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2nd Academic International Conference on Law Literacy

UNIVERSITAS MURIA KUDUS
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"Transformation of Business Law in The Digital Era: Challenges and Opportunities in South East Asia"

ACADEMIC INTERNATIONAL CONFERENCE ON LAW LITERACY 2025 (AICoLCy2025)

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(AICoCLy2025)

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FOREWORD

Assalamu'alaikum Warahmatullahi Wabarakatuh,
Peace be upon us all,

Praise we offer to the presence of Allah SWT for all His grace so that Faculty of Law, Muria Kudus University has successfully held the 2nd AICoLCy with the main theme "Transformation of Business Law in The Digital Era: Challenges and Opportunities in Southeast Asia" then followed by the publication of the proceeding. With great pride and respect, I convey this foreword as a form of appreciation for this great academic activity alongside its relevancy with the development of law in the era of globalization.

The 2nd AICoLCy was held on February 8, 2025, at the Griptha Hotel which was attended by academics, practitioners, researchers, and students from various countries. Thus, the 2nd AICoLCy has successfully encouraged critical discussions on contemporary law issues that become challenges and opportunities at the national and international levels. Through the 2nd AICoLCy, closer collaborations will continue to be established between various parties in order to develop more applicable law and literacy.
I would like to express my deepest gratitude to all parties who have contributed to the 2nd AICoLCy. Thank you to the committee who have worked hard with full dedication, the speakers who have shared their valuable knowledge and experience, also the presenters and participants who have actively participated in the discussion of the main theme and the submitted papers. The highest appreciation is gifted to the authors of the papers who have contributed their scientific, academic and intellectual works. Last but not least, thank you to all media partners who have supported the 2nd AICoLCy so that it could run smoothly and provide broad benefits.

We hope this proceeding can be a useful source of reference for academics, practitioners, students, and general readers who have an interest in the field of law as the scientific works contained in this proceeding provide new insights, enrich understanding, and trigger enthusiasm to continue the development of law. We also hope that the results of the 2nd AICoLCy can be applied in more effective, fair, and civilized practices and policies, thus providing a positive contribution to the development of law in society.

Finally, I invite the entire academic community from both inside and outside Faculty of Law, Muria Kudus University to maintain the spirit of collaboration and innovation. May this proceeding become a good step for the greater scientific activities, and may Allah SWT always provide guidance in every step we take.

Wassalamu'alaikum Warahmatullahi Wabarakatuh.

Dr. Suparnyo, SH, MS
Chairman of the 2nd AICoLCy

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COMPARATIVE ANALYSIS OF THE INTERPLAY BETWEEN INVESTMENT LAW AND FOREIGN DIRECT INVESTMENT (FDI) FLOWS IN SINGAPORE

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Abstract:

Foreign Direct Investment (FDI) is the indicator that sums up long-term capital, equity capital, and short-term capital that flows into a country from foreign investors. As one of the factors that contributes to a country's gross domestic product (GDP), FDI inflows are important to evaluate a good economic growth environment. This article aims to provide both a legal and an economic approach in analyzing how trade law regulatory landscapes affect FDI flows by observing Singapore, one of the countries with the highest GDP and FDI inflows over the years. The research method adopts a normative juridical approach, which is carried out by analyzing legal materials consisting of laws and regulations, international agreements, legal principles, and literature related to trade laws for foreign investment and FDI data. By comparing each Bilateral Investment Treaty (BIT) and Treaty with Investment Provisions (TIP) that Singapore ratified, such as Free Trade Agreements (FTA) and ASEAN treaties, the result of this analysis shows three of the important considerations in designing domestic regulations and international agreements, including the certainty of the regulation, investor protection provided, and capability to run long-term goals. The findings of this paper also recognize a curvilinear relationship between regulatory conditions and business responses, by considering several essential aspects in investment treaties, including restrictions, taxes, transparency and protection, as well as dispute settlement. In conclusion, each country has its own preference in choosing destinations for investment. As trade law regulations become more open and investor-friendly, an ecosystem is created that is increasingly attractive to foreign investors.

Keywords: Trade Law, Business Performance, Foreign Direct Investment.

INTRODUCTION – Regulatory Landscape of Foreign Investment in Singapore

Foreign investment is one of the variables that plays a crucial role in shaping the economic landscape of a country. The indicator that sums up long-term capital, equity capital, and short-term capital that flows into a country from foreign investors that grants the onvestor control over the business is called Foreign Direct Investment (Organization for Economic Co-operation and Development (OECD), 1998). It is a factor that contributes to a country's gross domestic product (GDP). According to data from UNCTAD and World Bank Open Data, Singapore can be seen as one of the countries with the highest GDP and FDI inflows, occupying the number one position in ASEAN. This makes it widely regarded as one of the most attractive destinations for international investors in Asia. Notably, Singapore accounts for nearly two-thirds of the FDI flows within ASEAN countries, showcasing its pivotal role in regional economic dynamics.

According to a study conducted by the UN Global Survey on Digital and Sustainable Trade Facilitation, Singapore has consistently ranked quite high in terms of the expediency of its investment laws. The very fact that its international trade and investment laws are streamlined and straightforward to understand has propelled its place in the global landscape as a renowned market hub. As such, the country has seen steadily increasing growth in the Foreign Direct Investment that flows into the country. The strategic trading position and relatively higher and more sustained rise in the country's FDI make Singapore a curious case to analyze how Singapore can leverage its legal framework to increase FDI.

There are several previous research projects that have examined the relation between international trade and investment, which only focus on either economical aspects or legal aspects of the investment. Due to the lack of comprehensiveness of previous research, this article will aim to provide both a legal and an economic approach in analyzing how trade law regulatory landscapes affect foreign direct investment (FDI) flows by observing Singapore, as one of the countries with the highest FDI inflows growth over the years. This analysis will also examine the strategies used for attracting international investors, including the restrictions, incentives, and protections regulated in the laws. By examining the statistics of FDI and the role of key regulatory bodies such as the Monetary Authority of Singapore (MAS), the Accounting and Corporate Regulatory Authority (ACRA), and the Ministry of Trade and Industry (MTI), we hope to understand how Singapore maintains its position as a global investment hub while balancing national priorities and attracting foreign capital, despite the specific-sector restrictions

Through the exploration conducted in this research, we aim to identify the intertwining factors at play that help shape Singapore's position as a lucrative trading and investment hub in Asia. Moreover, we hope that by recognizing which elements of the strategy Singapore policymakers pursue in enacting its business and trade laws and facilitating international trade, other countries, especially those in Southeast Asia, can learn from them.

RESEARCH METHODS

This research adopts a normative juridical approach, which is carried out by combining and analyzing legal materials consisting of laws and regulations, legal principles, and literature related to trade laws for foreign investment. The primary legal materials used are both domestic law on investment and International Investment Agreements (IIAs), including bilateral, regional, and multilateral regulations. Other than that, this analysis also utilizes documentation studies and observation of various data about Gross

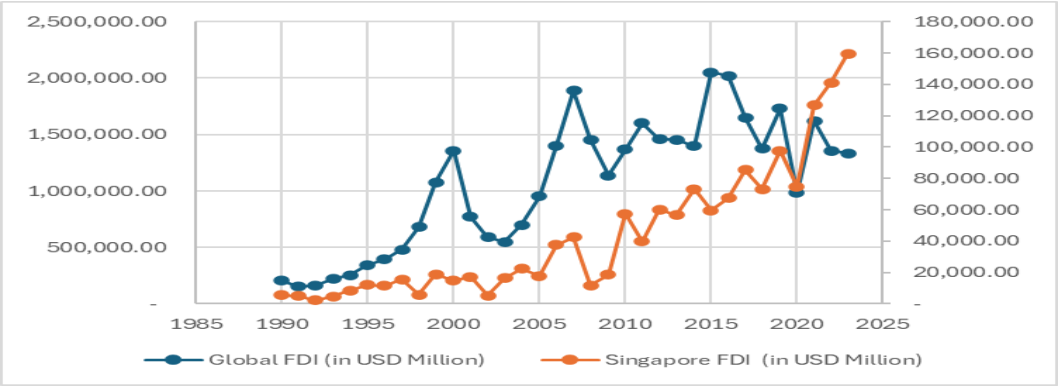
Domestic Product (GDP) and Foreign Direct Investment (FDI) flow statistics in countries. The data are analyzed with both statutory and conceptual approaches to answer the issue by dissecting existing regulations and their application in international firms.

ANALYSIS AND DISCUSSION

Statistics of Singapore's Foreign Direct Investment (FDI) Growth YoY from 1990 - 2024

According to data published by UN Trade and Development (UNCTAD), Singapore's FDI has grown quite consistently from 1990 to 2023. Albeit there have been periods when Singapore's net FDI flow has lagged behind global FDI, especially during the Asian Financial Crisis (1998), the Global Financial Crisis (2008), and the COVID-19 Epidemic (2020), the FDI outflow seemed to be followed expeditiously by recovery and a boost in FDI inflow in the years after. Presented below is the graph retrieved from UNCTAD:

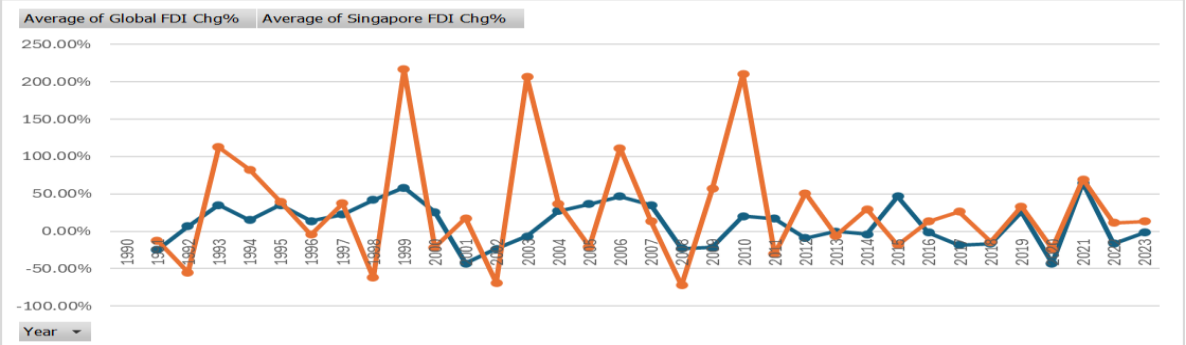
Figure 1: *Singapore FDI compared to Global FDI*



Source: *UNCTAD World Investment Report. Analysed from the primary source.*

The same data reveals that Singapore has consistently attracted more foreign direct investment (net FDI inflows) than it has lost in most years (net FDI outflows), with its growth rate often outpacing the global average for FDI inflows. An interesting point that should be noted is that the change in Singapore's FDI is more volatile compared to its global counterparts.

