent commissioners, thereby creating a loophole for inconsistencies in the implementation of supervisory functions from external parties.

An independent supervisory board is a key factor in minimizing the potential for abuse of authority in Danantara's internal activities. The presence of an independent supervisory board is also expected to provide more objective considerations regarding every finding or condition faced by Danantara. The supervisory board's independence contributes to oversight of operational activities, but does not ensure that organizational goals are achieved. (Alhady et al., 2021). This also implies that an independent supervisory board is expected to act as a counterbalance to the government, which serves as both regulator and owner, by offering more objective and rational perspectives and advice on every strategic decision made by Danantara. Furthermore, the presence of an independent supervisory board can support the audit committee in maintaining transparency and accountability throughout the audit execution process and in compliance with Danantara's financial reporting standards.

The absence of an independent supervisory board element (Government Regulation No. 10/2025, which serves as the implementing regulation of Law No. 1/2025 and Law No. 16/2025) is further reinforced by the lack of an external oversight mechanism, thereby providing a broader perspective on the potential for fraud in Danantara's management. The existence of external oversight is an important factor in providing a balance of transparency in Danantara's performance. External oversight ensures that Danantara's activities comply with clear legal guidelines, ensuring that the resulting practices and performance are proper and correct. The presence of external oversight is also expected to strengthen the development of a positive public perspective, particularly among stakeholders, by providing a guarantee of clarity and certainty regarding legal rules in BUMN management activities.

This is because the coordination among ministries or institutions involved in the management of BUMN investments and operations is mutually integrated, which has an impact on the implementation of relatively complex work procedures and administration, thus necessitating an external mechanism to ensure that Danantara's activities are in accordance with the mandate of laws and government regulations.

External oversight mechanisms play a crucial role in building positive stakeholder expectations regarding Danantara's management. External mechanisms are a key factor in assuring stakeholders of transparency in Danantara's activities. Optimizing the role of external mechanisms is an important factor for Danantara's internal operations in maintaining the code of ethics established by the supervisory body under Article 8 of Government Regulation No. 10 of 2025 concerning the Organization and Governance of the Daya Anagata Nusantara Investment Management Institution. The involvement of external institutions such as the Supreme Audit

Institution (BPK), reinforced by the presence of the Corruption Eradication Commission (KPK), can constructively minimize the potential for fraud, thereby making it easier for Danantara to focus on addressing substantive issues such as regulatory or technical matters related to potential conflicts of interest or overlapping authorities, whether between institutions or ministries, as stipulated in Article 27 of Government Regulation No. 10 of 2025 concerning the Organization and Governance of the Daya Anagata Nusantara Investment Management Institution.

Optimizing the adequacy of the elements of the oversight mechanism in the management of Danantara under Government Regulation No. 10 of 2025 is a primary factor in strengthening Danantara's institutional independence as a management body with clear authority and responsibility for managing state resources. Internal mechanisms are designed to achieve the relevant company's operational efficiency in meeting stakeholder interests by separating ownership and control in accordance with applicable regulations and legal frameworks governing the company. (John & Senbet, 1998). The clarity of authority and responsibility, regulated by Government Regulation No. 10 of 2025 and supported by internal and external oversight mechanisms embedded in governance values, should serve as the government's key success factor in mandating resource management through BUMN, thereby strengthening sustainable industrial growth.

The fortification of Danantara's institutional framework through the effective implementation of governance values is crucial to strengthening Danantara's independence as an institution responsible to the President for managing state resources. The implementation of governance values is expected to provide the President with more objective information on any issues or challenges encountered in the development of sectors or industries managed by Danantara. Transparency of performance (financial and non-financial), as required by regulations, can strengthen the sustainability of stakeholders' long-term interests. (Ludwig & Sassen, 2022). This certainly has a positive impact on reducing the risk of presidential error in making strategic decisions regarding issues that arise within the Danantara institution.

