

COMPARISON OF TIMOR-LESTE'S GOOD CORPORATE GOVERNANCE LAW WITH INDONESIA'S ANTI-MONOPOLY LAW TO ENHANCE CORPORATE COMPETITIVENESS

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ABSTRACT

The implementation of Good Corporate Governance (GCG) principles in Timor Leste and the implementation of antitrust policies in Indonesia have a significant impact on the competitiveness of companies in both countries. This paper aims to provide a deeper understanding of the comparison between the GCG principles applied in the two countries, both in terms of their implementation challenges and impacts on business competitiveness. The qualitative approach was chosen to understand the phenomenon in depth, identifying the dynamics in the legal and policy contexts in each country. Using the comparative analysis method, the author explores the similarities and differences between the two legal frameworks, as well as analyzes the social and economic impact of these policies on the competition of companies. It is expected that this research can contribute to the development of better economic policies both in the countries and provide insights for other developing countries in optimizing corporate governance and business competition to achieve inclusive and sustainable economic development.

INTRODUCTION

The application of Good Corporate Governance (GCG) principles and antitrust policies are two very important elements in creating a healthy and competitive business ecosystem. In the context of increasingly rapid globalization, a company's competitiveness is determined not only by the company's own internal capacity, such as product quality or operational efficiency, but also by the legal framework that governs corporate governance and business competition. GCG principles focus on the application of transparency, accountability, responsibility, and independence in the management of companies, while antitrust policies aim to prevent anti-competitive practices that can harm the market and consumers. These two things complement each other and play an important role in creating a fair business climate and encouraging innovation.

Good Corporate Governance (GCG) is a system that directs and controls the company to achieve a balance between the interests of various stakeholders, such as shareholders, management, employees, customers, and the public. GCG aims to create transparency, increase accountability, and ensure that management decisions benefit all parties. The main principles of GCG include transparency, accountability, responsibility, independence, and fairness, which as a whole aim to

create efficient and effective governance, improve company performance, and create long-term value for stakeholders.

On the other hand, antitrust policies play an important role in maintaining healthy and competitive market dynamics by preventing monopolistic practices, cartels, and abuse of dominant positions. This policy aims to protect consumers and prevent market distortions that can lead to unreasonable prices or poor quality. GCG and antitrust policies complement each other; GCG regulates the company's internal governance, while antitrust policies create a competitive market environment. The simultaneous application of these two principles can increase public trust and corporate competitiveness, as well as support sustainable and inclusive economic growth.

In developing countries such as Timor Leste, the main challenge faced is the development of a legal system that can support sustainable economic growth. As a newly independent country and still in the process of development, Timor Leste faces an urgent need to develop regulations that not only support economic stability, but also create a healthy business climate. One of the aspects that is indispensable in this case is the application of GCG principles that can reduce the potential for abuse of power in the business world, as well as antitrust policies that can prevent market dominance that is detrimental to consumers and other companies.

On the other hand, Indonesia, as the country with the largest economy in Southeast Asia, has had longer experience in implementing anti-monopoly policies through Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition. This law aims to create healthy business competition and prevent monopolistic practices that can harm society and hinder economic development. In addition, Indonesia has also developed a more mature legal framework in terms of GCG, which is reflected in the regulations governing the governance of public companies and financial institutions. The application of these principles has helped create transparency in the management of companies and increase investor confidence, which in turn supports Indonesia's economic competitiveness at the global level.

However, although Indonesia has a stronger legal foundation in both aspects, challenges in the implementation of antitrust policies and GCG principles remain. In Indonesia, for example, despite the antitrust regulations, there are still a number of cases that show anti-competitive practices in the market. This shows that the implementation of these policies needs to continue to be strengthened and adjusted to the evolving market dynamics.

This paper aims to provide a deeper understanding of the comparison between the GCG principles applied in Timor Leste and the antitrust policies implemented in Indonesia. In addition, this paper will also identify the implications of the two legal frameworks on the competitiveness of companies in each country. By understanding the differences and similarities in the implementation of these policies, it is hoped that solutions and policy recommendations can be found that can strengthen the legal framework in both countries. In this context, it is important to assess the extent to which antitrust policies and GCG principles can support the creation of a healthy business climate, encourage economic growth, and increase the competitiveness of companies in the global market.

