Volume: 2 Issues: 5 [September, 2017] pp.25-36]
International Journal of Law, Government and Communication
eISSN: 0128-1763
Journal website: www.ijgc.com

INTERNATIONAL LAW PERSPECTIVE ON THE CONCEPT OF PRODUCTION-SHARING AGREEMENT UNDER INDONESIA'S CUSTOMARY LAW

Rudy Haposan Siahaan[1]
Raja Fernandez Butar-Butar[2]

[1,2]Universitas Sumatera Utara Indonesia
Email: rudyrajausu@gmail.com

Accepted date: 29 July 2017 **Published date**: 2 October 2017

To cite this document:
Siahaan, R. H., & Butar, R. F. B. (2017). International Law Perspective on The Concept of Production-Sharing Agreement Under Indonesia's Customary Law. *International Journal of Law, Government and Communication*, 2(5), 25-36.

Abstract: *The legal system in Indonesia is inseparable from the history, where Indonesia was once colonized by the Dutch, so that the influence of Continental Dutch Law or Civil Law is still very strong. In addition, in international relations, Indonesia has also ratified international law that is generally affected by the Common Law legal system. Indonesia actually has had a customary law that applies in the midst of people's lives long before the formation of the unitary state of the Republic of Indonesia. These laws are generally not written. The production-sharing or profit-sharing concept applied in oil and gas law to enable the participation of foreign airlines in the management of Indonesia's oil wealth is a real example. In mining, such as PT Freeport Indonesia (America), is still practiced with 50-year-old contract of work and should end by changing its status to profit-sharing contract. The contract of work will expire in 2021 and the government will not renew it. Furthermore, the government of Indonesia issued Law No. 4 of 2009 in which the work contract regime is not known anymore but the Special Mining-Business Permit by requiring PT Freeport Indonesia to divest 51% of its shares, so that if added by 9% of the previous government's share, it will become 60% or minority share. With some adjustments and presentation that appeal, the concept of production sharing or profit sharing is effective and is now recognized as Indonesia's contribution to the world's oil and gas law. The concept of production sharing or profit sharing has long been recognized*

[1] Lecturer of Faculty of Law at Universitas Sumatera Utara - Indonesia
[2] Student of Master's Degree at Universitas Sumatera Utara - Indonesia

in customary law in Indonesia. Thus, the universal principles of international law are in fact contained in customary law which is not written but is a living law and adheres to and is upheld in the indigenous communities of Indonesia. Production-sharing contract is a method of agreement in business, used in the sector of gas, oil and mining, which has similarities with profit-sharing agreement in customary law in Indonesia because both apply the principle of apportionment and right of ownership. The application of the principle of apportionment is in accordance with the share in which greater rights go to landowners (the majority of which is in the state's hand) and the right of ownership also in the landowners' hand (the state). This paper is based on normative research using statute approach, conceptual approach and theory of traditional law.

***Keywords**: Customary Law, Production Sharing, International Law*

Introduction

The history of Indonesia confronts us with the fact that a stable government cannot be achieved without national integration. In addition, another necessity is how to replace the positive legal conditions of the colonial era (legacy of legislation) with national positive law. The Transitional Provisions Article II of the 1945 Constitution Law provides that: "All State Entities and existing regulations are still valid as long as there are no new ones in accordance with this Constitution". This means that existing laws/legislation still has the power to apply as long as it has not been replaced by the new regulations/legislation. This also shows that the legal system in Indonesia is inseparable from the history in which Indonesia was once colonized by the Dutch, so that the influence of Continental Dutch law or Civil Law system is still very thick (Suhardin and Siahaan, 2014). In addition, in international relations, Indonesia has also ratified international laws that are generally affected by the Common Law legal system.

Indonesia actually has had a customary law system prevailing in the midst of people's lives and the state long before the formation of the unitary state of the Republic of Indonesia. These laws are generally not written but obeyed and upheld in society. Implicitly, customary law is stated in the Preamble and Elucidation of the 1945 Constitution. Customary law is the only law that develops on the basic framework of life of the people and the nation of Indonesia; the customary law will then be the main source in the guidance of the national law of Republic of Indonesia.