The uncertainty of objectivity in addressing the issues and challenges faced by Danantara, when viewed through the inclusion of the clause 'special characteristics of Danantara's institutional flexibility and professionalism in increasing investment value and also serving as a strategic partner for foreign investors' **in the general section of the elucidation of Government Regulation No. 10 of 2025** concerning Danantara's organizational governance, carries logical consequences for the risk of mistake by the government, particularly the President, in determining the direction of BUMN development managed by Danantara. This is due to the low quality of governance value elements applied in Government Regulation No. 10 of 2025, particularly in the aspects of external and internal oversight mechanisms, which has an impact on low stakeholder and public trust in Danantara's independence and integrity in managing BUMN resources.

This condition also demonstrates the absence of external control clearly outlined in Government Regulation No. 10 of 2025, which reinforces the argument regarding the potential uncertainty of risks that must be borne by the government, not only in the form of business risks but also the uncertainty of risks arising from within Danantara, namely the uncertainty of risks related to abuse of authority or fraud, thereby resulting in errors in strategic decision-making that ultimately lead to financial risk. Government dominance without strengthening the supervisory board structure risks failing to implement corporate governance. *(Rossouw & Styan, 2019)*. The presence of external executives (directors from outside the government), external auditors (outside the **Supreme Audit Agency/**BPK), and the audit committee contributes to the effectiveness of achieving good governance within a company. However, if CEO duality occurs (where the government holds both director and supervisory positions) in the organization's management and oversight, it affects the likelihood of successful implementation of corporate governance. (Lakshan & Wijekoon, 2012). This explicitly shows that the failure of a business entity (Danantara) is caused not only by business risk factors but also by failures in organizational management, which ultimately lead to failure in the company's financial management.

The flexibility and professionalism evident in the explanation of the general provisions of Government Regulation No. 10 of 2025, paragraph 3, should be normatively valued in fostering a positive perspective on the clarity of government policies and regulations in providing security guarantees for investors to invest in BUMN-managed industrial sectors. The government's commitment to providing guarantees of transparency, accountability, and clarity of legal rules is an important factor for investors in understanding the institutional authority over the industrial sectors to be managed. The clarity of Danantara's independence as a superholding company should enable strategic decisions to consolidate the diversity and unique characteristics of the business sectors developed by BUMN.

Thus, Danantara's ability to consolidate the business sectors of State-Owned Enterprises (BUMN) is a manifestation of the involvement of ministerial representatives and professionals in the membership of Danantara's board, which should be based on clear competence and sound managerial capabilities in generating ideas, insights, and measurable analyses in addressing Danantara's strategic opportunities and challenges.

Competence and managerial capabilities, coupled with an understanding of governance values, are essential in fostering institutional integrity. This, in turn, strengthens public trust in Danantara's independence and its role in enhancing the added value of national resources. A well-structured and properly implemented management mechanism should ensure that Danantara can establish a management body capable of fulfilling its resource management responsibilities, thereby contributing added value to industrial and economic growth at a more competitive level.

2. Challenges to the Investment Management Institution (Danantara) in Building Inter-Institutional and Cross-Sectoral Relationships from the Perspective of Business Competition Law in Indonesia

The Danantara superholding represents a positive, contemplative effort by the government to respond to global issues and challenges and to enhance the competitiveness of industrial sectors managed by BUMN. The increasingly diverse dynamics of industrial needs require the government to reformulate strategic planning to improve national competitiveness by centralizing state resource management (BUMN) under the Danantara superholding body. The existence of Danantara provides a broader perspective for stakeholders and the public on every government policy or regulation aimed at optimizing Danantara's role in the industrialization of national resources.

Government policies and regulations concerning Danantara's activities are a key factor in providing clarity for investors regarding investments in sectors deemed capable of contributing to increases in corporate value. Clarity of regulations, along with credible procedural governance, provides the public (particularly investors) with information to participate in the management of national resources. The effectiveness of regulations created by the central government requires more time for the public to evaluate. (Wallis & Rizvi, 2023). The government's commitment to implementing existing regulations and rules is expected to have a positive multiplier effect in accelerating industrial and economic growth.

