

# **THE NEW INDONESIAN INVESTMENT LAW\***

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In 1967, Indonesian opened up the opportunity for foreign investment for the first time, with the enactment of Law No. 1 of 1967 concerning Foreign Capital Investment. A year later, it was followed by Law No. 5 of 1968 concerning Domestic Capital Investment.

At the present time, discussions are under way between the Indonesian Parliament and the Indonesian Government concerning a new investment law. There are at least three reasons for this. First, Indonesia needs a Law which can accommodate better foreign capital, as the old Law was made 40 years ago, and has now become outdated.

Second, Indonesia needs Foreign Investment for creating new job opportunities. The unemployment rate in Indonesia has reached a rather significant level, namely 12 million people out of the total population of 220 million people. With an economic growth rate of 1 %, it is possible to create about 600.000 job opportunities. Indonesia requires a total of Rp.716 trillion (\$ 80 billion) of investment funds in order to be able to reach the economic growth rate of 5,7%.<sup>1</sup>

Third, as a WTO member, Indonesia must ensure that there is equal, non-discriminatory treatment of foreign and domestic capital. Although there are some new provisions in the Draft Law currently under discussion at the Parliament, some of the old principles will continue to be applied. Similarly to the investment laws in any other

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countries, this Investment Draft Law also has two aspects, namely: incentives for foreign capital and the protection of local entrepreneurs.

In the following paragraphs, an attempt will be made to describe the resolved and unresolved issues related to the provisions of the Draft Law currently being discussed by the Indonesian Parliament and the Government.

### **The Provisions Which Have Been Agreed Upon**

The Parliament and the Government have reached on agreement on most of the substance of this Draft Law.

#### **1. The Definition of Foreign Capital**

The definition of foreign capital in this Draft Law is capital owned by foreign countries, foreign individuals, foreign business entities, foreign legal entities and/or Indonesian legal entities the capital of which is entirely or partially owned by foreign parties. Thus, a Limited Liability Company established based on Law No. 1 of 1995 the shares of which are entirely or partially owned by foreign parties, is categorized as foreign capital.

#### **2. The Form of Business Entities**

One of the progressive aspects of this Draft Law is that domestic capital investment can be made either in the form of business entities incorporated as legal entities, or by those not incorporated as legal entities, or individuals. Hence, domestic investors are not required to be incorporated as a Limited Liability Company (PT), they also be in the form of Cooperatives, Partnership Firms, Firms and individuals.

However, no agreement has been reached so far about the requirement for foreign investors to be incorporated as a limited liability company (P.T.). The Government has been of the opinion that, based on the relevant laws, there should be certain exceptions granted under this provision, as for example in the mining sector. Foreign Companies incorporated under the laws of a foreign country should be able to sign “Production Sharing Contract” with the Indonesian Government in oil exploration investment. Similarly, in the banking sector, banks incorporated as foreign legal entities should be able to directly conduct business activities in Indonesia. Discussions for the decision regarding this issue have not been finalized to date.

There are two ways of foreign investment in the form of a Limited Liability Company. First, by purchasing shares at the time of the establishment of the Limited Liability Company. Second, by purchasing shares from an existing Limited Liability Company conducting business activities which are open for foreign capital investment.

### **3. Manpower**

The manpower related provisions in this Draft Law are substantially very similar the previous Law, namely prioritizing Indonesian manpower, foreign investors’ obligation to organize training and to enhance the competence of Indonesian manpower.

A new aspect related to manpower is dispute resolution between workers and employers. Endeavors must be made for amicable dispute settlement. If these endeavors fail, disputes are resolved through a tri partite mechanism. In the event that this tri partite mechanism is unsuccessful, the dispute is to be filed with the Industrial Relations Court.

### **4. Time Frame**

Law No. 1 of 1967 prescribes a limited time frame of up to 30 years for capital investment. Based on past experience, in reality, such time frame was extendible by expanding investment, namely for an additional period of 30 years as from the beginning of the above mentioned investment expansion. In the new Investment Law, such time frame is not limited.<sup>2</sup>

## **5. Non Discrimination Principle**

Article 6 paragraph (1) of the Investment Draft Law states that the Government is to treat equally all investors, regardless of their country of origin, conducting capital investment activities in Indonesia, in accordance with laws and regulations. In paragraph (2) it is stated that the treatment as intended in paragraph (1) does not apply to investors who come from a country which enjoys privileges based on a treaty with Indonesia. It appears that this article is related to Indonesia's membership in the WTO which adopts "the most favored Nations principle" and "National treatment".<sup>3</sup>

## **6. Nationalization**

Article 7 of this Draft Law makes it clear that the Government is not going to conduct nationalization or take-over of investors' proprietary rights, except by Law. If the government conducts nationalization, the government will pay compensation, the amount of which is to be determined based on market value. If no agreement is reached between the two parties concerned about the above described compensation, the dispute will be settled through international arbitration.