Through a more in-depth analysis, it is hoped that this paper can contribute to the development of better economic policies, both in Timor Leste and Indonesia, as well as provide insights for other developing countries in optimizing corporate governance and business competition to achieve inclusive and sustainable economic development.

METHODS

This study adopts a qualitative approach with a comparative analysis method to compare the application of Good Corporate Governance (GCG) principles in Timor Leste and antitrust policies in Indonesia. The qualitative approach was chosen to understand the phenomenon in depth, identifying the dynamics in the legal and policy contexts in both countries. Using the comparative analysis method, the author explores the differences and similarities between the two legal frameworks, as well as analyzes the social and economic impact of the implementation of these policies on the competitiveness of companies.

The research data was obtained through literature studies that included laws, regulations, government reports, as well as academic journals related to GCG and antitrust policies. This approach allows the authors to explore the perspectives of stakeholders, such as regulators and entrepreneurs, in implementing the policy. Narrative analysis is also integrated to understand the social and political contexts that influence policy implementation. Thus, this research is expected to provide a holistic insight into the similarities and differences between the two legal systems, as well as relevant policy recommendations to improve the competitiveness of companies in Timor Leste and Indonesia.

RESULTS

GCG Legal Framework in Timor Leste

Timor-Leste, as a country that gained independence in 2002, is still in the development stages of developing various legal and economic systems that support the growth of the business and industrial sectors. One of the main challenges faced by the country is the lack of a comprehensive legal framework to regulate the implementation of Good Corporate Governance (GCG) principles. Although Timor Leste does not have a specific law governing GCG, the principles of good corporate governance in the country are more widely adopted from international standards, especially from the OECD Principles of Corporate Governance (2015) which is a global guideline in good corporate governance. These principles include transparency, accountability, fairness, and independence that should be the basis for the management of companies in Timor Leste.

However, the application of GCG principles in Timor Leste is still limited, especially in large companies related to foreign investment. These large companies are often bound by international regulations that require them to adhere to good governance standards, especially to maintain investor trust and reputation in the global market. For example, companies operating in the oil and gas and natural resources sectors, which mostly involve multinational companies, are more likely to apply GCG principles more strictly. It is also driven by the obligation to comply with standards set by international institutions such as the World Bank, the Asian Development Bank (ADB), and other organizations.

However, the implementation of GCG in the Small and Medium Enterprises (SMEs) sector in Timor Leste faces significant challenges. SMEs, which are an important pillar in Timor Leste's economy, often do not have sufficient managerial capacity and adequate resources to implement GCG principles. In many cases, SMEs in Timor Leste operate with a very simple organizational structure, where the owner and manager are often the same person. This makes it difficult to separate management and supervision, which is a key principle in GCG. In addition, the lack of managerial training and awareness of the importance of good governance exacerbates this situation. Many business actors in the SME sector are more focused on short-term survival and growth than on the implementation of GCG principles that require long-term commitments (Asian Development Bank, 2022f).

The corporate culture in Timor Leste is also still in the early stages of development. Many companies in the country, especially smaller ones, have not fully understood or implemented GCG principles in their daily practices. A culture that prioritizes personal relationships and social networks in the business world often hinders the application of more formal and structured principles in GCG. It also creates a gap between theory and practice, where although GCG principles have been adopted internationally, they have not been translated well in the local context of Timor Leste.

The Government of Timor Leste has sought to promote the application of GCG principles through various initiatives, such as collaborating with international institutions and non-governmental organizations to increase awareness and managerial capacity among business actors. One real example is the training program facilitated by the Asian Development Bank (ADB) which aims to increase understanding of GCG among SMEs. The program provides training on good corporate governance, including practical ways to apply these principles in the context of SMEs. Despite increased awareness of the importance of GCG, the implementation of these principles in the field is still limited. Many SMEs still find it difficult to implement GCG due to the limited resources and managerial capacity they have (Asian Development Bank, 2022d).