The government's decision to create sound, market-oriented regulations is a manifestation of its commitment to fostering fair competition among business actors. Government policies that promote transparency and clear financial standards help increase public trust in accountable public institutional management, particularly by minimizing the potential for violations of legal rules. (Lakshan & Wijekoon, 2012).

Regulations oriented toward industrialization are a key factor in expanding investment opportunities, in line with the government's efforts to enhance industrial competitiveness, particularly in sectors that strengthen the national economy. Regulations accompanied by clear governance procedures are expected to provide investors with clear guidance to ensure legal certainty regarding potential obstacles or issues that may arise in the future.

Danantara's dominance in managing state resources is a manifestation of Article 33 paragraph (2) of the 1945 Constitution and Article 51 of Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, which stipulates that, legally, Danantara is mandated to hold a monopoly position over state assets. The legality of Danantara, as an institution holding a monopoly position over state resources, entails a normative responsibility to enhance BUMN's competitiveness through cross-sectoral institutional coordination and to provide a broader space for stakeholders to pursue investment opportunities in strategic sectors that help accelerate the nation's economic growth.

Accelerating economic growth is a government effort carried out through the optimal management of state resources for the benefit of the nation. As the executive institution responsible for implementing legal mandates, the government must maximize the added value of resources to ensure public needs are met through a series of regulations that safeguard national interests and economic stability. Regulations based on legal mandates should be a key factor in ensuring that industrialization is not concentrated in a single region but is also felt in other areas. This clearly indicates that Danantara's monopolistic position should catalyze other State-Owned Enterprises to make the public interest the primary focus in achieving their long-term objectives.

If linked to Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, Danantara's monopolistic position is legally expected to set a clear precedent for industry players. Fair business competition can only be realized if government regulations ensure that Danantara's legal monopolistic position is not accompanied by potential monopolistic practices as prohibited under Law No. 5 of 1999. This is because Danantara's monopolistic position could also create a conspiratorial space for regulators to develop administrative approaches in facilitating monopolistic practices prohibited by law. The potential for administratively carried out monopolistic practices will clearly erode business actors' trust in the guarantee of transparent law enforcement regarding issues arising from unfair business competition.

The potential for monopolistic practices, when viewed under Law No. 5 of 1999, exists if the managing body implicitly uses its authority to carry out institutional coordination to facilitate cooperation between parent companies and their subsidiaries, thereby developing control over the business chain of BUMN companies. This is because Danantara holds a strategic and dominant position in making investment, operational, and supervisory decisions for BUMN companies under its control. A monopoly position, coupled with a relative lack of internal and external oversight mechanisms, makes Danantara an institution with full access to and intervention in strategic sectors developed by BUMN. This also confirms that the governance structure of Danantara, which consists of representatives from ministries/agencies/institutions, also carries the potential for monopolistic practices that may be coordinated at certain institutional levels.

Government Regulation No. 10 of 2025 demonstrates that Danantara's dominance over access to subsidiary companies carries the potential for monopolistic practices by optimizing subsidiaries with related business partners, concentrating strategic decision-making within a single entity, which tends to have affiliations with several subsidiary companies managing Danantara's investments.

Danantara's dominance of authority, accompanied by cooperation coordinated at the institutional or ministerial level, requires internal oversight mechanisms to be more critical in understanding the potential for fraud in Danantara's management activities, particularly among parties that already have affiliated cooperation within ministries or institutions that constitute the strategic sectors to be developed by Danantara. An effective regulatory structure not only focuses on formulating the technical design of the regulations to be established but also on strengthening the quality and capacity of the support system for those regulations. (Jalilian et al., 2007). The transparency and accountability produced are expected to reinforce the development of regulations oriented toward minimizing the potential for fraud, whether cross-institutional or criminal offenses related to unfair business competition.