After Indonesia gained the independence on August 17, 1945, to support economic growth, Indonesia required sustained investment in the sector of extracting natural resources, building infrastructure, increasing exports and strengthening the balance of payments. The benefits of investment, especially the foreign one, were seen in capital-intensive business areas, such as mining projects, heavy-duty equipments and others that require large capital and costs, skills and technology.

In the sector of mining, foreign investors prefer concession system because of the nature of its ownership rights towards controlling rights and management rights towards mined materials and the small space given by the state to control these investors. Furthermore, Indonesia at the beginning of its governance through the Law No. 11 of 1967 on Principal Provisions of Mining, Article 10 mentions the contract as "work agreement", but in practice the term ‘contract of work’ is more commonly used. Besides, the term ‘contract of work’ in the Decree of the Minister of Mining and Energy No. 1409.K/201/M.PE/1996 on Submission Procedures of Processing of Mining Procurement, Permits, Contract of Work and Work Agreement of Coal Mining is defined as an agreement between the government of the Republic of Indonesia and a foreign private company or a joint venture between foreign and national parties for mineral exploitation, based on Law No. 1 of 1967 on Foreign Investment and Law No. 11 of 1967. Another definition of contract of work is also contained in the Decree of the Minister of Mining and Energy No. 1614 of 2004 on Application of Process, Application of Contract of Work and Work Agreement of Coal Mining in Foreign Capital Investment, stating that the contract of work is an agreement between the Indonesian government and Indonesian legal entity in the framework of foreign investment to undertake mining business, excluding petroleum, natural gas, geothermal, radioactive, and coal.

For investors, the contract of work is in great demand because it gives them a bigger advantage. The nature of *lex specialis* or ‘nail down’ has made the contract free from the laws and regulations after the contract is signed until the term of the contract; but it is bound to every thing set in the contract itself. Legislation does not require cooperation with Indonesian legal entities in the execution of contracts. This happens to PT Freeport Indonesia (America) whose source of the company's financing is 100% from foreign parties, and this company does not collaborate with Indonesian capital. PT Freeport Indonesia's contract of work has been going on for 50 years which has certainly provided a huge profit for PT Freeport Indonesia, which in fact is a foreign private company (America).

Cooperation in managing the natural resources with foreign investors is/was done by legal instrument in the form of economic development contract. The law applicable to this type of contract is exclusively in the jurisdiction of local (national) law. Usually the rule of law that regulates it is quite detailed and strict. This nature is made so in view of the public interest, both the national economic interests (i.e. the utilization of natural resources for the benefit of the society) and the interests of local people or the surrounding communities (i.e. the local community is also considered to be entitled to a percentage of the advantages of natural resources exploited in the area surrounding the population) (Adolf, 2006). This is where the role of customary law is the most important source of law in the national law of a country, which is also one of the sources of international contract law. The 50-year contract of work such as with PT Freeport Indonesia (America) should end by changing its status to a profit-sharing contract; ending in 2021, the government will not renew the contract of work again. This is where the state takes role in applying the concept of profit-sharing agreement which lives and develops in indigenous societies in Indonesia, where

customary law is the most important source of law in the national law of a country and as one of the sources of international contract law. The traditional law theory teaches that law is a set of rules and principles that enable people to maintain their order and freedom. The law should be impartial and applicable to anyone. In line with this, customary law is a complex of norms that originate in the growing sense of justice of the people and includes rules of human behavior in daily life in society, which are largely unwritten and have legal consequences (sanctions).

Discussion

The contract of work is a contract known in general mining. This term can be interpreted as foreign capital cooperation that occurs when foreign investment establishes an Indonesian legal entity and this legal entity cooperates with a legal entity which uses national capital. The system of contract of work in the mining world of Indonesia has been known since the Dutch colonial period, especially when the minerals and metals began to become an intriguing commodities. Through the *Indische Mijnwey* (Law of Mining) in 1899, the Dutch East Indies declared their control over the minerals and metals in the bowels of the Indonesian earth, whose arrangements were revised in 1910, 1918 and equipped with *Mijnordonnantie* (Mining Ordinance) in 1910.