There were certain attempts in the Parliament to include clauses regarding the nationalization of foreign corporations engaging in the field of non-renewable natural

resources alleged of having committed corporate crime.<sup>4</sup> However, the President assured investors that Indonesia would not nationalize foreign-owned companies. Indonesia has signed investment protection agreements with 60 countries, and it is certain that Indonesia is not going to conduct nationalization.<sup>5</sup>

In the past, Indonesia nationalized Dutch companies in 1958, in the context of the West Irian (now Papua) issue. In 1962, Indonesia also nationalized British and American companies, as a result of President Sukarno's "anti colonialization" stance. These companies were subsequently returned to their original owners, when Sukarno invited the in-flow of foreign capital in 1967.

## **7. The Right of Funds Transfer and Repatriation**

Article 8 of this Draft law grants the right to foreign investors to conduct transfer and repatriation of funds using foreign currency, related to, among other things:

- a. capital;
- b. profits, bank interest, dividends and other income;
- c. funds required for
  - (i). the purchase of raw and auxiliary materials, semi-finished or finished products, or
  - (ii). Replacing capital goods in the context of maintaining the sustainability of capital investment.
- d. Additional funds needed for financing capital investment;
- e. Funds for loan repayment;
- f. Royalties or expenses that must be paid;

- g. Income of foreign individuals working for a capital investment company;
- h. Proceeds from the sale or liquidation of capital investment;
- i. Compensation for losses;
- j. Compensation for take-over;
- k. Payments made in the context of technical assistance, fees payable for technical and management services, and payments made based on project contracts as well as payments for intellectual property rights;
- l. The proceeds from the sale of assets as intended in paragraph (1).

## **8. Dispute Settlement**

An agreement has been reached between the Government and the Parliament concerning Article 9 of this Draft Law, which sets forth the settlement of disputes potentially arising between the Indonesian Government and investors as well as between foreign investors and local partners. Capital investment disputes between the Government and foreign investors are to be resolved through international arbitration as agreed by the parties concerned.

Indonesia is a co-signatory of the Convention on Investment Dispute Settlement between States and Foreign Nationals. In 1968, this Convention, also referred to as the Washington Convention, was sponsored by the World Bank or the ICSID (International Centre for Settlement of Investment Dispute) Convention.<sup>6</sup>

Chapter II of the ICSID convention states that the ICSID has jurisdiction in disputes directly arising from investment, between co-signatory countries and citizens of

other co-signatory countries, where the disputing parties agree in writing to submit their dispute to the ICSID.

Following are some disputes between the Indonesian Government and Foreign Investors in the past.

First, **Amco Asia Corporation et.al v. The Republic of Indonesia** No. ARB/81/8, October 17, 1990.

A dispute between a foreign investor and the Indonesian Government was resolved by the ICSID in 1990. The case started with a dispute between Amco Asia, a U.S. company, and PT. Wisma, which had entered into a Lease and Management Agreement in 1968. Amco Asia Corporation established its affiliate company, PT. Amco, under Indonesian law. The petition included an ICSID arbitration clause related to potential disputes between the Indonesian Government and PT. Amco. Furthermore, PT. Amco entered into a “Sub – Lease Agreement” with Aeropacific to finance, build and manage hotels. After certain difficulties occurred related to the “Sub – Lease Agreement” dated October 16, 1978, PT. Wisma and PT. Amco entered into a “Profit – Sharing Agreement” for the management of Kartika Plaza hotel. A dispute arose between PT. Amco and PT. Wisma, specifically concerning the amount of each of the parties’ respective shares based on the above mentioned “Profit – Sharing Agreement”. From March 31 to April 1, 1980,

From March 31 up to April 1, 1980, the hotel was squatted by military personnel and the hotel management was taken over by PT. Wisma. The Investment Coordinating Board revoked PT. Amco’s investment license on July 9, 1980. The Jakarta High Court, based on the petition filed by PT. Wisma against PT. Amco in November 1983 cancelled

the “Management and Lease Agreement” of 1968 and the “Profit – Sharing Agreement” of 1978.