The potential for unfair business competition is an important consideration in addressing Danantara's existence as a superholding entity managing State-Owned Enterprises. Dominant cross-sectoral authority creates opportunities for certain parties to exploit regulatory gaps to engage in actions that violate legal norms, thereby increasing the potential for fraudulent practices in business competition. This potential is demonstrated through Articles 25, 26, and 27 of Law No. 5 of 1999, as well as Article 86M in Chapter VIIIC of Law No. 1 of 2025. These provisions indicate the possibility that certain parties may misuse their authority by unfairly concentrating collaborative affiliations in response to the monopoly rights granted by the President to State-Owned Enterprise parent and subsidiary companies. This also explains that the concentration or centralization of collaborative affiliations between State-Owned Enterprises and business partners is a crucial factor in building public trust in the realization of fair business competition.

The potential for affiliate cooperation that conflicts with Article 11 of Law No. 5 of 1999 demonstrates the dominance of authority. It provides a broader perspective on the possible approaches certain parties may take in producing regulations that can reduce investors' willingness to contribute to industrial growth. This is because low investment growth is a consequence of unfair market mechanisms manifested through a series of unfair business practices, whether in the form of misuse of association roles, price-fixing agreements, agreements on market share allocation, or distribution territories, ultimately leading to market concentration controlled by certain parties, both vertically and horizontally, in realizing unfair business practices. The concentration of cooperative affiliations between the government and business actors is a key factor in identifying unfair business practices. This condition has also occurred in several fraud cases involving cooperation between the government and business actors that resulted in unfair business competition practices, such as the "1Malaysia Development Berhad" (1MDB) scandal case in 2022, in which the Malaysian government was involved with several business players and the banking sector, resulting in state losses of more than $700 million (Ting et al., 2020), then the case of the German technology giant Siemens in 2008 regarding criminal bribery involving government officials in various countries to secure large contracts in infrastructure projects, which resulted in state losses of $1.4 billion. Moreover, the Petrobras fraud that occurred in Brazil, namely criminal acts committed by construction companies against several executives of the Petrobras oil company through price inflation schemes to obtain cooperation contracts, as well as the bribery case involving the aircraft manufacturer Airbus in 2020, related to securing aircraft purchase contracts through government officials in several countries.

The dominance of authority without regulatory transparency increases the potential for fraud, ultimately leading to unfair business competition practices. The concentration of authority without proper oversight mechanisms is a crucial factor in addressing the potential for fraud in the implementation of institutional activities and interactions. Integrity and clarity in institutional coordination are expected to reinforce overseeing the expansion of business activities of business actors involved in such interactions, particularly in addressing issues of disputes among State-Owned Enterprises (BUMN), subsidiaries of BUMN, and companies affiliated through the business chain, as stipulated in Article 87F, Chapter IXC of Law No. 1 of 2025, paragraphs 3 and 4.

Furthermore, through a proper oversight mechanism, it is expected that the mediation process used to resolve disputes shall be based on objective information and considerations, without any indication of harming either party to the dispute. This demonstrates that the regulator's ability to design a clear oversight mechanism is key to avoiding conspiracies to centralize business activities by certain groups, which in turn is crucial to building stakeholder trust.

CONCLUSION

1. The existence of Danantara as an investment management institution, pursuant to the mandate of Law No. 1 of 2025, reinforces the professional management of State-Owned Enterprises (BUMN) and national investments to improve public welfare and enhance the national economy. Institutional independence through the implementation of GCG (Good Corporate Governance) principles in BUMN management plays an important role in building institutional integrity and in anticipating unfair business competition, including the concentration of control over the business chain by certain parties, price-fixing conspiracies, and monopolistic practices.
2. The cross-sectoral dominance of Danantara's authority poses a challenge, as it creates legal loopholes that allow certain parties to abuse their authority through the unfair centralization of cooperative affiliations, addressing the monopoly rights granted to Danantara and potentially giving rise to unfair business competition.

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