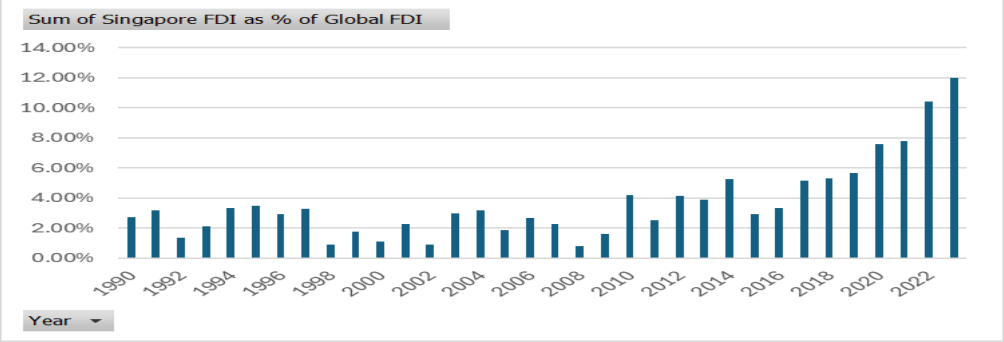
Figure 2: *Singapore vs Global FDI Change (%)*



Source: *UNCTAD World Investment Report. Analysed from the primary source. The base year used is 1990.*

Moreover, the FDI data suggests that Singapore's growing prominence as an attractive country for investment increasingly represents a larger share of global FDI, as evidenced by the steady increase in Singapore's FDI as a proportion of global FDI from 2.72% in 1990 to 11.99% in 2023.

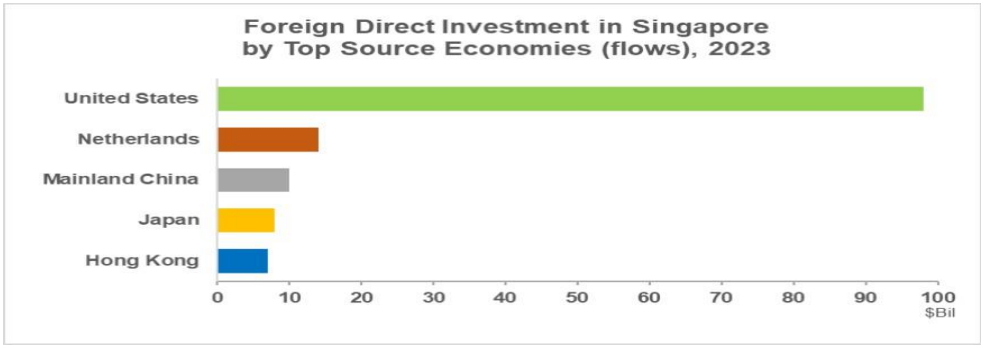
Figure 3: *Singapore FDI as % of Global FDI*



Source: *UNCTAD World Investment Report. Analysed from the primary source.*

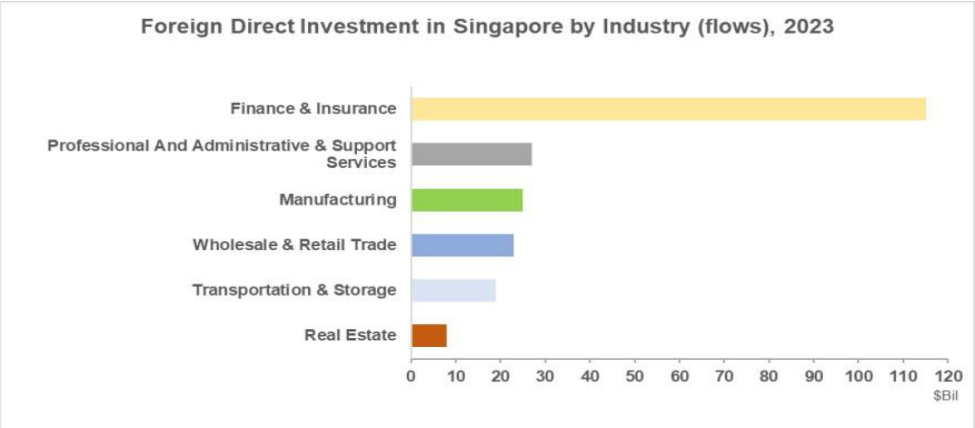
According to the Singapore's Inward Direct Investment Flows report published by the Singapore Department of Statistics, the biggest contributor to Singapore's FDI inflow is the United States (98,352.6 million Singapore dollars in 2023), followed by the Netherlands (13,717.5 million Singapore dollars in 2023), China (9,605.9 million Singapore dollars in 2023), Japan (7,889.7 million Singapore dollars in 2023), and Hong Kong (7,040.2 million Singapore dollars in 2023) as the top five source economies (Singapore Department of Statistics, 2023). Moreover, the report also mentioned that the sector that received the biggest FDI inflow is Finance and Insurance, followed by Professional & Services, Manufacturing, and Wholesale & Retail Trade.

Figure 4: Top Contributors of Singapore FDI Flow in 2023



Source: *Singapore's Inward Direct Investment Flows report 2023 (Singapore Department of Statistics)*

Figure 5: Singapore FDI Inflows in 2023 by sectors



Source: *Singapore's Inward Direct Investment Flows Report 2023 (Singapore Department of Statistics)*

Interestingly, according to research conducted by the World Bank in 2019, Singapore ranked second out of 191 countries worldwide in the Ease of Doing Business Rankings. Notably, it is relatively easy for investors and nationals alike to establish a business in Singapore (ranked 4th), with stringent investment regulations that protect minority investors (ranked 3rd) and clear-cut laws that facilitate easy contract enforcement (ranked 1st), indicative of a strong rule of law.

Review of The International Investment Agreements (IIAs) in Singapore

In general, Singapore's investment agency, the Singapore Economic Development Board (EDB), does not explicitly differentiate domestic and foreign investment in their laws (Jean Ho, 2012). It is important to see investment laws as one of the many complex elements of the national legal and regulatory regime governing investment. Singapore does not have a specific investment law, but investment is governed by general application, for example like the Singapore Companies Act, the Banking Act, and the Economic Expansion Incentives Act. According to Section 7 of the Banking Act, foreign investment in the banking sector is regulated through a system of licensing (the Monetary Authority of Singapore, 1970). Regulated in Part X of the Economic Expansion Incentives Act, Singapore also offers a range of tax incentives available to both domestic and foreign investors to promote investment.

Singapore has ratified a number of International Investment Agreements (IIAs), consisting of three important parts: Investment-Related Instruments (IRIs), Bilateral Investment Treaties (BITs), and Treaties with Investment Provisions (TIPs) with various countries.

Bilateral Investment Treaties (BITs)

Singapore also has a number of bilateral investment treaties with various countries, such as the United Kingdom, Korea, the United Arab Emirates, Germany, and others. Among the top five source economies for Singapore, there are also the Netherlands-Singapore BIT (1972) and the China-Singapore BIT (1985), while Japan and Hong Kong do not have specific BITs with Singapore.

Number 1: The Netherlands-Singapore BIT (1972)
Looking at the BIT with the Netherlands, as the second-highest source economy, there are several agreements regulating expropriation, repatriation, and dispute settlement. The Agreement come into force in 1973, provides investment protection in Article VII, guaranteeing an equitable and just treatment to the investments with the same or more favourable protection to the investor as to its own nationals' investor. There is also an article that ensures free transfer, allowing investors to freely transfer their investment proceeds to their home country in accordance with the regulations in force in each country (Article VIII). Another article ensures that although the state may take measures that affect foreign investment, such actions must be fair, transparent, and accompanied by appropriate compensation to aggrieved investors (Article IX). Article X ensures that if compensation is paid for investment losses, the party providing financial security can be subrogated to the investor's right to claim such losses.

Number 2: China-Singapore BIT (1985)
Singapore's BIT with China, as the third-highest source economy, titled "Agreement on the Promotion and Protection of Investments," entered into force in 1986 and ended in 2019, replaced by the CSFTA on October 16, 2019. During that period, the China-Singapore BIT regulated the promotion and protection of investment, as can be seen in Article 3 which state the responsibility to make favourable conditions and give a fair and equitable treatment and security for the investors. Article 4 of this agreement also highlights the Most Favored Nation (MFN) principle. Based on Article 5, MFN shall not be construed to allow benefits derived from regional agreements (including FTAs). This agreement does not govern matters of taxation and refers to any Avoidance of Double Taxation Treaty and domestic laws. It also regulates expropriation and nationalization, providing protection through compensation and stipulating that foreign investment should not be expropriated or nationalized unless it is done for a legitimate purpose, is non-discriminatory, in accordance with the law, and is accompanied by fair compensation disbursed without delay. This compensation must reflect the investment's value before the action, such as the value of foreign stocks. It also regulates investment dispute settlements, repatriation, and does not restrict related countries from protecting their own national interests. Article 12 of the agreement also regulates subrogation, whereas a country that has made payments to its nationals or companies can file a claim.

Treaties with Investment Provisions (TIPs)

Number 1: Free Trade Agreements (FTA)
Singapore has entered into FTAs with many countries, often accompanied by investment provisions, Investor-state dispute settlement (ISDS) mechanisms, such as ICSID arbitration, are incorporated into various free trade agreements (FTAs) involving Singapore. These include Singapore, and United States-Singapore FTA (USSFTA). Several of Singapore's FTAs, including those with the United States, South Korea, Brunei Darussalam, Chile, and New Zealand, contain transparency commitments. Through these agreements, Singapore has pledged to maintain a certain level of openness regarding its legal framework

and regulatory processes. Such commitments enhance the country's legal system, benefiting foreign businesses by fostering a more predictable and stable investment environment. In some instances, provisions for notification and consultation are included, allowing stakeholders to provide input and feedback on proposed legal and policy changes, thus promoting transparency. Singapore's FTAs also provide investment protection with agreements that offer certain assurances, such as those related to the expropriation of property (note: the benefits for the investor vary; consult the individual FTA for available benefits). The US, as the top foreign investor in Singapore, signed the USSFTA, which came into force on January 1, 2004. The laws on investment provisions are found in Chapter 15 of the USSFTA and include various aspects, namely MFN, minimum standard of treatment, transfers, performance requirements, dispute settlement, and conditions and limitations. It includes detailed agreements on arbitration, guaranteeing transparency and protection.

Unlike other Singapore FTAs that have more flexible protection, the investment provisions of the USSFTA regulate investment protection with stricter provisions and provide greater protection for investors, including aspects such as investment dispute resolution through the ISDS (Investor-State Dispute Settlement) mechanism. The USSFTA is also more comprehensive in regulating non-tariff sectors and broad global business rules, including regulations related to trade in goods, trade in services, investment, intellectual property rights, government procurement, and regulations that support economic integration between the two countries, such as technical standards for digital trade and environmental protection. This makes Singapore a more attractive and protected foreign investment destination.

In 2024, it will be twenty years after the signing of the Singapore-United States (US) Free Trade Agreement (FTA), and nearly 6,000 American companies now operate in Singapore, creating significant economic impact in the region, fostering innovation and mutual growth (Economic Development Board Singapore, 2024).

Number 2: Singapore in Regional Agreements (ASEAN)

ASEAN has recognized the significant role that an IIA can play in attracting FDIs, through its different functions in different ASEAN COUNTRIES (Jonathan Bonnitcha, 2017). Singapore, as a member of the Association of Southeast Asian Nations (ASEAN), and also a member of the World Trade Organization (WTO), has participated in adopting various trade agreements. Regarding ASEAN, there is an investment guarantee agreement named the ASEAN Investment Agreement (1987), providing certain basic protections for foreign investors. In 1998, ASEAN members also signed the Agreement on the ASEAN Investment Area (AIA). Continuing in 2009, the landmark ASEAN Comprehensive Investment Agreement (ACIA) was signed, superseding the 1987 and 1998 agreements (ASEAN News, n.d.). This agreement came into force on February 24, 2012, with Singapore as one of its parties. The ACIA is a comprehensive regional investment agreement that includes key provisions for investment protection and mechanisms for resolving disputes, such as ICSID arbitration. Its protective measures cover aspects like the Most Favored Nation (MFN) treatment, National Treatment, and safeguards against expropriation. Additionally, the ACIA has provisions to ensure transparency (Article 21), which governs the obligation of member states to report investment

agreements and information on changes in their laws to the AIA Board, except for confidential information that is detrimental to legitimate interests. The dispute settlement mechanism provision, in Section B of the ACIA, requires negotiation and conciliation to be carried out first before the arbitral tribunal. Due to the negotiation provisions, dispute settlement under the ACIA is more flexible and affordable, coupled with the provisions for consultation between countries as an optional mechanism.