After Indonesia became independent on August 17, 1945, the government of Indonesia signed a contract of work for copper and gold on 7 April 1967 with Freeport Indonesia Incorporated. The contract was extended by a contract of work signed on 30 December 1991 with Freeport Indonesia, the successor of Freeport Indonesia Incorporated, as a contractor. In principle, the contract of work is an agreement between the Indonesian government and Freeport, in which Freeport is appointed as a contractor of the Indonesian government to conduct copper and gold mining in certain areas of Papua. This means that the contract of work is a binding law as the principle of *pacta sunt servanda* must be adhered to and implemented according to the terms and conditions contained therein.

In the attempt to promote investment, the government distinguishes two patterns of management in business fields open to foreign investment as follows: 1) Foreign investment in business fields open to foreign investment; 2) Foreign investment in cooperation with the government. In the pattern of foreign investment for open business fields, the government only acts as a regulator that grants permits and facilities for a certain period of time to investors in the form of land rights (use rights, building rights and business rights), and leniency-allowance covering taxation, customs duty on capital goods, foreign worker use permits, transfer of profits in foreign currency and others. This foreign investment company may be a joint venture, in which the Indonesian party may comprise private companies, state-owned enterprises and regional-owned enterprises. Regarding the amount of investment, equity and loans are left to investors, based on scale of economy and business considerations.

In the pattern of foreign investment in government cooperation, the government has a dual role of regulator and business actor in the foreign investment of the mining sector. This pattern is based on Article 33 Paragraph (3) of the 1945 Constitution and was first applied in a contract of work in the sector of oil and natural gas signed for the first time in 1963 under the Law No. 44 Prp of 1960 on Oil and Gas Mining, stipulating that private companies will cooperate as contractors of state enterprises for exploration activities and petroleum exploitation. Furthermore, in its development, the number of foreign companies that signed agreements with state companies continued to increase, so that the contract of work was converted into production-sharing contract (Machmud, 2000). This started with the first offshore contract between IIAPACO and PERMINA ending in 2003; afterwards, 340 production-sharing contracts have been signed, 40 of which are still active and the rest has been finished (Caltex Pacific Indonesia, 1983).

Since the introduction of commercial requirements in production-sharing contracts, things relating to production sharing or profit sharing have undergone several adjustments, all of which are aimed at increasing state revenues. For example, the initial formula of profit sharing (after cost recovery) in profit-sharing contract was 65% for the state and 35% for the contractor, which is then changed to 85% for the state and 15% for the contractor.

In international contract law there are three fundamental principles, namely: 1) *Pacta Sunt Servanda* Principle; 2) Good Faith Principle; and 3) Reciprocal Principle. The *Pacta Sunt Servanda* Principle appears in Article 1.3 of the UNIDROIT Principles of International Commercial Contract. This Article states: "*A contract validly entered into is binding upon the parties. It can only be modified or terminated in accordance with its terms or by agreement or as otherwise provide in these Principles.*" The recognition and duty to implement the principles of Good Faith are recognized in the principles of contract under the UNIDROIT Principles of International Commercial Contract Article 1.7 (UNIDROIT, 1994) which states: *"(1) Each party must act in accordance with good faith and fair dealing in international trade. (2) The parties may not exclude or limit duty.*"

The same obligation is also contained in the United Nations on Contracs for the International Sale of Goods (CISG). Article 7 (1) of CISG states: "*In the interpretation of this Convention, regard is to be had to its international character and to the need to promote uniformity in its applications and the observance of good faith in international trade.*"