On January 15, 1981 Amco filed for ICSID arbitration award, claiming that the Government of the Republic of Indonesia had frozen its investment and license, claiming damages totaling US\$ 12,393,000, including interest and fees.

The arbitration board decided that, first, the parties had not agreed on dispute settlement rules. The arbitration board applied Indonesian law, namely the law applicable to the contract entered into by the parties concerned. It also applied international law which, in the Board’s opinion, was applicable in view of the disputed issue. After having considered various aspects, in November 1984 the arbitration board decided to partially grant Amco’s claim in the total amount of US\$ 3,200,000 in addition to 6% interest per year as from January 15, 198 up to the date of effective payment.

On March 18, 1985, the Indonesian Government filed for the revocation of such decision, and the *Ad Hoc* Committee reversed a part of the said decision. However, the Board was of the opinion that the actions of the Indonesian police apparatus and military had been against the law and Amco was entitled to damages for the losses it had suffered.

Finally, in its final decision dated August 6, 1990, the ICSID Arbitration Board decided that the Indonesian Government had to pay damages totaling US\$ 2,677,126.20 in addition to interest of 6% as from the date of the decision up to the date of effective payment.

Second, the **Government of the Republic of Indonesia v. Cemex** in the transfer of shares. The dispute occurred between the Indonesian Government and Cemex, a

Mexican cement factory, related to PT. Semen Gresik. The Indonesian Government had owned 51% of the company's shares, while Cemex owned 25,40% and the public 24,60%. PT. Semen Gresik owned 99% of shares in PT. Semen Padang and 99% shares in PT. Semen Tonasa. This dispute related to PT. Semen Gresik started, first, with the wish of PT. Semen Padang and PT. Semen Tonasa to separate from PT. Semen Gresik (spin-off); second, Cemex's put option to purchase shares owned by the Indonesian Government in PT. Semen Gresik pursuant to the Sale and Purchase Agreement.

First, Semen Padang and Semen Tonasa expressed their wish to leave PT. Semen Gresik, by the reason of better chances for development. PT. Semen Gresik objected to such separation plan, because it was related to share ownership in both of these companies by PT. Semen Gresik, in which 25,40% of its shares were owned by Cemex. The "Spin-off" was going to cause a fall in the value of PT. Semen Gresik's shares on the Capital Markets, at least due to the decrease in the overall production of Semen Gresik with Semen Padang and Semen Tonasa. This would have caused a decrease in PT. Semen Gresik's revenues. Furthermore, if the "Spin-Off" was to occur, the value of PT. Semen Gresik's shares would decrease on the Capital Markets, as its assets would be reduced. If the "Spin-Off" was to be approved, it would have lead to some difficult issues related to the funds required for the acquisition of the above mentioned shares by the Regional Government. In addition to the above, for Semen Padang, there would have been another issue related to "Corporate Guarantee" issued by PT. Semen Gresik or PT. Semen Padang's debts to its creditors. The above mentioned "Spin-Off" plan should have at least been consulted with Semen Padang's creditors. Obtaining the approval of P.T. Semen Gresik's minority

shareholders on the Capital Market was another equally difficult issue, as they would have certainly objected to the “Spin-Off” which would potentially reduce the value of PT. Semen Gresik’s shares. This issue of “Spin-Off” subsequently subsided.

Second, another disputed issue between the Indonesian Government and Cemex was Cemex’s claim to purchase a portion of the Government’s shares in PT. Semen Gresik. Cemex based this claim on the put option set forth in the Sale Purchase Agreement of 1998. Cemex filed this dispute to the ICSID arbitration on December 10, 2003. Cemex stated it was going to re-file this dispute with the ICSID arbitration if no agreement was reached by February 28, 2005. The ICSID was planning to convene within six months from then (September 2005). The Indonesian Government, as the majority shareholder (51%), appeared to be reluctant to sell its shares back to Cemex and tried to settle the dispute by making some new proposals. It said that the Government was not going to sell the Tuban I, II, and III factories, and it also wished to keep its 51% shares in PT. Semen Gresik. The President Director of PT. Semen Gresik stated before Commission VI of the Indonesian Parliament that if the management of the above mentioned three cement factories in Tuban owned by PT. Semen Gresik was going to be transferred to Cemex Asia Holdings, it would cause a dramatic decrease in PT. Semen Gresik’s profits. Eighty percent (80%) of PT. Semen Gresik’s profits originate from these 3 factories. The Parliament rejected the plan for transferring the above mentioned three factories in Tuban.<sup>7)</sup> The Government proposed to build a new cement factory, where Cemex would be one of the shareholders, in addition to PT. Semen Gresik (Joint Venture). This was a solution proposed by the Government in