Impact on Global Trade Relations Based on Observations

Historically, many agreements on investment focused only on protecting foreign investment from government actions (Bernasconi et al., 2011). The goals and purpose of many investment laws are often only facilitating and encouraging investment, leading the focus to only practical problems that are directly related to the consideration of the investor when deciding an investment, such as permissions of investment (Jonathan Bonnitcha, 2017). According to the World Bank annual Doing Business report, it ranks economies based on ten areas of regulation, consisting of regulations for launching a company, handling building permits, obtaining electricity, recording property ownership, securing financing, safeguarding investors, fulfilling tax obligations, conducting international trade, upholding contractual agreements, and settling insolvency matters (World Bank, 2012). There are also other factors that can influence FDI, such as government spending whereas higher goverment spending reduces FDI inflows, but the role of investment law can weaken those relations (Nadine McCloud, 2018).

This section reviews the established legal framework on FDI in Singapore. The Milken Institute's Global Opportunity Index shows that Singapore is the country with the highest FDI inflows among the Asian counterparts in 2023. Its strong position was primarily attributed to its exceptional business perception, which reflects the ease of doing business and a legal landscape that effectively facilitates contract enforcement and dispute resolution. This regulatory infrastructure ensures that foreign investors can confidently navigate Singapore's market, contributing to the country's standing in the third position of Foreign Direct Investment (FDI) recipient globally. The government has designed regulations and agreements that consider:

Number 1: Certain Regulation

There is a curvilinear relationship between regulatory conditions and business responses. When there is often an absence of regulations or a lack of enforcement, international companies may avoid such markets due to uncertainty. However, when regulations are introduced, it can increase a sense of security and encourage companies to enter. Therefore, to attract more FDI, the policies made should focus on strategies that reduce uncertainty and enhance the investment climate. For example, arbitration as a dispute resolution arrangement in the USSFTA regulates in detail the timeline and the arbitrator institution, without leaving ungoverned space with legal uncertainty. Moreover, there is analysis of the investor-centric feedback process based on Singapore's experience that shows the variables that attract and influence the respond of the investor, one of them is EDB's existence as one stop in handling investment problems and navigating the regulations (Michael Ewing-chow, 2014). This also proves the importance of certain regulations and institutions' existence to ensure legal certainty for the investors. In addition to the content of the regulations, the way a country applies the regulations to international

companies is also important. If regulatory enforcement becomes excessive, the companies may choose to leave the market.

Number 2: Investor Protection

Governments aim to shield their investors from unjust regulations imposed by the host country on investments. This protection can consist of system transparency, a low level of corruption, proper enforcement, and a fair environment for international investors that contribute to reducing risk. Generally, the more protection, predictability, stability, and transparency offered by foreign governments and legal systems, the lower the associated risk and the more firms want to pursue investment (Michael R. Czinkota, 2014). The Office of the United States Trade Representative highlights six key advantages ofBITs, consist of fair treatment under the law, defined limits on expropriations with provisions for compensation if expropriation occurs, the ability to transfer investment-related funds, limitations on local performance requirements, the freedom to select management personnel, and the option for dispute resolution through international arbitration (U.S. Trade Representative, 2012). In ASEAN countries, their laws on investment carry out several different functions, with one of them being investment protection, but it is not the dominant function of ASEAN countries' investment law (Jonathan Bonnitcha, 2017). Singapore's investment protections in its FTAs and in the ACIA offer enhanced protection for investors of the party state, with treaty provisions that exceed the WTO Trade-Related Investment Measures (TRIMS) Agreement (Locknie, 2015). For example, the USSFTA between the US and Singapore provides these six core benefits in the agreement. The protections provided by the agreement are one of the factors contributing to the high Singapore FDI sourced by the US. Other Singapore BITs and TIPs also provide protection from unfair or detrimental regulations.

Number 3: Long-term Goals

International marketers often accept the challenges of maximizing shareholder wealth in international expansion, which led companies to base their foreign direct investment decisions on broader competitive objectives, driven by the need for long-term commitment and perspective in the markets, making cross-border acquisitions necessary to increase global competitiveness (Michael R. Czinkota, 2014). Currently, the pattern of FDI flows is slowly changing where emerging markets are also participating as recipients of FDI so that developed countries such as the United States and Singapore as host countries must pay more attention to the balance of International Investment Agreements (IIAs) and be careful when recieving FDI inflows for sustainable development in long-term goals (Shawn Lim, 2014).

Besides all the considerations, there are other factors such as government spending. Higher goverment spending reduces FDI inflows, but the role of investment law can weaken the relations,

Despite that Singapore offers in its laws to encourage openness and strategically mitigate potential risks for foreign investors, Singapore also safeguards its national interests. While certain sectors are open to foreign participation, others are subject to specific restrictions. Prominent sectors like finance, technology, and manufacturing have become significant recipients of foreign capital, contributing substantially to Singapore's economic growth.

However, more sensitive industries, such as telecommunications, food, and real estate, face limitations due to security concerns, public interest considerations, and the protection of local enterprises.

Notably, each country is different in preferences of the investment destinations, called cross-country variation in time preference and net foreign asset position or cross-country variation in risk preference and net risky position due to difference in interest rates and conditions (Mika Nieminen, 2024). So, there are no fixed standards in good investment laws.

CONCLUSION

Trade law policies play a crucial role in shaping a country's image in the eyes of foreign investors. Singapore's commitment to fostering a business-friendly environment, with its robust regulatory framework and strategic policies, has made it an appealing hub for global businesses. Looking at the statistical data of FDI growth in Singapore over the years and the development of regulations and agreements ratified, it can be concluded that as trade law regulations become more open and investor-friendly, an ecosystem is created that is increasingly attractive to foreign investors. The findings of this paper recognize several essential aspects in investment treaties, including restrictions, taxes along with incentives, transparency and protection, as well as dispute settlement.

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ENFORCING MARINE ENVIRONMENTAL LAW IN INDONESIA'S ARCHIPELAGIC SEA LANES (ALKI) A LEGAL APPROACH TO CLIMATE CHANGE AND INTERNATIONAL TRADE RESILIENCE

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Abstract:
This research examines the impact of marine environmental law enforcement in Indonesia's Archipelagic Sea Lanes (ALKI) on mitigating climate change and its implications for international maritime trade. As one of the world's largest archipelagic states, Indonesia plays a crucial role in ensuring sustainable maritime practices while balancing trade and environmental protection. This study employs a legal research method to analyze the existing legal framework, particularly the role of international and national maritime law in addressing environmental challenges. The findings highlight the necessity of integrating the United Nations Convention on the Law of the Sea (UNCLOS) as the primary legal foundation for enforcing marine environmental regulations, given its comprehensive jurisdictional and legal framework. Furthermore, there is an urgent need for stricter environmental regulations targeting marine pollution, which directly contributes to climate change and affects maritime trade routes. Effective enforcement mechanisms must also be established to ensure compliance with international environmental standards, preventing illegal discharges, emissions, and hazardous waste dumping from vessels navigating through ALKI. Additionally, this research underscores the importance of harmonizing Indonesia's environmental policies with global sustainability initiatives, particularly in reducing the carbon footprint of the maritime sector. Strengthening legal measures and enforcement strategies will not only enhance Indonesia's marine environmental health standards but also foster more sustainable and climate-resilient international trade. While progress has been made, further improvements in cross-agency coordination and regulatory enforcement remain necessary to fully realize Indonesia's commitment to marine environmental protection in the context of global trade and climate change.

Keywords: Archipelagic Sea Lanes Indonesia, Law Enforcement, Marine Environment.

INTRODUCTION

Indonesia is one of the maritime nations with a vast marine area spanning 6.4 million square kilometers. This includes details such as inland and archipelagic waters covering 3.11 million square kilometers, a territorial sea of 290,000 square kilometers, additional Indonesian maritime zones totaling 270,000 square kilometers, a 3 million square kilometers Exclusive Economic Zone (EEZ), and a 3 million square kilometers continental shelf. Furthermore, Indonesia's strategic geographic location, sandwiched between the continents of Asia and Australia, and bordered by the Pacific and Indian Oceans, makes its maritime waters a strategic route for sea transportation.

Archipelagic states are one of the new forms of states recognized by the third United Nations Convention on the Law of the Sea 1982 (UNCLOS). The concept of an archipelagic state is detailed in Articles 46 to 54 of UNCLOS. The convention has defined the criteria under Articles 46 and 47 of UNCLOS 1982 that must be met for a state to be legally called an archipelagic state.

An archipelagic state is a natural form and status of a country that meets the criteria of an archipelago (UNCLOS, 1982). Thus, an archipelagic state is a form and status granted to a country consisting of islands or a group of islands that form a unified whole encompassing both land and water. It can be said that an archipelagic state is a country that, geographically, is either a coastal state (Anglo-Norwegian Fisheries Case, 1951) or a mid-ocean state (Barry Hart Dubner, 1976). In addition, the convention also provides limitations on the length of straight baselines for archipelagic states allowing the determination of the ratio between land and water areas (UNCLOS, 1982). As prescribed by the law of the sea convention. Indonesia is one example of an archipelagic state with a "mid-ocean" status based on UNCLOS 1982, with two-thirds of its territory being comprised of maritime areas beyond its land territory.

Archipelagic sea lanes are one of the rights that a nation claiming itself as an archipelagic state must grant (UNCLOS, 1982). Archipelagic sea lanes are maritime and air routes, or sea lanes, that are the prerogative of ships, especially warships, when traversing the waters of an archipelagic nation (UNCLOS, 1982). As an archipelagic state, Indonesia determines the archipelagic sea lanes, including flight routes above them, that can be used for the exercise of the right of archipelagic sea lanes passage (ALKI) by foreign ships and aircraft. Indonesia can also establish Traffic Separation Schemes (TSS) for the purpose of ensuring the safety of navigation during transits in these sea lanes (Enny Narwati, 2017).

The importance of establishing Archipelagic Sea Lanes (ALKI) for Indonesia lies in Article 53, paragraph 12 of UNCLOS 1982, which states that if a country does not designate its archipelagic sea lanes, foreign ships will continue to exercise their right of archipelagic sea lanes passage in areas traditionally used for international navigation in the past (UNCLOS, 1982). Prior to the existence of UNCLOS 1982, almost all of Indonesia's archipelagic waters were waters traditionally used for international navigation in the past (Enny Narwati, 2017). Therefore, the establishment of Archipelagic Sea Lanes (ALKI) reduces risks. Considering that the right of archipelagic sea lanes passage involves certain freedoms in navigation and aviation, it is essential to designate specific archipelagic sea lanes to mitigate security risks associated with the exercise of this right.