The Reciprocal Principle requires that the parties to the contract should exercise their respective rights and obligations on a reciprocal basis. This principle is affirmed by a renowned Common-Law scholar, Lord Devlin, who was also an English Supreme Court Judge, who states: "*It is of the essence of every contract that there should be mutuality. A contract is in an exchange of promises for another .... A contract can consist of an exchange of promises on one subject, e.g., payment against delivery; than if the seller does not deliver on the due date, the buyer may release himself from his obligation to pay."*

Law is relevant to three factors: the people, the government, and the region which at once exist in interrelated existential dimensions (Kusumohamidjojo, 2016). Indonesia is a country that embraces plurality in the field of law, recognizing the existence of western law, religious law and customary law. In practice (descriptively), some people still use customary law to manage order in their environment. Prescriptively (where customary law is used as the basis for determining decisions or rules of law), the existence of customary law is officially recognized but limited in its role. One of the examples is the Law on Agriculture Number 5 of 1960 which recognizes the existence of customary law in land ownership. Customary law is an unwritten rule that lives within the indigenous peoples of a region and will remain alive as long as the people still fulfill the laws that have been passed on to them from their ancestors before them. Therefore, the existence of customary law and its position in the national legal system cannot be denied, even though the customary law is not written and based on the principle of legality is an illegal law. Customary law will always exist and live in society.

For indigenous peoples in Indonesia, transactions relating to land do not objectify lands, but have only relationships to the lands. This transaction is an engagement, in which the object is not the land, but the processing of the soil and plants on the land. This process may occur because the landowner has no opportunity to work on his own land, but wishes to enjoy the produce of the land. Therefore, he enters into agreements with certain parties capable of working on the land. These parties earn a portion of the proceeds as wages for their labor. Such transactions can be found almost throughout Indonesia with a variety of variations, from either the type of naming, distribution of the proceeds, or other matters.

Even though it is not mentioned in the same name, land management agreements with general profit sharing are found in Indonesia. In this kind of agreement –acting as unwritten stipulation of customary law, a person who is entitled to a land, for which he cannot manage it himself, but wishes to get profits, permits others to organize agricultural work on the land, whose profits are shared between the two of them according to the prescribed calculation. The person entitled to enter into this type of agreement, under present laws, is not only limited to the landowners themselves but also other persons who have certain legal relation to the land concerned, such as a holder of a pledge, a tenant, or even a cultivator who is the second party holding the profit-sharing agreement within certain limits.

Furthermore, there is no uniformity in the size of each party's rights, because it depends on the number of lands available, the number of cultivators who want them, the state of soil fertility, the power of ownership in the local community and so on. In relation to the fact that generally there are not many lands available, whereas the number of people who want to be cultivators is high, the situation often forces the cultivators to accept the terms of the agreement that entitle him to the parts that are not in accordance with the energy and expenses he has used to cultivate the land concerned. The profit-sharing agreement in the customary law system in Indonesia is essentially all the same, only mentioned or named differently in different regions. Profit-sharing agreements are known and implemented in nearly all indigenous regions of Indonesia.

The following profit-sharing agreements are still existing and adhered to indigenous peoples in Indonesia (Muhammad, 1983):

a. Profit-Sharing Agreement in the community of Bulakamba District of Brebes Regency (Central Java). This profit-sharing agreement is based on customary laws that descend from generation to generation in which the agreements between landowners and prospective cultivators are conducted orally on a trust basis. Regarding the rights and obligations as well as the sharing of revenue are also based on the agreement of both parties. The division of crops is named "maro" or "paron". The division of the harvest by maro is one to one (1:1) which means half for the landowner and half for the harvester of the total net yield of the harvest. The termination of the employment relationship of both parties occurs at a mutually agreed time period after the end of the harvest season or may be terminated if either party breaks the provisions of the agreement. Here, cultural factors are strongly attached to each party, where they prefer the culture of helping to perform the agreement of the cultivation of rice fields through the conduct of custom, with the reason that they are afraid of being ostracized from society if they deviate from customs.