order to settle its dispute with Cemex as related to the put option. Cemex purchased the Government's shares in PT. Semen Gresik.<sup>8</sup>

Eventually, this dispute was not settled by the ICSID, because Cemex sold its shares to the a Rajawali Group company. Cemex finally left Indonesia.

Under the Investment Draft Law, dispute settlement between foreign investors and local partners is left up to the parties concerned, namely they can decide whether the dispute is to be settled through arbitration or the court. At the present time, in most joint venture agreements between foreign investors and local partners, they choose foreign arbitration for dispute settlement.

There were at least two interesting cases related to dispute arising between a foreign investor and its local partner.

First, in **Sutomo v. Ahyu Forestry Company, 2924/K/SIP/1981**, the Supreme Court of the Republic of Indonesia, in its decision concerning a dispute between a Korean investor and his local partner, took the position that if the parties in the joint venture agreement had agreed to choose arbitration for dispute settlement, courts do not have jurisdiction to examine and try the disputes arising between them.

The dispute started with Sutomo's claim against Ahyu Forestry Company, a Korean company which was its partner in a Joint Venture company engaging in a 115.000 Ha forest concession in West Kalimantan. In his claim, Sutomo stated that he, as one of the Directors, had never known anything about the company's finances and had never signed a check, and did not know anything about the marketing of the logs exported by the said joint venture company by the name of PT. Ahyu Balapan Timber. Based on these reasons,

Sutomo as Plaintiff requested the North Jakarta District Court in the Provision to declare that the management of PT. Ahyu Balapan Timber was to be handled entirely by the Plaintiff until such time that the dispute was resolved and the company's funds frozen by Bank Dagang Negara Jakarta were released, among other things to cover production costs and employee salaries. Then, in its Primary Decision (*Primair*), the North Jakarta District Court to:

- Accept and approve the Plaintiff's claim in its entirety;
- Declare that by law, the forestry company cooperation between the Plaintiff and the Defendant be terminated based on law;
- Declare all shares of the Defendant to be transferred to the Plaintiff in accordance with Article 4 of PT. Ahyu Balapan Timber's Deed of Establishment, as a consequence of the Defendant's actions (*onrechmatigedaad*) during the existence of the joint company, which were detrimental for the Plaintiff;
- State that the decision in the Provisions as well as in the substance of the dispute could be executed regardless of any challenges, resistance (*verzet*), appeal or cassation.

With the alternative of (*subsidaair*) making a just and wise decision.

The Defendant applied for exception, among other things that in accordance with the Basic Agreement for Joint Venture dated March 20, 1974 Article 15 stating that all disputes arising between the parties based on such agreement must be settled through arbitration and if no agreement could be reached within 30 days for appointing an umpire, the umpire is to be appointed by the Chairperson of the International Chamber of

Commerce in Paris. Hence, the Plaintiff requested that the North Jakarta District Court declare it had no jurisdiction to hear this case.

The North Jakarta District Court's Panel of Judges was of the opinion that that it was the task of Indonesian judges to reconcile the disputing parties. In this dispute, the Court had made several attempts to reconcile the disputing parties, however unsuccessfully, hence the judge had to make a decision. This is the same as arbitration.

The court rejected the Defendant's request for exception, and declared it had the jurisdiction to examine and try the case. However, the court was only able to grant a portion of the Plaintiff's claim, namely to declare that the Plaintiff was entitled to manage PT. Ahyu Balapan Timber to be entirely managed by the Plaintiff in his capacity as the Director of PT. Ahyu Balapan Jaya to release the funds of PT. Ahyu Balapan Timber frozen by Bank Dagang Negara Jakarta.

According to the North Jakarta District Court, both of the above matters were to maintain the company's sustainability, and to prevent unemployment.