The adoption of the Archipelagic Sea Lanes (ALKI) proposal by the International Maritime Organization (IMO) took place in 1998 during the 67th Meeting of the Maritime Safety Committee (Arif Havas Oegrosneo, 2009). There are three (3) North-South Archipelagic Sea Lane (ALKI) routes, namely ALKI I, ALKI II, and ALKI III, which obtained approval from the IMO in 1998. The regulations for these routes

are specified in Government Regulation Number 37 of 2002 regarding the Rights and Obligations of Foreign Ships and Aircraft in Exercising the Right of Archipelagic Sea Lanes Passage through Designated Archipelagic Sea Lanes (PP 37 Tahun 2002).

As a mid-ocean archipelago, geographically situated between the continents of Asia and Australia, Indonesia possesses numerous straits that serve as routes for domestic, national, and international maritime transportation. For instance, the Malacca Strait, Sunda Strait, Lombok Strait, Makassar Strait, Karimata Strait, Ombai Strait, and Wetar Strait are significant examples. However, not all these straits in Indonesia serve as international maritime transportation routes. The Malacca Strait is considered a "core route" in international shipping, while the Sunda and Lombok Straits are considered "secondary routes." A core route is the primary route most commonly used in shipping, whereas secondary routes encompass trade routes leading to markets or destination ports.

The oceans cover 71% of the total surface area of the Earth, yet most maritime transportation occurs on specific routes that are commonly used in ship itineraries (Jean Paul Rodrigue, 2017). The configuration of global maritime routes is relatively straightforward. In general, the heavily trafficked shipping routes are concentrated around the equatorial region, specifically along the equatorial belt that connects North America, Europe, and the Asia-Pacific region through the Suez Canal, the Malacca Strait, and the Panama Canal (Jean Paul Rodrigue, 2017).

As a mid-ocean archipelago or archipelagic nation geographically located between the continents of Asia and Australia, Indonesia has numerous straits serving as routes for both national and international maritime navigation. For example, the Malacca Strait, Sunda Strait, Lombok Strait, Makassar Strait, Karimata Strait, Ombai Strait, and Wetar Strait. However, not all of Indonesia's straits serve as international maritime transportation routes. There are three straits passing through Indonesian waters: the Malacca Strait, one of the world's busiest trade routes and a "core route" in international shipping, and the Sunda and Lombok Straits, which are considered "secondary routes" for international maritime navigation.

It has been jointly agreed by legal experts that the fundamental principle of an archipelagic state is the unity of its land, waters, and population. The doctrine of an archipelagic state aims to achieve, maintain, and preserve the integrity of the archipelagic state, where its islands and other natural features form an important geographical, economic, and political unity, whether based on intrinsic or historical aspects (Etty R. Agoes, 2009).

The Marine Health Standard, commonly referred to as the Marine Health Index, is an assessment tool that measures key elements of marine health. These elements include biodiversity, the fisheries sector, the tourism industry, and other factors. These elements are analyzed through various dimensions, including biological, physical, economic, and social aspects. The objective of the Marine Health Index is to provide a comprehensive overview of the state of the sea and its impact on communities, both from a social and economic perspective (Redaksi, 2018). Even though it may not implement all of its indicators, the Marine Health Index (IKL) adopts the framework of the Ocean Health Index (OHI), which is a global standard for measuring marine health.

The OHI itself was developed by organizations such as Conservation International, the National Geographic Society, the New England Aquarium, and others. Scoring for each key element of marine health in the OHI ranges from 0 to 100. Indonesia has an IKL score of 63 out of 100, which is lower than the global average score of 69. In the global rankings produced by the OHI, Indonesia is ranked 181st out of a total of 220 assessed regions (Ocean Health Index Indonesia, 2023). Factors such

as pollution, climate change, resource exploitation, and other elements influence Indonesia's IKL score.

Indonesia is one of the members of the Association of Southeast Asian Nations (ASEAN), and the region within it is one of the busiest maritime traffic areas in the world, connecting Asia, the Middle East, and Europe. This is crucial for economic growth in the ASEAN region. The seas in the ASEAN region are also of great importance for sustainable development. It's essential to pay attention to the oceans not only from economic and political perspectives but also to preserve the marine environment. Currently, this approach is known as "blue growth economics" (Taufik Rachmat Nugraha et al., 2022).

One essential aspect of blue growth economics lies in the shipping industry, or the shipping sector. This industry's primary goal is to reduce environmental pollution caused by shipping activities, such as carbon footprint, waste, and even the worst impact, which is hazardous cargo spills that can pollute the seas. This is based on the fact that the shipping industry has become a significant contributor to marine pollution. Hence, revolutionary efforts are required to address this issue.

The sea is not only an economic resource for a large population but also a crucial economic asset for the nation through various microeconomic activities. Many people, especially those living in coastal areas, have significant dependence on the sea through fishing, aquaculture, the tourism sector, and other businesses. According to the Food and Agriculture Organization (FAO), more than 245 countries have communities actively utilizing the potential of the sea, either on a full-time, part-time, or occasional basis (FAO, 2023). Common activities include fishing, aquaculture, and various services. Its utilization is not limited to men but also involves women and men alike. Moreover, many communities are indirectly involved in supporting activities at sea, such as providing vessels and other supporting materials. The estimated number of people directly or indirectly involved in the utilization of marine resources exceeds 40 million.

The issue of marine environmental protection in Indonesia, from an institutional perspective, is related to the roles, functions, and performance of institutions responsible for the management and supervision of marine resources. Many institutions have authority and responsibilities related to marine environmental protection, both at the central and regional levels, but there is a lack of good coordination and synergy among them. This results in overlaps, gaps, or policy and regulatory conflicts that impact the ineffectiveness and inefficiency of marine resource management and supervision. Overlapping powers in the enforcement of marine environmental laws refer to a condition where multiple state institutions have authority and responsibilities related to marine environmental protection, but there is no effective coordination and synergy among them. This leads to the potential for conflicts, gaps, or policy and regulatory mismatches that impact the ineffectiveness and inefficiency of marine environmental law enforcement.

This legal research focuses on the enforcement of marine environmental law in Indonesia’s Archipelagic Sea Lanes (ALKI), examining the jurisdictional aspects of relevant institutions. It explores how legal frameworks contribute to protecting marine ecosystems while addressing the challenges posed by climate change and increasing international trade activities. The study aims to assess the effectiveness of current enforcement mechanisms and propose legal strategies to enhance environmental resilience and sustainable maritime governance in ALKI.

RESEARCH METHODS

In conducting this research, the Author employs legal research methods (Peter Mahmud Marzuki, 2022). By utilizing the statute approach and conceptual approach, with the legal material analysis technique conducted descriptively, the objective is to illustrate or explain an issue using theories as references in problem-solving to provide a more directed overview and definition. The Author employs literature studies and existing legal regulations as their sources.

ANALYSIS AND DISCUSSION

It should be acknowledged that Indonesia's maritime territory occupies more than two-thirds of the total territory of the Republic of Indonesia. The sea provides various natural resources, both biotic and abiotic, for Indonesia. To ensure that human activities do not harm the quality of the marine environment, the government deems it necessary to establish regulations in the field of preventing and controlling marine pollution. The aim is to maximize the benefits for the well-being of the people and the sustainability of other living creatures, both in the present and in the future. This principle underlies the Government of the Republic of Indonesia in crafting Government Regulation No. 19 of 1999 concerning the Control of Pollution and/or Damage to the Sea, which was later repealed and replaced by Government Regulation No. 22 of 2021 concerning the Implementation of Environmental Protection and Management (which will hereinafter be referred to as PP Perlindungan Lingkungan Hidup).

To facilitate an understanding of related matters, it is necessary to first comprehend the meaning of marine pollution and damage. Marine pollution can be defined as the introduction or inclusion of living organisms, substances, energy, and/or other components into the marine environment by human activities, both on land and at sea, to the extent that it causes the marine environment to no longer comply with quality standards and/or functions. Meanwhile, marine damage is defined as human actions, both on land and at sea, that result in changes, whether direct or indirect, to the physical and/or biological characteristics of the sea that exceed the specified criteria for marine damage.

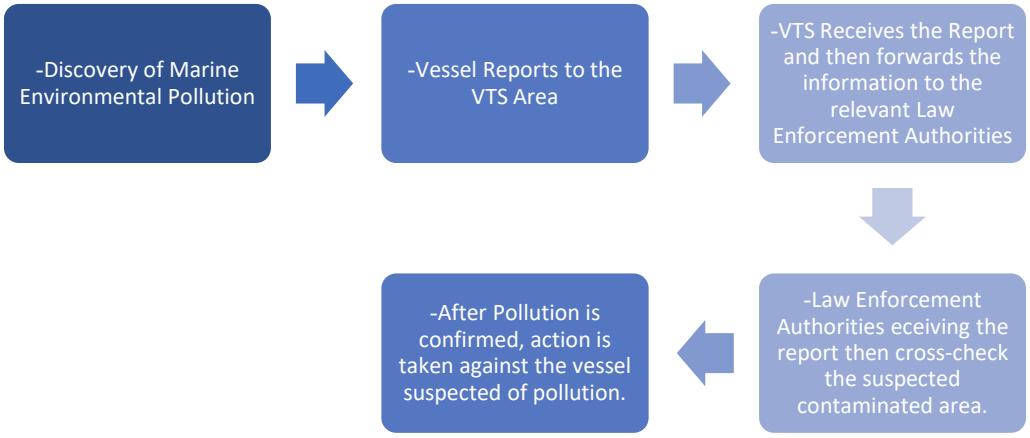
The sea is highly vulnerable to pollution due to the numerous activities occurring in and around it, which can have a detrimental impact. Marine pollution can be defined as the event of chemicals, industrial waste, agricultural and residential runoff, noise, or even the spread of invasive organisms (foreign) entering the sea, potentially causing harmful effects on the marine environment. With the considerable potential for marine environmental pollution, there is a need for a policy to protect Indonesia's marine environment. It's not only about having strong policies, but also the need for appropriate, structured, and systematic law enforcement to make marine environmental law enforcement patterns in Indonesia more precise, swift, and accurate. For instance, in many areas, various factors contribute to marine pollution, such as the disposal of industrial waste, which results from industrial activities discharging their waste into the sea. There is also scattered litter, which can originate directly from ships at sea or from land-based areas. Furthermore, there is a phenomenon called eutrophication, which refers to a situation where a type of algae rapidly proliferates, dominating the aquatic environment. Because of the uncontrolled growth of these algae, which consume oxygen from the sea, oxygen levels in the sea decrease.

Given the aforementioned causes, it is essential to realize the need for a system to address these issues, ranging from preventive measures to punitive actions. These

efforts can only be effectively enforced based on Article 1, paragraph (3) of the 1945 Constitution of the Republic of Indonesia (UUD 1945) which states, "The State of Indonesia is a State of Law." With strong law enforcement, Indonesia will be able to maximize the implementation of marine environmental protection in Indonesia.

MARINE ENVIRONMENTAL LAW ENFORCEMENT SYSTEM

In the enforcement of marine environmental law in Indonesia, there are several law enforcement tools that can be applied, including administrative, civil, and criminal aspects. Generally, the process of marine environmental law enforcement begins at a single point, which is a violation initiated by individuals or a group of individuals in the community, as well as law enforcement officers at sea becoming aware of the violation (in the context of pollution), which is then followed up by the competent authorities. The legal enforcement process for marine pollution involving various sectors follows the following steps:



Obtained from the research conducted by the Research Team after visiting VTS Benoa, VTS Batam, and VTS Merak

Based on the chart above, there is a deficiency concerning the Law Enforcement Apparatus where reports are made after suspicion of pollution and these reports are received by the VTS. For example, at VTS Merak, the subsequent step is reporting to the Port Authority Office (KSOP), while at VTS Batam, the step taken after receiving the report is reporting to the local Environmental Agency. This implies the lack of a consistent system or even the absence of a system to oversee the enforcement of marine environmental laws.