In addition, one of the biggest challenges in the implementation of GCG in Timor Leste is the lack of supervisory capacity. The country does not yet have an independent institution that specifically oversees and enforces the implementation of GCG principles in the private sector. Without adequate oversight, many companies tend to ignore GCG principles, or simply implement them symbolically without any real commitment. This can lead to harmful practices, such as abuse of authority, corruption, and non-transparency in company management. According to a report from the Asian Development Bank (2022e), although there are several efforts to promote GCG, without strong supervisory institutions, its implementation tends to be limited to only large companies involved in foreign investment, while many small and medium-sized enterprises are not effectively monitored.

In addition, the World Bank in its report said that institutional capacity building and strengthening supervisory institutions in Timor Leste are very important to ensure that GCG can be effectively implemented in all economic sectors, including the SME sector. Without an independent and credible institution that can oversee the implementation of GCG, efforts to create good governance will be limited to companies with greater resources (World Bank, 2021b).

Overall, although Timor Leste has adopted some of the basic principles of GCG drawn from international standards, the implementation of these principles still faces various challenges. These challenges include limited managerial capacity in the SME sector, a corporate culture that has not fully developed, and a lack of effective supervisory institutions. Therefore, to increase the effectiveness of GCG implementation in Timor Leste, more coordinated efforts are needed between the government, the private sector, and international institutions, as well as the strengthening of more independent and effective supervisory capacity.

Antitrust Legal Framework in Indonesia

Indonesia has Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, which is the main legal basis for regulating business competition in the country. The law aims to prevent monopolistic practices and unfair business competition that can harm consumers and stifle innovation. This law regulates the prohibition of actions that can harm business competition, such as cartels, abuse of dominant positions, and agreements that unreasonably reduce competition. The Business Competition Supervisory Commission (ICC) is an institution authorized to supervise and enforce the provisions of this law, including conducting investigations,

prosecutions, and providing administrative sanctions for violations found (Business Competition Supervisory Commission (ICC), 2020).

However, even though Indonesia already has a strong legal framework, the implementation of this law still faces various challenges. One of the biggest challenges is the lack of public understanding of the importance of healthy business competition. Many business actors, especially in the small and medium sector, are not fully aware of the negative impact of monopolistic practices and unfair business competition. In addition, most consumers also do not have an adequate understanding of their rights in a competitive market. This leads to ignorance about the need for effective supervision and law enforcement in the business competition sector (World Bank, 2020a).

In addition, law enforcement capacity is a major problem in the implementation of antitrust policies in Indonesia. Although ICC has the authority to enforce these laws, in practice, ICC often faces obstacles in terms of human resources, budgets, and adequate facilities to handle major cases involving large companies. Many of the cases handled by ICC show that large companies often take advantage of legal loopholes to maintain their dominant position in the market, in ways that are not always easy for regulators to detect. For example, large companies often use complex corporate structures or conduct non-transparent business agreements to avoid detection by ICC.

Effective law enforcement requires synergy between ICC and other institutions involved in the Indonesian legal system, such as the judiciary and related government agencies. Collaboration between ICC and judicial institutions is very important to accelerate the resolution of business competition cases and ensure that the sanctions given to violators can be applied firmly. For example, in some major cases involving the telecommunications and energy sectors, slow legal processes and lack of coordination between ICC and the courts lead to delays in the resolution of cases, ultimately reducing the impact of antitrust policies themselves.

In addition, additional regulatory support from the government is urgently needed to strengthen the effectiveness of antitrust policies. The government needs to provide a clearer policy framework to support healthy business competition, including fiscal policy and industrial policy that do not conflict with each other. A study from the World Bank (2020) shows that despite progress in antitrust law enforcement, structural reforms are still needed in Indonesia's legal system and economic policies to improve efficiency and transparency. One of the recommendations submitted is to increase public involvement in market supervision, through education and consumer empowerment so that they can report monopolistic practices and cartels that harm them (World Bank, 2020c).

Antitrust policies in Indonesia are also often inconsistent with broader economic development strategies. Many policies implemented by governments, especially in strategic industrial sectors, can create an imbalance between the need to support economic growth and protection against healthy competition. For example, government policies that provide subsidies and protections to certain industries can create opportunities for monopolistic practices and reduce competition in the market. Business Competition Supervisory Commission (ICC) (2020) suggests that to create better synergy, business competition policies must be more integrated with industrial policies and overall economic development. Thus, antitrust policies not only focus on supervision and law enforcement, but also on the creation of a more competitive and sustainable market environment.