The court rejected the rest of the claim.

The Jakarta High Court, in its decision dated May 7, 1981 No. 57/1981 PT. Perdata, affirmed the above mentioned decision of the North Jakarta District Court at the appellate level.

The Supreme Court of the Republic of Indonesia at the cassation level affirmed the Defendant's objections, among other things that, as indicated in the Basic Agreement for Joint Venture, it was binding on the parties as Law (Article 1338 of the Civil Code), therefore the *judex factie* decision was contradictory to Article 615 and the Law of Civil

Procedure (RV), thus it was also contradictory to the provisions on absolute competence. The Supreme Court of the Republic of Indonesia accepted the request for cassation filed by the Original Defendant (Defendant in cassation), cancelled the Jakarta High Court's decision and the North Jakarta District Court's decision, also stating that the North Jakarta District Court did not have the authority to hear this case.

Second, **J. Santo v. R.A. Kreling cs. 56/JS/1982**, is a dispute between the Board of Directors of a Joint Venture. The case started with the claim of J. Santo, the Director of PT. ICI Paints Indonesia, against R.A. Kreling as the President Director of PT. ICI Paints Indonesia, and five other Directors at the South Jakarta District Court. The Plaintiff had been elected as one of the Directors in the General Meeting of Shareholders on March 26, 1980. Based on the job description among the Directors, the Plaintiff was assigned as Director as indicated in the Company's Articles of Association, to:

1. determine policy in personnel affairs, mainly and specifically in the selection of expatriate candidates to fill key positions;
2. the formulation of "job description" for each position in the company's organization;
3. the preparation of the company's budget related to expatriate manpower.

The Plaintiff claimed that the Defendants did not allow him to perform the above described tasks. This was harmful for the company. Therefore, the Plaintiff requested the Court to grant the Plaintiff's claim, among other things to punish the Defendants by ordering them to involve the Plaintiff in the following:

1. determine policy in personnel affairs, mainly and specifically in the selection of expatriate candidates to fill key positions;
2. the formulation of “job description” for each position in the company’s organization;
3. preparation of the company’s budget with all of its end products;
4. examine/scrutinize company files related to expatriate as well as Indonesian manpower.

The South Jakarta District Court, in its decision dated October 7, 1982, granted the above mentioned claim. The court was of the opinion that even though the Articles of Association of PT. ICI Paints Indonesia did not specify the Directors’ authorities, the Panel of Judges was of the opinion that for the sake of protection and legal certainty for Directors of Indonesian Nationality in management positions in joint venture companies with foreign companies, specifically protection and legal certainty to the Plaintiff in his capacity as the Director of PT. ICI Paints Indonesia.

Third, there is an on-going dispute between a foreign investor and a local partner namely the implementation of the Geneva arbitration award in the **Karaha Bodas v. Pertamina** and **PLN** (State Electricity Company) case.

This dispute started with the Joint Operation Contract, under which Karaha Bodas Company (KBC), a company incorporated in the Cayman Islands, had been authorized to build the Karaha Bodas Geothermal Project with the capacity of 400 MW. The said project covers the regions of Karaha and Telaga Bodas, in West Java. KBC had built the above mentioned project, and sold electric power to PLN (State Electricity Company) on behalf of

Pertamina. In the course of further developments, Presidential Decree was issued on September 20, 1997 postponing the above mentioned project due to deteriorating economic conditions in Indonesia. On November 1, 1997, based on President Decree No. 47 of 1997 the above mentioned project was continued. However, under the on-going economic crisis, Presidential Decree No. 5 of 1998 was issued, postponing the above mentioned project. The dispute started when Karaha Bodas filed its claim with the Arbitration Board, claiming damages totaling US\$ 96 million in addition to compensation for lost profits totaling US\$ 512,5 million plus interest.

Briefly, the Arbitration Board in Geneva on December 18, 2000 issued an award in favor of Karaha Bodas, ordering Pertamina to pay compensation for losses in the total amount of US\$ 266,166, 654 in addition to the interest of 4% per year.

Pertamina filed for the cancellation of the above mentioned Geneva arbitration award with the Central Jakarta District Court, which in its decision of August 27, 2002 cancelled the said arbitration award.

## **9. Business Sectors**

In principle, the provisions of the new Investment Draft Law related to the criteria of "Business Sectors" are not substantially different from those set forth in Law No. 1 of 1967.