The next discussion involves an explanation of the law enforcement apparatus in Indonesia and its relevance to the enforcement of maritime environmental law, which includes:

a. Administrative

The enforcement of law administratively has two main objectives: to act as a preventive measure against violations and to ensure that environmental regulations, both general and specific to the marine environment, are adhered to. This enforcement can be applied to activities related to permit requirements, environmental quality standards, environmental management plans (RKL), and the like. In addition to providing guidance through administrative guidance and supervision, those involved in industries should also be educated about the benefits of the "Pollution Prevention Pays" concept (Siti Sundari Rangkuti, 1996). during their production processes or exploration activities in Indonesian waters.

The enforcement of administrative law in the sea can be strengthened by facilitating financial issues related to environmental management, especially in terms of entry costs for pollution prevention equipment and bank credits for environmental management costs. This means that every individual or entity wishing to sail in Indonesian waters needs to comply with administrative requirements, including obtaining permits. Strong law enforcement actions by authorities against violations of environmental regulations are primarily aimed at directly ending situations that violate those rules.

Administrative sanctions also serve as an instrumental function, which means controlling illicit actions, with the understanding that only specific individuals may have dispensations to violate a policy, under full supervision by the granting authority, to quickly and more effectively condition the pollution situation (Andi Hamzah, 2008).

Some types of administrative law enforcement in environmental law include Government Enforcement or Compulsory Actions (Bestuursdwang), Forced Monetary Penalties (Publiekrechttelijke dwangsom), Closure or Termination of Business Activities (Sluiting van een inrichting), and the most severe one is Revocation of Business Permits.

b. Criminal Law

Environmental crimes that are regulated in Article 41, 42, 43, 44, 45, 46, and 47 of Law No. 32 of 2009 concerning Environmental Protection and Management (Environmental Law) are material crimes that include the preparation of evidence and the determination of the cause-and-effect relationship between pollution and contamination actions. The procedures for handling these crimes are determined in accordance with Law No. 8 of 1981 concerning Criminal Procedure Law (KUHAP). The role of investigators is highly significant because they are responsible for collecting evidence, often with a scientific context. In cases of environmental pollution or destruction, investigators face challenges in providing valid evidence as required by Article 183 and 183 KUHAP. Therefore, criminal sanctions can only be applied when the evidence has been prepared, and the cause-and-effect relationships of pollution and contamination in Indonesian waters have been determined. In this context, criminal sanctions are considered the ultimum remedium, meaning that criminal law is used when other sanctions are ineffective or considered insufficient in dealing with the perpetrators. Criminal sanctions are only applied when administrative sanctions are not effective, alternative dispute resolution methods are not efficient, the offender's fault is significant and severe, and the pollution and/or damage caused is clearly specified in the law.

c. Civil Law

In the case of civil law enforcement, a distinction should be made between the application of civil law by authorized institutions in implementing environmental policies and the application of civil law to ensure compliance with environmental regulations. In addition, there is an option for "summary proceedings" (kortgeding) for parties with related interests, which allows them to file a lawsuit related to compliance with the law and request the imposition of a mandatory fine (injunction) for prohibitions or obligations in place (Siti Sundari Rangkuti, 1996).

Alternative dispute resolution aims to safeguard the civil rights of the parties involved in conflicts in a more efficient and faster manner. This is because the litigation process in court often takes a long time and involves high costs. Delays in the dispute resolution process, high expenses associated with court proceedings, and the perception that the courts are not responsive in resolving cases often result

in unsatisfactory decisions and a backlog of unresolved cases, including in the highest court, the Supreme Court. Civil dispute resolution will provide a quick resolution process through mediation related to marine environmental pollution. This allows for the possibility of pollution occurring, and if the litigation process does take place, it will proceed with the appropriate time and procedures, while the vessel must continue to operate to generate profits.

STATE SOVEREIGNTY IN THE ENFORCEMENT OF MARITIME ENVIRONMENTAL LAW IN THE INDONESIA'S ARCHIPELAGIC SEA LANES (ALKI) REGION

As previously explained, International Law provides limited sovereignty (less jurisdiction) to archipelagic states implementing ALKI. The conflict between territories, as well as the relationship between international law and national law, becomes clear when viewed from a concrete perspective. For example, in International Law Theory, there is the voluntarism theory which bases the applicability of international law on the will of states, while the other view is objectivism which considers the validity of international law to be independent of the will of those states.

Regarding ALKI itself, even though there is Article 2 of UNCLOS 1982 which states that the sovereignty of a country includes jurisdiction over its land territory, the surrounding waters, and in the context of archipelagic states, it also includes the waters connecting its islands, referred to as territorial seas. As explained in previous sections, the archipelagic sea lanes are a sea and air route or shipping route that is the right of ships (especially warships) when transiting through the waters of an archipelagic state. With this understanding, Indonesia as an archipelagic state has the right to establish sea lanes and flight routes used by foreign ships and aircraft for the implementation of the right of innocent passage in its archipelagic waters (ALKI) to ensure maritime safety as these vessels transit through those sea lanes.

THE AUTHORITY OF STATE INSTITUTIONS IN ENFORCING MARITIME ENVIRONMENTAL LAW IN THE ALKI AREA

The conservation of natural resources needs to consider their sustainability, especially in the context of marine environmental protection. In this effort, a good management system is required to preserve the natural resources in the sea (Joko Subagyo, 1991). Awareness of the importance of coordination and sustainable use of marine resources, both in areas with full jurisdiction and those with partial jurisdiction (less jurisdiction), is a crucial step in the effort to preserve marine environmental sustainability.

Before going any further, we need to discuss the application of International Law to National Law in the context of marine environmental protection. This fundamental understanding aims to clarify the policy basis and authority subsequently granted by International Law to National Law related to the enforcement of Marine Environmental Protection Law.

International Law grants authority to coastal states to establish and enforce national regulations that align with international standards for the protection and preservation of the marine environment within their jurisdiction, such as territorial waters, exclusive economic zones, continental shelves, and archipelagic waters (Dewa Gede Sudika Mangku, 2020).

International Law also grants coastal states the authority to conduct surveillance, inspection, apprehension, and prosecution of foreign vessels that violate their national regulations regarding marine environmental pollution, illegal fishing, or other activities that harm the marine environment within their jurisdiction (Ahmad

Sofian, 2023). Furthermore, International Law also grants coastal states the authority to hold other countries or international legal entities accountable and seek compensation for damage or pollution of the marine environment within their jurisdiction, whether through diplomatic channels, arbitration, or international courts (Dewa Gede Sudika Mangku, 2020).

Beforehand, it is necessary to elaborate on some institutions with the authority for environmental law enforcement in the waters of Indonesia:

1. Ministry of Maritime Affairs and Fisheries (KKP).
   Legal Basis: Law Number 32 of 2014 on Maritime Affairs.
2. Ministry of Environment and Forestry (KLHK).
   Legal Basis: Law Number 32 of 2009 on Environmental Protection and Management.
3. Water Police (Polair).
   Legal Basis: National Police Chief Regulation No. 22 of 2010 on Organizational Structure and Working Procedures at the Regional Police Level. The National Police Chief Regulation No. 22 of 2010 concerning the Organization Structure and Work Procedures at the Regional Police Level lays out the organization of the Indonesian National Police. The Indonesian National Police is structured hierarchically, from the central level to the regional level. The central level is referred to as the National Police Headquarters of the Republic of Indonesia (Mabes Polri), led by the Chief of the Indonesian National Police (Kapolri). At the regional level, it is referred to as the Regional Police (Polda), led by the Regional Police Chief (Kapolda). Polda, in carrying out its main tasks, particularly in the implementation of maritime policing, is assisted by a sub-unit responsible for its main tasks, known as the Water Police Directorate (DitPolair). The Water Police Directorate (Ditpolair) is an integral part of the Indonesian National Police, carrying out tasks in the maritime areas to maintain public order, uphold the law, provide protection, assistance, and public services, contributing to the creation of domestic security.
4. Bea Cukai / Customs
   Legal Basis: Law Number 17 of 2006 on Amendments to Law Number 10 of 1995 on Customs.
5. Maritime Security Agency (Bakamla).
   Legal Basis: Law Number 32 of 2014 on Maritime Affairs, specifically under Article 59, paragraph (3), and Government Regulation of the Republic of Indonesia Number 13 of 2022 on the Implementation of Security, Safety, and Law Enforcement in Indonesian Waters and Jurisdictional Waters.
6. Ministry of Energy and Mineral Resources (ESDM).
   Legal Basis: Law Number 30 of 2007 on Energy. It is mentioned that the Minister responsible is the Minister whose area of responsibility includes the energy sector, with the authority to carry out environmental preservation, resource conservation, and the preservation of environmental functions.
7. Ministry of Transportation (Kemenhub)
   Legal Basis: Law Number 17 of 2008 on Shipping, which regulates environmental protection and pollution prevention from the operation of ships in accordance with international conventions.
8. Sea and Coast Guard (KPLP).
   Legal Basis: Law Number 17 of 2008 on Shipping, Article 276 regarding the establishment of KPLP.

9. Directorate General of Sea Transportation (Dirjen Hubla).
   Legal Basis: Presidential Regulation Number 23 of 2022 on the Ministry of Transportation, which assigns responsibilities related to maritime environment policy to the Directorate General of Sea Transportation.

ENFORCEMENT OF MARINE ENVIRONMENTAL LAW IN ALKI

After further examination, there are no specific rules related to the Enforcement of Marine Environmental Law in ALKI and TSS areas in Indonesia. Despite the presence of Government Regulation No. 13 of 2022 concerning the Implementation of Security, Safety, and Law Enforcement in Indonesian Waters and Jurisdiction Areas. This government regulation is considered important by some parties because it will address issues of ambiguity and confusion in the management and enforcement of laws in Indonesian waters. Previously, this situation could lead to insufficient patrols in some areas and excessive patrols in others. With this Government Regulation, the legal regulatory system in Indonesian waters will become more effective, efficient, and transparent. However, in the specific context of the environment, this Government Regulation does not explicitly accommodate the authority for marine environmental law enforcement, especially in the ALKI area.

In this Government Regulation, it is also emphasized that one of the responsibilities in maintaining security in waters is to conduct patrols, and relevant agencies and institutions carry this out in accordance with applicable laws. Types of patrols that can be conducted include joint patrols, independent patrols, and coordinated patrols. Joint patrols are actions carried out by agencies involving various relevant institutions and technical institutions in an integrated and coordinated manner. When there is a need to enforce the law, each investigating institution must inform the relevant authority.

However, when discussing the issue of ALKI in the territory of the Republic of Indonesia, the governance of the ALKI and TSS areas is unique because it intersects with international waters. Therefore, the term used regarding a nation's sovereignty over the ALKI and TSS areas is "less jurisdiction," which impacts a nation's sovereignty in determining its laws. This is because maritime law in the ALKI areas involves the international community. Each marine area has different legal regimes. If specific rules are created, law enforcement at sea must also be regulated separately. Specific regulations are needed to manage law enforcement at sea with clear procedures through well-defined institutions. Both legal systems, both international and national law, are based on a nation's will, while international law is based on the collective will of the international community of nations. Besides, as legal frameworks, national and international law also have differences in their structures. Institutions required to enforce the law, such as courts and executive bodies, are essential in practice.