ICC has also made various efforts to strengthen its internal capacity in handling business competition cases, including by increasing training and education for its staff and expanding international cooperation with business competition supervisory institutions in other countries. For example, ICC has been working closely with the Australian Competition Commission (ACCC) to share knowledge and best practices in overseeing business competition in an increasingly global

market. This cooperation allows ICC to leverage its international experience in handling major cases involving multinational companies (Komisi Pengawas Persaingan Usaha (KPPU), 2022).

Overall, although Indonesia has a fairly good legal framework through Law Number 5 of 1999 and ICC as a supervisory agency, the implementation of antitrust policies still faces various challenges, such as lack of public understanding, limited law enforcement capacity, and policy incompatibility with economic development strategies. Therefore, further reforms are needed in terms of strengthening the capacity of supervisory agencies, collaboration between institutions, and policy adjustments to create a more competitive and healthy market.

Comparison and Implications

Regulatory Aspects

Indonesia already has a more mature legal framework related to Good Corporate Governance (GCG) and antitrust policies compared to Timor Leste. Law No. 5 of 1999 in Indonesia, which regulates the prohibition of monopolistic practices and unfair competition, has been in place for more than two decades and has resulted in a number of important decisions in favor of the creation of fairer and more transparent markets. In addition, Indonesia also has an independent supervisory body, namely the Business Competition Supervisory Commission (ICC) (2020), which has the authority to follow up on business competition violations and provide appropriate sanctions.

On the other hand, Timor Leste is still in the early stages of developing regulations related to GCG. Although the GCG principles adopted are mostly derived from international standards such as the OECD Principles of Corporate Governance (2015), their implementation is still limited to large companies, especially those related to foreign investment. Small and medium-sized enterprises (SMEs) in Timor Leste often face difficulties in implementing these principles, due to limited resources and managerial capacity. This indicates that there is a considerable gap in terms of regulation and implementation of GCG in Timor Leste compared to Indonesia.

However, Indonesia itself faces challenges in the effectiveness of implementation. Despite having a strong legal framework, monopolistic practices and unfair business competition are still frequent, especially in sectors with high market concentration. This indicates that despite the existence of regulations, effective law enforcement and supervision remain a major issue. Therefore, Timor Leste can learn from Indonesia's experience in terms of building a strong and independent supervisory body, as well as strengthening the capacity of law enforcement so that existing regulations can be implemented more effectively.

Competitive Aspects

In the context of competitiveness, GCG in Timor Leste focuses more on the company's internal governance, which includes transparency, accountability, and efficient management of resources at the company level. These GCG principles are expected to improve the quality of management of companies, which in turn can strengthen their competitiveness in the global market. However, the implementation of stronger GCG in Timor Leste has not been able to fully create a significant impact on national competitiveness, given the limited resources and managerial capacity of many companies, especially in the SME sector (World Bank, 2020c).

On the contrary, antitrust policies in Indonesia emphasize more on the creation of a competitive market ecosystem. This policy aims to prevent monopolistic and cartel practices that can hinder healthy competition, as well as encourage the creation of a fairer market for all business actors, both large and small. In this regard, antitrust policies in Indonesia have a more direct impact on the competitiveness of the industrial sector as a whole, as they focus on creating a more open market

environment and free from the dominance of large companies that can hinder innovation and development of the small and medium business sector (Business Competition Supervisory Commission (ICC), 2020).

These two approaches—GCG in Timor Leste and antitrust policies in Indonesia—can complement each other if applied synergistically. For example, the implementation of strong GCG in Timor Leste can create more transparent and accountable companies, which will strengthen investor confidence and encourage foreign investment. Meanwhile, antitrust policies in Indonesia can create fairer competition in regional markets, which will encourage innovation and efficiency among companies across ASEAN. Thus, these two legal frameworks can support each other in creating a healthier and more competitive market in both countries, which in turn will increase the competitiveness of companies in the region (OECD, 2020a).

Regional Collaboration

Furthermore, regional collaboration through the ASEAN Competition Action Plan 2025 can be a very strategic platform to share experiences and create more uniform standards in corporate governance and antitrust policies. ASEAN, as a regional organization consisting of countries with diverse economies, has great potential to harmonize business competition policies across the region. With this action plan, ASEAN member countries can share best practices in business competition supervision, as well as strengthen supervisory capacity at the national level (ASEAN, 2020a).