b. Production-Sharing Agreement in the community of Blagungan Village, Klaijambe District, Sragen Regency (Central Java). The distribution system of profit for agricultural products in Blagungan Village previously used the "martelu" system by distributing 2/3 for the owner and 1/3 for the cultivator, but in its development the "martelu" system changed into "maro" or a 50:50 distribution, since the owner in general is no longer willing to provide capital for the cultivation of the land. Implementation of agreements is agreed in these three following forms: 1) A seasonal contract: an agreement with a seasonal period in which in a season harvest can be done several times; 2) An annual contract: an annual profit-sharing agreement in which the process of cultivation is done based on how many years lands are cultivated by the farmers in accordance with the initial agreement; 3) Pledge over land: when a landowner has a debt to a person and the land is used as collateral to pay the debt – if, in the long run, the owner has not been able to repay the debt, then all the agricultural produce from the land belongs to the person who gives the debt and the owner has no rights to the land until the landowner can repay all the debts. In this community, the distribution system of agricultural products to date still refers to local customs, and when there is a harvest failure, land tenants are burdened with debt and must repay it in the next harvest season.

c. The Production-Sharing Agreement in Minangkabau (West Sumatera) community is named "mampaduoi" or "babuek sawah urang" which is performed orally or in front of the elders. This profit-sharing arrangement system is dependent on soil fertility, seed supply, plant species and so on. In this system, if the land to be done is to be used as paddy field, while the rice seed is provided by the owner of the land, the profit is divided by 50:50 between the landowner and the employee without taking into account the value of seeds and fertilizer. Another case is if the soil is hard and rice field is to be cultivated with crops, where the landowner provides seeds and fertilizers, the profit is still divided

by two, by taking into account the price of seeds and fertilizers. Such sharing agreement is called "saduo bijo". This profit-sharing agreement may be continued or dismissed by the heirs if the owner of the land dies.

d. The Production-Sharing Agreement in Lahat Regency (South Sumatera) is known as "Paroan". Profit sharing is a custom that was initially socio-economic with the aim at collaborating with fellow citizens and could not always be considered a business venture. The positive element of profit sharing is its balance based on the basis of justice and ensuring proper legal standing for the cultivators by affirming the rights and obligations of both the cultivators and the owners.

e. The Production-Sharing Agreement in the community in South Bali (Bali), specifically for peanut plant is called "sakap menyakap". The distribution system is: 1) landowners and cultivators get the same share of each 50% part (“nandu”); 2) landowners get 3/5 part and cultivators 2/5 part (“nelon”); 3) landowners 2/3 part and cultivators 1/3 part (“ngapit”); 4) landowners gets 3/4 part while cultivators 1/4 part (“merapat”). In this case, the distribution of the share is based on the interests of the cultivators and the quality of the lands, and on that basis, this production-sharing agreement is in a period of three to five years. This institution is under the supervision of the Village Head.

Other similar profit-sharing agreements also exist in other regions, such as Priangan (West Java) known as “Nengah” and “Jejuran”, South Sulawesi known as “Tesang”, and Minahasa (North Sulawesi) known as “Toyo”.

National law is the primary legal source in international contract law. International law is a national contract with a foreign element. This means that the contract is subject to (one of the systems) of national law in the sector of commercial or trade law of a party. By adopting an open system, the contract law in Indonesia regulated in the Civil Code provides the widest possible freedom to the public to enter into agreements containing anything, provided that it does not violate public order and morals. In contract law, there are at least three principles that are universal, namely: 1) The principle of consensualism, 2) The principle of the binding power of consent, 3) The principle of freedom of contract, 4) The principle of good faith. This is as set forth in Article 1338 of Civil Code which states: 1) all agreements made lawfully in accordance with the law shall apply as laws to those who make them; 2) the agreement cannot be terminated other than by agreement of both parties, or for the reasons prescribed by law; and 3) agreements shall be carried out in good faith.