There is a need for a plan to establish rules for the enforcement of Marine Environmental Protection Law in ALKI by specifying and including the following considerations:

Ships passing through ALKI are definitely exercising their right to innocent passage, including innocent passage, and therefore, a country cannot stop a ship because ALKI is not its territorial status. The safety of shipping activities through ALKI must be ensured, and the authority of a country over ALKI is reduced throughout that area. Law enforcement to protect the marine environment, especially in the ALKI and TSS regions in the context of peaceful passage for foreign and Indonesian-flagged

ships, poses a complex challenge. This is because there is still a lack of harmony among various government agencies involved in this matter.

Duplication of authority among government agencies in handling violations of innocent passage by ships passing through Indonesian waters often leads to complexity in terms of applicable legal norms, insufficient patrol vessels and aircraft, and the introduction of political aspects as impediments to law enforcement efforts focused on marine environmental protection. Coastal states should not exercise their jurisdiction, not because they are archipelagic states but because those states experience disruptions.

Within the legislation related to maritime jurisdiction, it is necessary to emphasize limitations on jurisdiction over archipelagic sea lanes. This issue becomes more complex because in the legislation related to maritime jurisdiction, there is a need to clearly regulate the limitations on jurisdiction over archipelagic sea lanes, which cannot currently be provided by existing Indonesian legislation. This requires a deep understanding of international maritime law and national law, which are often seen as unable to be harmonized without ratification.

As an initial step in establishing an environmental law enforcement system for the ALKI area, it is necessary to consider the provisions of the United Nations Convention on the Law of the Sea (UNCLOS), which regulate the rights and obligations of states regarding innocent passage through archipelagic waters and international sea lanes. Coastal states, under Article 235 of UNCLOS, have responsibilities and obligations related to the marine environment. This article emphasizes the responsibility of states to fulfill their international obligations in protecting and preserving the marine environment. They are also required to provide prompt and adequate compensation or other assistance in cases of damage caused by marine pollution by individuals or legal entities under their jurisdiction. This article underscores the importance of cooperation among states to ensure adequate compensation in cases of damage resulting from maritime pollution.

Protection and preservation of the marine environment are also outlined in Article 236 of UNCLOS. This article states that the provisions in UNCLOS related to the protection and preservation of the marine environment do not apply to warships, government-owned or operated non-commercial service vessels, or other government-owned or operated ships or aircraft used for non-commercial government service. However, the application of these provisions can be adapted to the functions of ALKI, as there are no specific regulations regarding the types of vessels. While there is no clear regulation on ALKI, each state is obligated to ensure that ships or aircraft act in accordance with UNCLOS to the extent reasonable and practical without interfering with their operations or operational capabilities.

The same principle can also apply to transit passage, meaning the rights and obligations found in those articles are applicable in ALKI located within Indonesian waters with necessary adjustments. Coastal states have the authority if a vessel's navigation activities cause environmental damage, as the initial authority is vested in the flag state of the vessel in ALKI. If there is a need for enforcement against the flag state of the vessel, coordination with that flag state is required.

Furthermore, it is equally important to consider national laws that regulate the authority and responsibilities of various government agencies in enforcing the law in archipelagic waters. This includes regulations related to law enforcement, such as how these agencies coordinate, address duplications of authority, and handle violations involving foreign vessels and aircraft in the waters under their jurisdiction. Authorities that can be granted in ALKI and TSS are related to the existence of ALKI and TSS

itself, namely the agencies that can enforce prevention and pollution control measures on vessels transiting these areas. What needs to be regulated are the conditions of vessels transiting as a preventive measure, and the ecological conditions of the marine waters that should also be considered when estimating pollution in those marine areas.

In essence, Indonesian legislation concerning the regulation and management of marine waters, including its enforcement, must exclude the authorities in archipelagic waters for ALKI, especially those intersecting with the Traffic Separation Scheme (TSS). Because the two legal regimes they have are different. The issue of restrictions and the granting of authority at sea, especially in the Indonesian Archipelagic Sea Lane (ALKI), is a complex issue that requires a deep understanding of international maritime law, national law, and consideration of the politics and diplomacy of archipelagic states towards other countries.

CONCLUSION

As a conclusion and closing remarks, the challenges in enforcing maritime environmental law are due to the lack of an effective system and process. To address this issue, several steps can be taken:

1. UNCLOS, as the foundation of international maritime law, should be the primary basis for enforcing maritime environmental law. UNCLOS governs the jurisdiction and various aspects related to international and national maritime law that are relevant to the marine environment. Therefore, it is necessary to consider UNCLOS in designing an effective system for enforcing maritime environmental law.
2. Environmental legislation should be oriented towards recognizing the importance of marine protection as a vulnerable aspect of the environment, particularly concerning marine pollution. This includes the creation of stricter laws and regulations related to controlling marine pollution.
3. Strong legal measures are needed against vessels that violate marine environmental regulations. This includes effective law enforcement against vessels that pollute the marine environment, as well as clear and efficient enforcement procedures.

By taking these steps, we can strengthen the enforcement of maritime environmental law and reduce negative impacts on marine ecosystems and the sustainability of marine resources. This will support the global goal of preserving the marine environment. It is important to note that the enforcement of maritime environmental law in Indonesia still has many aspects that need improvement, particularly the abundance of agencies with authority. Although it is understood that this is a necessity due to the complex division of maritime zones and functions, for the sake of harmonizing law enforcement and legal certainty, there is a need for an institution that can lead, orchestrate, and oversee the enforcement of maritime environmental law, especially in the ALKI region, which is a less jurisdictional area of a country.

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LEGAL IMPLICATIONS OF THE ASEAN AGREEMENT ON E-COMMERCE: STRENGTHENING CROSS-BORDER ELECTRONIC BUSINESS AGREEMENT IN INDONESIA

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Abstract:

The ratification of the ASEAN Agreement on E-Commerce (AAEC) through Law No. 4 of 2021 significantly enhances Indonesia's agreement law, particularly in regulating cross-border electronic transactions. Previously governed by the Electronic Information and Transaction Law (UU ITE), Indonesia's legal framework had limitations in scope. The AAEC strengthens digital agreement, electronic signatures, and dispute resolution mechanisms, ensuring greater legal certainty for businesses in the ASEAN region. This study examines AAEC's alignment with existing regulations and identifies gaps requiring further legal adjustments using a normative juridical method. The findings reveal that AAEC improves legal certainty, facilitates cross-border e-commerce, and strengthens consumer protection through international standards for data security, authentication, and dispute resolution via the Enhanced Dispute Settlement Mechanism (EDSM). However, Indonesia's absence from the United Nations Convention on Agreement for the International Sale of Goods (CISG) creates legal uncertainty in broader international transactions. To maximize AAEC's benefits, Indonesia should enhance digital infrastructure, enforce personal data protection, and strengthen regulatory oversight. Additionally, ratifying international agreements like CISG could further harmonize Indonesia's agreement law with global trade standards, ensuring comprehensive legal certainty in cross-border e-commerce transactions.

Keywords: ASEAN Agreement on E-Commerce, agreement law, electronic commerce, legal certainty, dispute resolution.

INTRODUCTION

The role of business in supporting national economic development is very important, especially in the context of economic recovery after the Covid-19 pandemic. To mitigate the adverse impact of the pandemic on the economy, various governments around the world, including Indonesia, have implemented the National Economic Recovery (PEN) program which includes tax incentives and other policies aimed at reducing the operational burden of businesses. This move aims to ensure that the business sector can continue to operate and contribute to the stability and economic growth of the country. One of the main factors in achieving stable economic growth is the creation of a conducive business environment, which is characterized by minimal barriers to market entry, clear ownership rights, and efficient agreement enforcement mechanisms (Wilbert et al., 2024).

In this context, agreement play a very important role because almost all business activities involve agreements agreed upon by the parties involved. In the business world, agreement are the basis of legal relationships that regulate the rights and obligations between parties, as well as ensuring legal certainty for business actors to obtain profits (Sugianto, 2023). In a agreement, legal certainty is something that can guarantee the rights and obligations presented from the agreement of the parties based on the principle of balance or justice. The agreement provides a binding legal basis for the parties, so that if a dispute occurs, the contents of the agreement can be used as a reference in resolving it. Legal certainty in the agreement also ensures that the agreement made can be enforced legally, thus creating a sense of security in doing business and preventing actions that can harm one of the parties (Atmoko & Purbowati, 2024). Therefore, the existence of the agreement is important in the business world as a legal protection tool that guarantees the rights and obligations of each party and creates stability and trust in business relationships.

The Covid-19 pandemic has accelerated major changes in the business world, where many companies that previously relied on conventional business models are now turning to e-commerce to stay afloat. E-commerce, or electronic commerce, has become the dominant business model, allowing transactions to be conducted online without face-to-face meetings (Mufida et al., 2020). This requires an adaptation in the use of agreement, which are now shifting to electronic or digital agreement, as a substitute for conventional agreement that are usually carried out in person.

Along with the development of technology and increasingly massive internet penetration, e-commerce has become one of the most dynamic sectors in ASEAN, including Indonesia. The ASEAN Agreement on E-Commerce (AAEC), as part of efforts to strengthen cross-border trade, encourages the creation of a harmonious legal framework among ASEAN member states in the field of e-commerce. In Indonesia, regulations such as Law Number 1 of 2024 concerning Electronic Information and Transactions (ITE) and Government Regulation No. 80 of 2019 concerning Trade Through Electronic Systems (PMSE) are important guidelines in the implementation of electronic transactions (Hasran & Taushia, 2019). In Indonesia, electronic agreement have begun to be recognized and regulated in the legal system through the Electronic Information and Transaction Law (UU ITE), which provides legal certainty regarding the use of electronic agreement in business transactions. However, along with the development of e-commerce, there are still challenges in terms of legal protection and the implementation of electronic agreement, especially in the context of cross-border transactions (Kelsey, 2019).

Currently, there are various types of e-commerce that can be used by the public, which includes various categories such as Business-to-Business (B2B),

Business-to-Consumer (B2C), Consumer-to-Consumer (C2C), Consumer-to-Business (C2B), and Mobile Commerce (M-Commerce). Each of these types offers a variety of different methods and techniques for conducting business transactions online. However, although the information and communication technology (ICT) sector in Indonesia is growing rapidly, policies and regulations related to ICT security are still very limited, which can hinder the rapid growth of the e-commerce industry in the country (Ha, 2024).

Indonesia has recognized the importance of the e-commerce industry and is trying to regulate the sector through several regulations and laws. Some of them include the Consumer Protection Law No. 8/1999, the Electronic Information and Transaction Law No. 19/2016, Government Regulation No. 82/2012 on electronic systems and transactions, and Law No. 7/2014 on Trade, especially Articles 65 and 66 which regulate e-commerce. In addition, Presidential Regulation No. 44/2016 opens opportunities for foreign investment in the e-commerce sector (Aldo & Geraldi, 2019).