Through the ASEAN Competition Action Plan 2025, Indonesia and Timor Leste can strengthen cooperation in the field of business competition, by adopting internationally recognized standards and implementing more effective policies in each country. In addition, this collaboration can create regulatory uniformity that will make it easier for companies operating in both countries to comply with the same rules, as well as increase the competitiveness of the ASEAN region in the global market (ASEAN, 2020b).

Overall, although Indonesia has a more mature legal framework in terms of GCG and antitrust policies, the main challenge still lies in effective law enforcement and supervision. Timor Leste, despite having a simpler legal framework, can learn from Indonesia in building stronger supervisory institutions and increasing GCG implementation capacity. By implementing more synergistic policies and collaborating within a regional framework such as ASEAN, the two countries can create a more competitive and sustainable business ecosystem, which in turn will increase the competitiveness of companies in the region.

Challenges of GCG Implementation in Timor Leste and Anti-Monopoly Law in Indonesia

Challenges of GCG Implementation in Timor Leste

The implementation of Good Corporate Governance (GCG) in Timor Leste faces various challenges related to limited resources, institutional capacity, and corporate culture that is still in the development stage. Some of the key challenges faced are as follows:

1. **Limited Resources and Managerial Capacity:** Most companies in Timor Leste, especially small and medium-sized enterprises (SMEs), face difficulties in implementing GCG principles due to limited trained human resources and low managerial capacity. This causes difficulties in meeting international standards related to transparency, accountability, and good governance. Based on a report from the Asian Development Bank (2022), many SMEs in Timor Leste do not have an adequate understanding of the importance of good governance, which in turn hampers their competitiveness in the global market (Asian Development Bank, 2022c).

2. **Limited Legal and Supervisory Infrastructure:** Timor Leste still does not have an independent supervisory body that specifically oversees the implementation of GCG in the private sector. Without adequate supervision, many companies tend to ignore GCG principles, which has the potential to reduce the quality of governance and create uncertainty for investors. According to the Asian Development Bank (2022b) report, this weak supervision has caused many large companies operating in Timor Leste to be more inclined to ignore GCG principles for short-term gains.
3. **Immature Corporate Culture:** The corporate culture in Timor Leste is still in the early stages of development, leading to a gap between the ideal GCG principles and real practices on the ground. The country faces challenges in building a culture of transparency and accountability among business actors. While there are efforts to raise awareness about the importance of GCG through training and educational programs, changing corporate culture takes a long time. A study by Bertoni and Tjandra shows that to create a culture that supports good corporate governance, more systematic and structured policies are needed in managerial education.
4. **Limited Access to Financing and Investment:** Most companies in Timor Leste, especially SMEs, face obstacles in obtaining adequate access to financing to implement GCG principles. Without sufficient capital, companies cannot implement an effective internal control system or improve their governance structure. It is also related to the limited foreign investment coming to Timor Leste, which is often more interested in a larger, stable market (World Bank, 2021a).

Challenges in the Implementation of the Anti-Monopoly Law in Indonesia

In Indonesia, Law Number 5 of 1999 on the prohibition of monopolistic practices and unfair business competition was implemented more than two decades ago. However, even though Indonesia has a more mature legal framework than Timor Leste, the challenges in implementing antitrust policies remain significant. Some of the main challenges faced by Indonesia are as follows:

1. **Lack of Understanding and Compliance with the Anti-Monopoly Law:** One of the main challenges in the implementation of the Anti-Monopoly Law in Indonesia is the lack of understanding of the importance of healthy business competition, both among business actors and the general public. Many large companies in Indonesia are still trying to take advantage of legal loopholes to maintain their market dominance, even though there are regulations that regulate this. The Business Competition Supervisory Commission (ICC), although it has the authority to follow up on violations, often encounters difficulties in enforcing the law due to a lack of awareness of the adverse impact of monopolistic practices on the market and consumers (Business Competition Supervisory Commission (ICC), 2020).
2. **Limited Resources of ICC:** Although the Business Competition Supervisory Commission (ICC) has an important role in enforcing the Antimonopoly Law, this institution often faces obstacles in terms of resource capacity. With limited human resources and a lack of adequate law enforcement tools, ICC sometimes finds it difficult to monitor the entire market and follow up on any violations effectively. This hampers the effectiveness of the implementation of the Antimonopoly Law in Indonesia (Komisi Pengawas Persaingan Usaha (KPPU), 2023b).
3. **Challenges in Law Enforcement and Inter-Agency Coordination:** Law enforcement related to monopolistic practices and unfair business competition in Indonesia is also often hampered by a lack of coordination between ICC and other legal institutions, such as the courts and the police. Many cases of business competition take a long time to process, and some decisions

