

CHAPTER ONE

INTRODUCTION

A. Background

The regulation of the air transportation sector also has unfavourable consequences for business competition. One example of the latest regulations that are contrary to the principle of Business Competition occurs through the issuance of the Minister of Transportation Regulation Number 14 of 2016 concerning the Mechanism for calculating upper and lower limits of passengers in the Class of Economy Services for Domestic Scheduled Commercial Air Transport and Regulation of the Minister of Transportation Number 20 of 2019 concerning Calculations Upper Limit Tariffs for Passengers in Economy Class Services for Domestic Scheduled Commercial Air Transport. A fundamental problem that causes expensive tickets in Indonesia is a violation of Law number 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition, caused by several regulations governing or setting prices or Flight Service rates by two large companies, Garuda Indonesia Group (Garuda Indonesia, Citilink and Sriwijaya Air) and Lion Group (Lion Air, Wings Air).

The issuance of law number 5 of 1999 about prohibition monopoly practice and unfair business competition at the beginning of the Indonesia's government reform is the first stage for Indonesian society to have a well and just national economic. The monopoly in Law number 5 of 1999 concerning

Prohibition of Monopolistic Practices and Unfair Business Competition is regulated by the Rule of Reason, so that its existence is not prohibited provided it does not lead to Monopolistic Practices and Unfair Business Competition.

Regulation of the Minister of Transportation number 20 of 2019 concerning Calculations Upper Limit Tariffs for Passengers in Economy Class Services for Domestic Scheduled Commercial Air Transport, stipulates that the upper limit tariff is the highest / maximum service price permitted by Scheduled Commercial Air Transport Business Entity from the specified distance tariff. The upper limit tariff does not include Value Added Tax (PPN), mandatory contribution from PT Jasa Raharja (Persero), additional fees, and additional fees for Aircraft Passenger Services (PJP2U), which are determined in accordance with statutory provisions.

Should be explained that the airline itself determines which service standards are chosen. Airline service must be delivered to the public clearly, correctly and easily accessed through publication media. Each service group must fulfil three aspects of service standards in flight: pre-flight, in-flight and post-flight services. The consequence of implementing this service group is the limitation of the maximum allowed tariff from the upper limit rate set by the government. The provisions refer to the Decree of the Minister of Transportation number 106 of 2019 stipulates the stipulation of the upper limit tariff as referred to as a guideline for the Scheduled Commercial Air Transport Business Entity to stipulate economy class passenger service rates on routes served after obtaining route permit approval. In this case the ministry of

transportation regulates and oversees flight fares by considering aspects of scheduled air transport business entities from unfair business competition.

Until now, Indonesian airlines have submitted themselves as full service services groups, there are two airlines namely Garuda Indonesia and Batik Air. The medium class is occupied by Sriwijaya Air and its subsidiary Nam Air while Air Asia, Lion Air and Wings Air play in the low cost carrier (LCC) service. The real differences that can be felt by passengers can be seen in facilities during flight (in-flight). Full services group must offer more facilities compared to medium class services and low cost carrier services.

In regards with to the current situation of the provisions of ticket prices on airlines, the author is encouraged to conduct the current study. The author is particularly interested in analysing whether the upper limit tariffs is in accordance with the regulations of the Minister of transportation and / or has violated Business Competition in the form of Service Controlling and conspiracy is regulated in Business Competition Law. To find out more clearly about the rules on the tariff limits on airplane tickets in Indonesia, the authors are interested in conducting research entitled:

“Determination of Upper Limit Tariff of The Aircraft Ticket Based on Aircraft Ticket Regulation”.

B. Research Problem

1. Does the Minister of Transportation's regulation on the Establishment of Air Transport Tariff Limits contradict or violate business competition?

2. What is the mechanism for determining Tariff by Airlines and based on the regulation of the Minister of transportation?

C. Objective of Research

1. To analysis whether the Minister of Transportation's regulation on the Establishment of Air Transport Tariff Limits contradict or violate business competition.
2. To analysis the mechanism for determining Tariff by Airlines and based on the regulation of the Minister of transportation.

D. Benefit of Research

Theoretically, the results of the study are expected to provide the benefits of the development of science in the field of Business Law concerning the form of Aircraft Ticket Regulation and Business Competition Law.

Practically, the results of the study are expected to provide benefits to writers and academics, as scientific learning in legal writing and increasing knowledge. Benefits for companies include providing input for airline companies in regulated Aircraft Ticket. Practical benefits for the community to increase knowledge about Upper Limit tariff of Aircraft Ticket.