The increase in cross-border electronic trade has become a significant phenomenon in the digital era. E-commerce platforms such as Shopee, Lazada, and Tokopedia have allowed businesses, including MSMEs, to expand their reach into regional and global markets. With the presence of this platform, Indonesian local products can be accessed by consumers in other ASEAN countries, creating broader economic opportunities (Ansari & Sukarja, 2024). However, while this growth provides great benefits, there are challenges that need to be overcome, especially related to the harmonization of cross-border regulations to ensure smooth transactions and the protection of the rights of all parties involved.

In 2024, the number of internet users in Indonesia is estimated to reach 221.56 million people, an increase of around 2.77% compared to the previous year, with around 65 million of them being e-commerce users (Kemp, 2024). Indonesia remains the country with the largest digital economy in Southeast Asia, with e-commerce sales value (GMV) reaching US$65 billion in 2024 (Hakim, 2024). At the regional level, in 2022 ASEAN has around 460 million internet users, and the e-commerce sector in this region generates more than US$130 billion. In 2022, Indonesia has around 215.63 million internet users, with 178.94 million people actively using e-commerce platforms, and this figure is expected to increase to 196.47 million by the end of 2023.

One of the main challenges is building consumer trust amid rampant risks in e-commerce. Consumers often face issues such as counterfeit products, data manipulation, and a lack of transparency in the delivery of information related to their rights. In addition, regulatory differences between ASEAN member countries complicate consumer protection. E-commerce platforms often do not provide adequate dispute resolution mechanisms, leaving consumers feeling less protected in cross-border transactions. The issue of legal jurisdiction is also a significant obstacle, where disagreements regarding which law applies in disputes are a major challenge in upholding justice (Sengpunya, 2019).

One example of a case that illustrates the challenges in resolving cross-border e-commerce disputes is a case handled by the West Jakarta District Court with case number 588/Pdt.G/2020/PN Jkt.Brt in 2021. In this case, Indonesian consumers faced difficulties in resolving disputes with foreign business actors due to differences in legal jurisdiction and the lack of an effective dispute resolution mechanism. This shows that in cross-border e-commerce transactions, consumers often do not have adequate legal protection, especially regarding dispute resolution mechanisms and determining the applicable legal jurisdiction (Yetno, 2022).

To overcome these challenges, ASEAN has initiated the ASEAN Agreement on E-Commerce (AAEC) to facilitate cross-border trade through the harmonization of e-commerce regulations. In Indonesia, this regulation is implemented through the ITE Law and Government Regulation No. 80 of 2019 which regulates electronic agreement, consumer protection, and the responsibility of e-commerce platforms. The ASEAN Guidelines also emphasize consumer protection principles, such as information transparency, prompt dispute resolution through Online Dispute Resolution (ODR), and personal data protection. In addition, the ASEAN ODR Network is designed to connect online dispute resolution systems in member countries, providing more effective and efficient cross-border solutions in protecting consumers (ASEAN, 2017).

In response to this challenge, in mid-2021, the government announced plans to ratify the "ASEAN Agreement on E-Commerce" (AAEC). This ratification is considered important because it can facilitate the implementation of cross-border e-commerce in the ASEAN region. In addition, AAEC encourages the creation of a conducive e-commerce environment and supports national economic interests in ASEAN (Bahar, 2020). In short, AAEC provides protection to business actors in the e-commerce sector, especially in cross-border electronic transactions. This ratification also brings benefits to Indonesia by increasing trade value, competitiveness, and expanding cooperation between countries. The ratification of AAEC was inaugurated through Law Number 4 of 2021.

Ratification of international treaties is carried out through law because it involves the establishment of new legal rules, as stipulated in Article 10 of Law Number 24 of 2000. In this context, it is important to understand the implications of AAEC ratification on the implementation of electronic agreement in e-commerce. One of the main things regulated in Article 7 Paragraph 2 of the AAEC is the validity of the "Electronic Signature," which is the legal proof of an electronic agreement. This signature serves as proof of the execution of the agreement and allows the aggrieved party to claim its rights, for example when the purchased goods are not received (Betlehn, 2021).

For this reason, the ASEAN agreement on E-Commerce emerged as an effort to strengthen the legal framework for electronic agreement in the Southeast Asian region. This agreement aims to facilitate cross-border digital transactions and provide clearer legal protection for business actors, including in Indonesia. Therefore, it is important to analyze the legal implications of the ASEAN Agreement on E-Commerce, especially in strengthening the enforceability of electronic agreement between ASEAN countries and their impact on cross-border business in Indonesia (Permana, 2019). This will provide a strong foundation for realizing a safe and reliable business environment in the digital era, as well as support economic recovery and better integration of ASEAN markets.

The purpose of this study is to analyze the agreement between ASEAN countries in facilitating trade through electronic systems (e-commerce) and the implications of the ratification of the ASEAN Agreement on E-Commerce (AAEC) on agreement law in Indonesia. This study aims to explore how the ratification of AAEC, which is regulated through Law Number 4 of 2021, affects the implementation of electronic agreement, the validity of electronic signatures, and legal protection for businesses and consumers in cross-border transactions. Thus, this research is expected to provide a deeper understanding of AAEC's role in creating legal certainty, strengthening the e-commerce ecosystem, and encouraging Indonesia's competitiveness in the ASEAN region.

RESEARCH METHODS

The research method used in this study is a normative juridical approach, which involves reviewing and analyzing relevant legal regulations, such as Law Number 4 of 2021 concerning the Ratification of the ASEAN Agreement on E-Commerce (AAEC), Law Number 1 of 2024 contains opportunities for the use of Information Technology, and Government Regulation Number 80 of 2019 concerning Trade Through Electronic Systems (PMSE). This study examines these legal texts to understand the legal implications of AAEC ratification on the regulation of electronic agreement in Indonesia. The data sources include primary data, such as the texts of relevant laws and regulations, and secondary data, including scientific journals, books, articles, research reports, and ASEAN guidelines related to e-commerce and cross-border electronic agreement (Rusandi & Muhammad Rusli, 2021). Data was collected through a document study, focusing on the analysis of existing regulations, legal challenges, and the implications of AAEC ratification. The data obtained were then analyzed in a qualitative descriptive manner, by integrating information to understand the impact of AAEC on the validity of electronic signatures, dispute resolution mechanisms, and jurisdiction in cross-border agreement.

ANALYSIS AND DISCUSSION

The Role of AAEC in Indonesia's Digital Economy

The rapid development of e-commerce is triggered by the Industrial Revolution 4.0, which integrates advanced technology into various aspects of life, including commerce. The COVID-19 pandemic accelerated this transformation as many global businesses turned to electronic transactions to survive. This change raises an urgent need for a legal framework capable of accommodating cross-border electronic commerce. In ASEAN, the ASEAN Agreement on E-Commerce (AAEC) was formed to harmonize regulations between member countries. This agreement aims to create a conducive e-commerce environment, ensure uniform standards, and provide a legal basis for business people to carry out cross-border transactions safely and securely (Betlehn, 2021).

AAEC is very important for the growth of e-commerce in the ASEAN region, especially because digital trade requires clear and harmonious rules. One of the key innovations of AAEC is the legal recognition of electronic signatures. Electronic signatures, which are regulated according to international standards, are considered valid evidence in electronic agreement. This provides legal certainty that was previously often an obstacle in cross-border transactions. In addition, AAEC also emphasized the importance of consumer protection, which includes their basic rights during digital transactions.

Indonesia responded to the AAEC by ratifying it through Law No. 4 of 2021. This law is a new milestone in the regulation of electronic agreement in Indonesia, which was previously only regulated on a limited basis through the ITE Law. By ratifying the AAEC, Indonesia strengthens its national legal framework, provides greater clarity for business actors, and creates a legal basis for cross-border transactions in the ASEAN region. This is an important step in increasing the competitiveness of Indonesia's digital economy in the international arena (Lee & Das, 2024).

Privy, established in 2016, is an Indonesian company specializing in digital identity and electronic signature solutions. It offers services that enable trusted digital identities, legally binding digital signatures, electronic Know-Your-Customer (eKYC), and document management across various sectors, including financial services,

healthcare, education, technology, and government. In 2023, Privy expanded its operations to Australia, establishing a presence in Sydney. This expansion was supported by a partnership with Katalis, an Indonesia-Australia government-backed business development program, which provided a market entry strategy. Privy's services have been instrumental during the COVID-19 pandemic, facilitating the validation of important documents through digital means. This capability aligns with the ASEAN Agreement on E-Commerce (AAEC), which recognizes the legal validity of electronic signatures, thereby enhancing the efficiency and security of electronic agreements. Privy's collaboration with the government and its role in digital transformation underscore the government's commitment to promoting digital solutions in Indonesia (Itasari & Mangku, 2021).

Law No. 30 of 1999 on Arbitration and Alternative Dispute Resolution (Arbitration Law) can be associated with the Enhanced Dispute Settlement Mechanism (EDSM) in the AAEC, especially in the context of cross-border dispute resolution. The Arbitration Law recognizes arbitration as a legitimate and binding dispute resolution method in Indonesia, which is in line with the EDSM which also includes arbitration as one of the alternative dispute resolutions in international transactions. Both aim to provide a faster and more efficient dispute resolution process than traditional court procedures. The EDSM provides a similar solution by integrating arbitration, mediation, and consultation to resolve disputes in an effective and expeditious manner.

In addition, the Arbitration Law strengthens the trust of business actors, because it provides a more flexible and efficient alternative path to resolve disputes without having to go through a complicated court process. This is similar to the purpose of the EDSM which provides trust to parties in cross-border transactions to resolve disputes in a more structured and reliable manner. In addition, the Arbitration Law also regulates the recognition and enforcement of international arbitration awards in Indonesia, which is in line with the mechanism in the AAEC which ensures that the resulting arbitration awards can be recognized and enforced by ASEAN countries. These two regulations, both the Arbitration Law and EDSM, together create a safer and more efficient legal climate for international electronic transactions in the ASEAN region.(Mohamad, 2015).

Consumer protection points in AAEC can be linked to the Consumer Protection Law (UUPK) No. 8 of 1999, which regulates consumer rights in Indonesia. UUPK focuses on consumer protection for goods and services circulating in the market, including protection of consumers' personal data in electronic transactions. AAEC, which requires protection of consumers' personal data in accordance with international standards, is in line with the provisions in UUPK which emphasize that consumers have the right to receive protection against losses caused by business actors, including those related to the collection and use of personal data. The Consumer Protection Law regulates the obligation of business actors to provide clear and transparent information about the goods and services they offer, as well as the obligation to maintain the confidentiality of consumers' personal data. This is in accordance with the principles contained in AAEC, which emphasize the importance of security and ethical use of personal data in cross-border e-commerce transactions. UUPK also provides consumers with the right to receive compensation for losses arising from violations of their rights, which supports the implementation of AAEC in providing security and fairness guarantees for consumers who transact through e-commerce platforms. Thus, both AAEC and UUPK contribute to increasing consumer confidence in electronic transactions, both at the national and cross-border levels.

(Wilbert et al., 2024). For example, the use of standards such as TCP/IP or other protocols recommended by international organizations is required to ensure system interoperability. With this standard, businesses in ASEAN can use uniform technology to minimize technical barriers in cross-border transactions. This not only improves operational efficiency but also strengthens governance and security in e-commerce.
The ASEAN Agreement on E-Commerce, signed by all ASEAN member states on January 22, 2019, is an important milestone in the region's efforts to strengthen the growth of e-commerce and cross-border business transactions. With the rapid development of digital commerce and online business, this agreement plays an important role in shaping a legal framework that supports safe, efficient, and smooth e-commerce between countries. For Indonesia, this agreement has important implications for the legal landscape related to e-commerce, especially in terms of cross-border electronic business agreement.