taken by ICC are often inconsistent with national economic policies. This shows that there are differences of opinion between relevant institutions on how business competition policies should be implemented in the context of Indonesia's economic development (OECD, 2020a).

4. **Large Corporate Domination and Cartel Practices:** Large companies in Indonesia often take advantage of cartel practices and market strategies that can hinder healthy competition. Although ICC has handled several major cases, this practice persists, especially in highly concentrated sectors, such as energy, telecommunications, and trade. Tighter oversight is needed to ensure that large companies do not exploit legal loopholes to dominate the market and stifle innovation (Komisi Pengawas Persaingan Usaha (KPPU), 2023b).
5. **Lack of Policy Integration:** One of the problems faced in the implementation of antitrust policies in Indonesia is the lack of integration between business competition policies and broader economic development policies. According to ICC, better integration between industrial policies and business competition policies is essential to create synergies that can support economic sustainability and avoid monopolistic practices that harm consumers and small businesses (Komisi Pengawas Persaingan Usaha (KPPU), 2023a).

Both in Timor Leste and in Indonesia, the challenges of implementing GCG and antitrust policies are greatly influenced by the limitations of resources, institutional capacity, and existing corporate culture. Timor Leste still needs to develop an independent supervisory body and strengthen managerial capacity in the SME sector to implement GCG more effectively. On the other hand, Indonesia must face challenges in increasing public understanding and strengthening law enforcement capacity related to antitrust policies. The two countries can learn from each other's experiences to strengthen corporate governance and create a more competitive market.

The Importance of Regional Collaboration in Strengthening Policy Implementation

Regional collaboration is one of the strategic approaches to strengthen the implementation of corporate governance policies (Good Corporate Governance / GCG) and antitrust policies. In the context of the Southeast Asian region, ASEAN (Association of Southeast Asian Nations) offers an important platform for its member countries to share experiences, knowledge, and best practices in developing relevant legal and policy frameworks.

Benefits of Regional Collaboration

Regional collaboration through ASEAN allows its member states, including Timor Leste which is preparing for full membership, to:

1. **Sharing Best Practices:** Member countries can learn from the success of other countries in implementing GCG and antitrust policies. For example, Indonesia, which has long experience in antitrust policy, can be a model for Timor Leste in building an independent and effective supervisory institution (OECD, 2015).
2. **Policy Standardization:** ASEAN seeks to create minimum standards in various sectors, including corporate governance and business competition. This aims to ensure that all member states have a consistent legal framework in place to support a competitive and fair regional market (ASEAN, 2020a).
3. **Improving Regional Competitiveness:** By integrating GCG and antitrust policies, ASEAN countries can create a more stable and attractive business environment for foreign investors, ultimately improving the overall competitiveness of the region (World Bank, 2020b).

The Role of ASEAN Competition Action Plan (ACAP) 2025

One of ASEAN's key initiatives is the ASEAN Competition Action Plan (ACAP) 2025, which is designed to promote the harmonization of business competition policies among member countries. Some of the key points of ACAP 2025 include:

1. **Strengthening Legal and Institutional Frameworks:** Encouraging member states to strengthen laws and institutions that deal with business competition (ASEAN Secretariat, 2018).
2. **Capacity Building:** Provide training and capacity building programs for regulators in member states, including countries with developing legal systems such as Timor Leste (Asian Development Bank, 2022a).
3. **Law Enforcement Collaboration:** ASEAN also encourages cross-border cooperation in handling business competition cases involving more than one jurisdiction (UNCTAD, 2021).