Principles contained in internationally universal contract laws adopt national laws crystallized from existing profit-sharing agreements performed by indigenous peoples. This is in relation to the fact that customary law is a habit that descends from generation to generation, and it is seen as a contract or agreement between landowners and prospective cultivators, orally performed on a trust basis. This verbal agreement and trust are a reflection that the agreement is in good faith. The existence of rights and obligations as well as balance of profit sharing based on the agreement of both parties is a reflection of

the principle of freedom of contract in which everyone is free to enter into agreements with the desired course, and determine the contents, mechanics and terms to be agreed upon. In addition, the fair distribution of profit sharing is on the basis of justice and ensuring proper legal status for the cultivators by asserting rights and obligations of both cultivators and owners.

The profit-sharing agreement is a customary institution that exists almost throughout all territories of indigenous peoples in Indonesia. Only the term or name is different. Initially, the profit-sharing agreement in customary law is socio-economic in nature which aims to help fellow citizens and is not considered as a business venture, so that the stabilization is based on a sense of justice and assurance of a proper legal status for the cultivators by asserting the rights and obligations of both cultivators and landowners. This is different from profit-sharing agreements in other countries as well as in international transactions that are more intense in their business ventures, where the owners of capital play a greater role in determining the terms of the agreement.

The principles of international contract law as a modern law have been illustrated in the principles of profit-sharing agreements in customary law as the unwritten traditional law, consisting of consensus, trust, balance of rights and duties. The production-sharing concept adopted in oil and gas law to enable the participation of foreign parties in the management of Indonesia's oil wealth is a real example.

Similarly, in the midst of PT Freeport Indonesia's mining contract of work, the government enacted Law No. 4 of 2009. The regime of contract of work is not known in this law. Law No. 4 of 2009 only recognizes the Special Mining-Business Permit as a mining mechanism. In other words, in the post-regulation (started from January 12, 2009), there can be no new contract of work or contract extension. Meanwhile, PT Freeport Indonesia's contract of work will continue until 2021, but the government will not renew it. In the Special Mining-Business Permit is applied the principle of production sharing, in which PT Freeport Indonesia is required to divest 51% of its shares, so that the government, which previously owned 9% of its shares, after the divestment will gain 60% of the shares or own a majority share. This is reasonable because PT Freeport Indonesia is planned to get 2 x 10 years extension with the concept of production sharing – no longer with the concept of contract of work.

With some adjustments and interesting presentations, the concept of production sharing or profit sharing is effective and is now recognized as Indonesia's contribution to the world’s oil and gas, as well as mining law. The issue of profit sharing has long been recognized in customary law in Indonesia. Thus, the fundamental and universal principles of international legal contracts are in fact contained in customary law which, although not written down and is passed down from generation to generation by of Indonesian indegenous people, lives and are obeyed and upheld in the midst of indigenous peoples in Indonesia. Customary law as the original law of the nation is a source and potential material for the

establishment of Indonesia's positive law and the development of the Indonesia's legal system.

Production-sharing contract is a method of agreement in business used in the sector of gas, oil and mining that has similarities with profit-sharing agreement in customary law in Indonesia because both apply the principle of apportionment and controlling right. The application of the principle of apportionment has been in accordance with the division in which there is greater right to landowners (the majority goes to the state) and the right of ownership still exists on the landowners (the state).

The legal principles in all legal systems are not of man-made origin, but are derived from principles that are universally applicable, all the time and can be found with common sense. Laws must be sought and not made (Akehurst, 1984). Under such circumstances should international law give impetus towards the realization of the welfare of the people of countries. If we associate the concept of international law with the aspect of forming an international agreement, this will mean that each country has the same position in its formation. Especially with the concept of *pacta sunt servanda* which allows each country to have equality in a formation of agreement. On the basis of that understanding, states must be good in relation to each other for the survival and longevity of international community. International agreements in international law are international instruments that accommodate the will and consent of the states or other international legal subjects to achieve a common goal. International treaties held between members of the community of nations aim at causing certain legal consequences. This is basically current international development also influenced by international conflicts that have an effect on the implementation of international law on the basis of a just concept as desired by a just new world order. Therefore, international law should provide a better and fairer portion to the international community in relation to equality in international collaboration. The essence of justice is related to the distribution of existing natural resources, so that, with regard to the management of mining by foreign investors, this must provide certain values for the life of the community. The state's interest in land, in its management, should notice and consider the respect for land rights in the implementation of the governing arrangements on land management, so this may introduce responsive law tactics as a state law that is able to respond and accommodate the values, principles, traditions and interests of the community (Wahanisa, 2013). The welfare state approach to the people-centered economic development, the creation of employment opportunities, and people's participation in its broadest meaning needs to be given ultimate attention because people are a core component to sustain the economic system (Siahaan and Fatimah, 2014).