Based on Article 11, first, certain business sectors are closed for all investors, both domestic as well as foreign, due to reasons related to health, morality, culture, environment, national defense and security, and national economic interest.

Second, certain business sectors are closed for foreign investment, such as the production of arms, explosive gunpowder, war machines, which are declared closed based on law.

Third, certain business sectors are open for full (100%) foreign investment. Fourth, certain business sectors open for foreign investment but subject to certain conditions, such as for example the requirement to join with domestic investment.

These business sectors which are closed and open for investment are to be determined by a Presidential Regulation.

### **Articles which are yet to be completed**

The Government and the Parliament have not yet achieved an agreement regarding several other important articles, such as concerning fiscal incentives which may be granted to foreign investors, an integrated licensing service, and the position of the now existing Investment Coordinating Board (BKPM).

First, according to the Parliament, detailed and specific provisions must be included in the Investment Law concerning the incentives which can be granted to foreign investors, in order to be able to attract more foreign investors. However, the Government is of the opinion that such fiscal incentives need to be included in a Government Regulation,. According to the Government, the Tax Law which is currently under discussion at the Parliament, does not contain specific provisions either, because these fiscal incentives may change frequently to follow economic developments and the Government's policy.

Second, there is a difference in perceptions concerning the status of the currently existing Investment Coordinating Board (BKPM). According to some, BKPM should continue to coordinate the implementation of investment, rather than merely acting as an institution for the promotion of investment. On the other hand, the Government is of the opinion that as based on the Regional Autonomy Law investment is no longer under the

central government's authority, the Regions should be able to make decisions regarding investment licensing.

At the same time, certain fields of investment are still handled by the Central Government, namely related to the following:

- a. Investment related to non-renewable natural resources which have a high risk of environmental damage;
- b. Investment in the field of industries which have a high priority on the national scale.
- c. Investment related to the unifying and connectivity function among regions or cross-provincial scope;
- d. Investment related to the implementation of national defense and security strategy;
- e. Foreign investment and investment using foreign capital related to international agreements;
- f. Other investment fields handled by the government based on law;
- g. Investment using a foreign country's capital based on agreements between the government and the governments of other countries.

Third, the issue of investment licensing. The question is how to make Indonesia become attracting for foreign investors?

The World Bank has rated Indonesia as the 135th among 175 countries in terms of conducive conditions for doing business. Indonesia's above position has deteriorated compared to last year, when it ranked 131. Ranking among the last 40, Indonesia appears to

be perceived by business circles as a country which has a rather weak competitive power. Based on the results of the research of *Doing Business 2007 International Finance Corporation*, released yesterday, if compared to its neighboring countries, Indonesia is only better than Cambodia, Laos and Timor Leste. The highest ranking country in terms of business facilities is Singapore. At the same time, Indonesia's closest neighbors such as Malaysia and Thailand rank 25th and 18th respectively. Indonesia's position is far below the poorest nations in Asia, such as Bangladesh (88) and Sri Lanka (89).

The World Bank has released the data based on the above mentioned research conducted for a year, involving 5,000 respondents, consisting of business persons, accountants and bureaucrats from 175 countries. According to World Bank's Chief Representative for Indonesia, Andrew Steer, in the said research the World Bank found that for starting a business in Indonesia, entrepreneurs must take care of numberless licenses, which is extremely time consuming and very costly.<sup>9</sup>

The Government is currently trying to reduce the time required for licensing for new businesses or investments. This licensing program initially took up to 151 days, however, a promise was made that it would be reduced to 97 days. Most recently, the Government has promised that the investment licensing process can be completed in 30 days. However, the process is still far slower compared to Indonesia's competitors, where licensing can be completed on in the matter of a week.<sup>10</sup>

## **Conclusion**

The new Investment Law is not the only decisive factor in attracting foreign capital to Indonesia. There are some other Laws which are yet to be amended, such as the Manpower Law, the Tax Law, the Limited Liability Law, and the Basic Agrarian Law. Similarly, there are various Regional Regulations which are not conducive for investment.

Finally, in addition to the above mentioned laws and regulations, a conducive investment climate is imperative, including economic opportunity, political stability and legal certainty. The latter greatly depends on the attitude of law enforcement agents and the community's legal culture. Bureaucracy must undergo a reform, and the endeavors for the eradication of corruption must be continued.