Potential Collaboration between Timor Leste and Indonesia

As a newly developed country, Timor Leste can leverage Indonesia's experience in managing antitrust policies and strengthening corporate governance. Through the ASEAN forum, the two countries can:

1. **Enhancing Synergy:** Collaboration between supervisory agencies such as ICC Indonesia and similar institutions that may be formed in Timor Leste can accelerate the development of institutional capacity in Timor Leste (KPPU, 2023).
2. **Building Regional Awareness:** Joint campaigns under the auspices of ASEAN can increase public and business actors' understanding of the importance of GCG and antitrust policies (ASEAN Secretariat, 2015).
3. **Addressing Global Market Challenges:** By creating uniform policy standards, both countries can be better prepared to face the challenges of competition in the global market, especially in the face of multinational companies operating in the region (UNDP, 2019).

Challenges in Regional Collaboration

1. **Differences in Development Levels:** ASEAN countries have different levels of economic development and legal capacity, making it difficult to achieve full harmonization in a short period of time (ASEAN Secretariat, 2022).
2. **Political Constraints:** Differences in political interests between countries can hinder the implementation of agreed policies (World Economic Forum, 2022).
3. **Lack of Resources:** Countries like Timor Leste often face limited resources to keep up with established regional standards (Asian Development Bank, 2021).

Recommendations for Strengthening Regional Collaboration

1. **Accelerating Timor Leste's Integration into ASEAN:** By becoming a full member of ASEAN, Timor Leste can be more actively involved in policy discussions and access available resources (ASEAN Secretariat, 2021b).
2. **Enhancing the Role of Regional Institutions:** ASEAN can establish a special institution focused on overseeing the implementation of GCG and antitrust policies across the region (OECD, 2020b).
3. **Encourage Education and Training Programs:** ASEAN can provide training programs focused on corporate governance and business competition to enhance the capacity of member countries (ASEAN Secretariat, 2021a).

Regional collaboration through ASEAN is a strategic step to strengthen the implementation of GCG and antitrust policies in Southeast Asia. By sharing experiences, creating uniform standards, and increasing institutional capacity, member countries can create more competitive, transparent, and fair markets. This collaboration not only benefits countries with mature legal frameworks, but also helps developing countries such as Timor Leste in building a stronger business ecosystem.

Recommendations for Improving Corporate Governance and Antitrust Policies in Timor Leste and Indonesia

Recommendations for Timor Leste: Formulate a Special Law on GCG

Timor Leste needs to formulate a special law regulating Good Corporate Governance (GCG) as an important step to provide a clear and structured legal foundation for companies. Currently, the implementation of GCG principles in Timor Leste still relies on international standards, such as the OECD Principles of Corporate Governance, without in-depth domestic regulations. Therefore, it is important to develop laws that explicitly govern corporate governance in the country.

Some of the aspects that need to be covered in this GCG law are as follows:

1. **Effective Supervision Mechanism:** This law should include a clear supervision mechanism and an independent institution that has the authority to conduct audits and evaluations of GCG implementation in companies. This institution can be a supervisory body that has the authority to sanction companies that do not comply with GCG principles. The Asian Development Bank (2022) suggests that Timor Leste needs to establish an independent supervisory body to ensure better implementation of GCG principles (Asian Development Bank, 2022c).
2. **Education and Training for Entrepreneurs and Managers:** To accelerate the adoption of GCG principles, Timor Leste needs to introduce training and education programs aimed at entrepreneurs and company managers. The program may work closely with international institutions, such as the OECD or the World Bank, to ensure that employers understand the principles of transparency, accountability, and responsibility in corporate governance (World Bank, 2021a).
3. **Firm and Effective Sanctions:** GCG laws must include strict sanctions for violations of governance principles, either in the form of fines or revocation of business licenses for companies proven to have committed corrupt practices or non-compliance with the principles of transparency and accountability. Strong law enforcement will encourage companies to comply with the set standards (World Bank, 2021a).