Conclusion

The concept of production sharing in international contracts applied in oil, natural gas and mining law is basically adopted from existing national laws of countries, and such concept is also an existing production-sharing agreement for indigenous peoples in Indonesia that has been crystallized into national law. Production-sharing contract is a method of

agreement in business, used in the sector of gas, oil and mining, which has similarities with profit-sharing agreement in customary law in Indonesia because both apply the principle of apportionment and right of ownership. The application of the principle of apportionment is in accordance with the share in which greater rights go to landowners (the majority of which is in the state's hand) and the right of ownership also in the landowners' hand (the state). The principles of international contract law as a modern law are a reflection of the principles of profit-sharing agreements in customary law as an unwritten traditional law, comprising consensus, trust, and balance of rights and obligations based on justice.

Acknowledgements

This paper is presented in International Conference on Education, Business, Islamic and Technology (ICEBIT 2017, Langkawi, Kedah, Malaysia). The authors express their gratitude to Global Academic Excellence (GAE) for the event and the valuable inputs during the preparation and improvement processes of this article.

References

1] Suhardin, Yohanes and Siahaan, Rudy Haposan (2014). Populist Economy In The State of Welfare Law of Indonesia. *International Journal of Business Economic and Law*, E-ISSN 2289-1552, 76 – 81.
2] Adolf, Huala (2006). *Dasar-Dasar Hukum Kontrak Internasional*. Bandung, Refika Aditama.
3] Machmud, T.N. (2000). *The Indonesian Production Sharing Contract*. Kluwer Law International, The Hague.
4] Caltex Pacific Indonesia. (1983, November). *Pipeline to Progress: The Story of PT Caltex Pacific Indonesia*.
5] *International Institute for the Unification of Private law*. (1994). (UNIDROIT)
6] *The United Nations on Contracs for the International Sale of Goods* (CISG)
7] The above statement of Lord Delvin became a reference for the ICSID arbitrator in a dispute over the failure of the contract implementation of a fertilizer company. Although, in the end, the fertilizer factory was successfully built, the factory was bankrupt. The failure of the implementation of this contract resulted in disputes between the two parties: Klöckner, a German MNC, against the Cameroonian government in the ICSID Arbitration Agency (*The ICSID Klöckner v. Cameroon Award: The Duties of Partners in North-South Economic Development Agreements*-1984).
8] Kusumohamidjojo, Budiono (2016). *Teori Hukum. Dilema antara Hukum dan Kekuasaan*. Bandung, Yrama Widya.
9] Muhammad, Bushar (1983). *Pokok-Pokok Hukum adat*. Jakarta, Pradnya Paramita.
10] Akehurst, Michael (1984). *Modern Introduction to International Law*. New York, George Allen and Unwin Ltd.

11] Wahanisa, Rofi (2013). Pengadaan Tanah Bagi Pembangunan Untuk Kepentingan Umum Dan Penghormatan Terhadap Hak Atas Tanah. *Consortium's Proceeding of Progressive Law*, Semarang, Thafa Media.

12] Siahaan, Rudy Haposan and Fatimah, P.L. Rika. (2014) The Concept of Welfare State in Indonesia as a Strategic Move to Win People Trust Through Ecinomic Sustainability: Good Goverment and Bank Conduct on Bank Debt Cancellation Due to Natural Disasters, *Mediterranean Journal of Social Sciences*, ISSN 2039-9340 (print), ISSN 2039 -2017 (online) Vol. 5, No.20, 2498 - 2505.