Recommendations for Indonesia: Strengthening Antitrust Law Enforcement

Indonesia already has Law Number 5 of 1999 concerning the prohibition of monopolistic practices and unfair business competition, which is supervised by the Business Competition Supervisory Commission (ICC). However, the implementation of antitrust policies in Indonesia still faces several challenges that need to be overcome to increase the competitiveness of companies. Here are some recommendations to strengthen antitrust law enforcement in Indonesia:

1. **Capacity Building ICC:** ICC plays an important role in enforcing the Antimonopoly Law, but the capacity of this institution needs to be strengthened. The World Bank noted that ICC needs more trained human resources, advanced technology, and market analysis tools to monitor monopolistic practices more effectively (OECD, 2020a). With this capacity increase, ICC can more quickly and accurately handle cases of unfair business competition.
2. **Education and Counseling to the Public and Business Actors:** Most business actors, especially small and medium enterprises (SMEs), have not fully understood the negative impact of

monopolistic practices on the market and consumers. Therefore, Indonesia needs to intensify education and counseling programs to raise awareness about the importance of healthy competition. This program can include seminars, workshops, and media campaigns explaining the Antimonopoly Law and the benefits of healthy business competition (Komisi Pengawas Persaingan Usaha (KPPU), 2020).

3. Integration of Antimonopoly Policies with Economic Development Strategies: Antimonopoly law enforcement must be more integrated with Indonesia's economic development strategy. ICC emphasizes the importance of synchronizing business competition policies with industrial policies to create synergies that support innovation and company competitiveness. Antitrust policies that stand alone without considering broader aspects of economic development can create an imbalance between the goals of competition and national economic growth (Komisi Pengawas Persaingan Usaha (KPPU), 2023b).
4. Handling of Cartel Cases and Monopoly Practices by Large Companies: Cartel practices and market dominance by large companies in Indonesia remain a major problem. Therefore, Indonesia needs to tighten supervision of large companies that are often involved in cartel practices. Stricter law enforcement against cartel actors can prevent market distortions that harm consumers and small businesses (Komisi Pengawas Persaingan Usaha (KPPU), 2023b).

Regional Collaboration: Enhancing Synergies Between East Timor and Indonesia

Regional collaboration through platforms such as ASEAN is essential to improve corporate governance standards and antitrust policies in member states, including Timor Leste and Indonesia. The ASEAN Competition Action Plan 2025 can be an effective forum for sharing experiences, best practices, and international standards in terms of corporate governance and business competition.

1. Development of Common Standards for Corporate Governance: Timor Leste and Indonesia can work together to develop common standards in corporate governance, which refer to OECD and World Bank principles. This will help both countries create a transparent and sustainable business environment, as well as encourage investors to invest in both countries (OECD, 2021).
2. Increased Cooperation in Antitrust Law Enforcement: Indonesia and Timor Leste can strengthen cooperation in antitrust law enforcement, by sharing data and information on business competition cases. ICC Indonesia can provide training to relevant institutions in Timor Leste to strengthen the capacity of supervision and enforcement of business competition law (ASEAN, 2020a).

The implementation of GCG in Timor Leste and antitrust policies in Indonesia require collaborative efforts and capacity building to overcome existing challenges. Timor Leste needs to formulate a specific law on GCG that includes an effective monitoring mechanism, while Indonesia must strengthen antitrust law enforcement through ICC capacity building and public education. The two countries should also strengthen regional collaboration to share experiences and increase synergies in creating a more competitive and transparent market.

CONCLUSION

The application of Good Corporate Governance (GCG) principles in Timor Leste and antitrust policies in Indonesia plays a crucial role in fostering a healthy competitive business ecosystem, despite their different focuses—GCG on internal governance and antitrust on market competition. In Timor Leste, GCG implementation is still developing, with small and medium-sized enterprises struggling due to limited resources and managerial capacity, highlighting the need for stronger laws

and supervisory bodies. Conversely, Indonesia has a more established legal framework for antitrust policies, yet faces challenges such as public misunderstanding and limited enforcement capacity of institutions like the Business Competition Supervisory Commission (ICC). Both countries would benefit from regional collaboration through the ASEAN platform to share best practices and harmonize standards. Recommendations for Timor Leste include formulating specific GCG laws and enhancing supervision, while Indonesia should focus on strengthening antitrust enforcement and public education. Future research should investigate the effectiveness of these frameworks and explore the specific barriers to GCG adoption in Timor Leste, as well as the impact of public awareness initiatives in Indonesia, ultimately contributing to improved governance and economic growth in both nations.

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