One of the basic principles of the ASEAN Agreement is to create a legal and regulatory environment that allows e-commerce to flourish while protecting the public interest. For Indonesia, this means aligning the existing legal infrastructure with international norms and best practices. Indonesia has made significant strides with the introduction of Law No. 11 of 2008 concerning Information and Electronic Transactions (UU ITE), which was amended in 2016 with Law No. 19 of 2016. The ITE Law and related regulations such as Government Regulation No. 82/2012 and Law No. 7 of 2014 on Trade provide a legal basis for electronic transactions, digital signatures, and online consumer protection in Indonesia. In 2024, the latest update to the ITE Law has been introduced, aiming to further enhance the legal framework surrounding digital transactions, with a focus on issues such as cyber security, data protection, and the handling of electronic evidence in legal proceedings. This recent amendment aligns with international standards and reinforces Indonesia's commitment to supporting the growing digital economy and ensuring that electronic transactions are secure and trustworthy for both businesses and consumers (ASEAN Secretariat, 2022).

The ASEAN Agreement encourages member countries to promote a conducive and competitive business environment for e-commerce. For Indonesia, this provides a great opportunity to increase the attractiveness of its digital market. With Indonesia's rapidly growing digital economy, especially in the e-commerce sector, it is crucial for the country to provide a stable and competitive market that encourages innovation and attracts both local and international investors. The government's decision to open the e-commerce sector to foreign investment, as stated in Presidential Regulation No. 44/2016, is in line with the objectives of the ASEAN Agreement to encourage regional economic integration. By aligning national policies with ASEAN e-commerce guidelines, Indonesia can create a more attractive environment for e-commerce businesses and investors, which will increase competition, encourage technological advancements, and facilitate the growth of cross-border trade (Mufida et al., 2020).

One of the important issues in cross-border e-commerce is cybersecurity and personal data protection. The ASEAN Agreement recognizes the importance of securing online transactions and protecting consumer privacy, which is very relevant for Indonesia, which is experiencing rapid growth in digital transactions. Indonesia's commitment to protecting personal data is reflected in existing regulations, including the Personal Data Protection Law, which is the focus of attention for both consumers and businesspeople. The ASEAN Agreement encourages member states to adopt measures to protect personal data and ensure consumer privacy, which are aligned with best practices outlined by international bodies such as the World Intellectual Property Organization (WIPO) and the European Union's Personal Data Protection

Regulation (GDPR) (Laza & Karo Karo, 2023). This requires Indonesia to strengthen its legal infrastructure, ensuring that personal data protection laws are effectively implemented in e-commerce transactions. In addition, Indonesia's involvement in regional efforts to create a secure electronic payment system will further increase trust in cross-border transactions.

The ASEAN Agreement emphasizes the need to facilitate secure electronic payment systems and facilitate logistics for cross-border e-commerce. This is very relevant for Indonesia, which faces challenges related to the integration of electronic payment systems and inter-island logistics infrastructure. The Indonesian government has taken steps to improve its digital payment system, such as the implementation of the National Payment Gateway (GPN) and the development of digital wallets such as GoPay and OVO. However, there is still work that needs to be done to ensure that Indonesia's payment infrastructure is compatible with international standards (Hasran & Taushia, 2019). Additionally, the logistics industry that plays a crucial role in e-commerce must be optimized to handle cross-border shipments more efficiently. The ASEAN Agreement provides an opportunity for Indonesia to strengthen its logistics infrastructure, creating a smoother and faster delivery process for e-commerce businesses operating in the region.

The ASEAN Agreement encourages the use of alternative dispute resolution (ADR) mechanisms to resolve disputes arising from cross-border e-commerce transactions. This is important for Indonesia, where the legal framework for online dispute resolution (ODR) is still developing. Indonesia's commitment to adopt international norms for ADR will help businesses and consumers in the digital world resolve conflicts in a more efficient and cost-effective way. Indonesia must further develop its ODR platform to ensure that cross-border disputes are handled transparently and in a timely manner. By integrating this system into its legal structure, Indonesia will enhance its reputation as a reliable and trusted e-commerce hub in Southeast Asia.

Agreement Between ASEAN Countries in Facilitating Trade Through E-Commerce

ASEAN (Association of Southeast Asian Nations) is a regional intergovernmental organization comprising 10 member countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. It was established on August 8, 1967, with the signing of the ASEAN Declaration (also known as the Bangkok Declaration) in Bangkok, Thailand. The founding members of ASEAN were Indonesia, Malaysia, the Philippines, Singapore, and Thailand (Muhamad, 2019). Over time, the organization expanded its membership to include all Southeast Asian countries, and it has become a vital regional platform for cooperation (Kelsey, 2019).

The primary motivation for the formation of ASEAN was to promote regional peace, stability, and economic growth. During the Cold War, Southeast Asia was witnessing rising tensions, both internally and externally, including the threat of communist influence. The founders of ASEAN sought to promote cooperation and collaboration to prevent conflicts, enhance political and economic ties, and foster mutual development in the region. The organization also aimed to reduce the region's dependence on external powers and ensure that Southeast Asia remained a peaceful and stable area amidst global ideological and political struggles (Purwandoko, 2019). Over time, ASEAN has expanded its focus to include economic integration, trade

liberalization, cultural exchange, and security cooperation, while also addressing emerging issues such as e-commerce and digital transformation.

Indonesia, as a member of ASEAN, has ratified the AAEC through Law No. 4 of 2021, which strengthens its national legal framework in supporting cross-border e-commerce transactions. This effort increases Indonesia's competitiveness in the international digital economy sector. The agreement also supports the development of technologies based on international standards to improve the interoperability, security, and efficiency of electronic commerce. AAEC presents an *Enhanced Dispute Settlement Mechanism* (EDSM) to resolve conflicts quickly and effectively through mediation, arbitration, and consultation. In addition, this agreement encourages member countries to improve electronic payment systems, logistics, and personal data protection, creating an inclusive and competitive ecosystem (Ansari & Sukarja, 2024).

One of the main challenges in cross-border trade is the resolution of disputes due to differences in legal jurisdiction between countries. To overcome this, *the ASEAN Agreement on E-Commerce* (AAEC) introduced *the Enhanced Dispute Settlement Mechanism* (EDSM). This mechanism is designed to resolve disputes quickly and effectively through a variety of approaches, including mediation, arbitration, and consultation. This step not only strengthens relations between ASEAN countries, but also provides legal certainty for business people, so that they can transact across borders without worrying about complicated legal issues (Sengpunya, 2019). In addition, AAEC emphasized the importance of implementing international technology standards to ensure system interoperability and transaction security. The use of standard protocols such as TCP/IP as well as the latest technology minimizes technical barriers in electronic commerce. This step allows ASEAN member states to adopt uniform digital solutions, strengthen operational efficiency, and improve the region's competitiveness globally.

Indonesia ratified the AAEC through various national policies, such as Law No. 4 of 2021, which strengthens regulations on electronic transactions. These efforts include the recognition of digital signatures, the preparation of online dispute resolution mechanisms, and the improvement of personal data protection which has been strengthened with the ratification of the Personal Data Protection Law (PDP Law). This step places Indonesia as one of the countries that is serious in supporting e-commerce integration in the ASEAN region (Aldo & Geraldi, 2019).

The AEC 2015 Blueprint has actually targeted strengthening cooperation in e-commerce, but it has not been fully achieved. Therefore, these targets are included again in the AEC 2025 Plan. In this plan, it is planned to develop or launch regulations that facilitate the implementation of cross-border electronic trade in the ASEAN region. This regulation aims to address various cross-border problems that have previously been identified (Yean, 2019). As a form of real commitment, ASEAN launched the *ASEAN Agreement on E-Commerce* (AAEC) in 2019. This agreement is designed to encourage the growth of the e-commerce market and solve existing problems (Chin, Yong, & Ong, 2019).

The AAEC establishes important rules aimed at advancing digital trade in the ASEAN region, including rules related to *paperless trade*, digital payments, and cybersecurity (ASEAN Secretariat, 2021). In addition, AAEC is also a guideline to create modern regulations in e-commerce transactions and encourage the integration of the digital economy in the region. The implementation of AAEC is considered very important, especially in the economic recovery of ASEAN countries after the global crisis due to the COVID-19 pandemic (ASEAN Secretariat, 2022). The objectives of the AAEC are described in detail in Article 2 of the AAEC, namely:

1. Facilitating trade transactions through cross-border electronic systems in the ASEAN region.
2. Building a trusting e-commerce environment in the ASEAN region.
3. Strengthen cooperation between ASEAN countries to develop and increase the use of e-commerce to promote inclusive growth and reduce development gaps.

All activities related to e-commerce must follow the provisions listed in the AAEC, except for the procurement of goods or services by the government. AAEC regulates various technical matters related to e-commerce, including (Bahar, 2020):

1. Electronic Documents: All documents in e-commerce are electronic, and the technology used must comply with international standards (Article 7 Paragraph 1).
2. Electronic Signatures: Electronic signatures are legally recognized so that a state that has not previously acknowledged its existence cannot refuse them (Article 7 Paragraph 1).
3. Online Consumer Protection: Consumer protection in e-commerce must be as effective and transparent as other trades to build consumer trust (Article 7 Paragraph 5).
4. Personal Data Protection: The personal data of e-commerce consumers is protected with measures that follow international principles (Article 8).
5. Cybersecurity and Cybercrime Management: ASEAN countries work together to address cybercrime to enhance regional cybersecurity (Article 10).
6. Electronic Payment System: Electronic payment systems must be secure, efficient, and interoperable to facilitate cross-border transactions (Article 9).
7. Logistics and Freight Forwarding: Logistics efficiency for cross-border shipping is a concern, with a focus on reducing costs and improving the quality of the supply chain (Article 10).

Based on the Theory and Practice of Agreement Design by (Sugianto, 2023), the relevant principles of agreement law to analyze the implications of the ASEAN Agreement on E-Commerce (AAEC) on business agreement arrangements in Indonesia include the principle of freedom of agreement, the principle of good faith, the principle of consensualism, and the principle of pacta sunt servanda. AAEC directs business actors to continue to comply with freedom of agreement, but by meeting international standards for electronic agreement, such as electronic signatures and international authentication regulated in Article 7 paragraph (2) of the AAEC. In addition, the principle of good faith is embodied in the obligation to protect consumer rights and prevent the misuse of technology, while the principle of consensualism is applied by the recognition of digital signatures as a form of legal agreement in electronic agreement.

The application of the principle of pacta sunt servanda in AAEC is strengthened by the Enhanced Dispute Settlement Mechanism (EDSM), which provides a fast and binding dispute resolution path for parties to cross-border agreement. With these provisions, AAEC not only strengthens the principles of agreement law, but also provides better legal certainty, increases the competitiveness of Indonesian business actors, and creates a safer e-commerce ecosystem.

Implications of the Ratification of the ASEAN Agreement on Electronic Commerce on Agreement Law in Indonesia

The ratification of the ASEAN Agreement on E-Commerce (AAEC) through Law No. 4 of 2021 brings significant changes to agreement law in Indonesia. Previously, electronic transactions were only regulated in the Electronic Information and

Transaction Law (UU ITE), whose scope was relatively limited. With AAEC, Indonesia strengthens the legal basis for electronic transactions, especially in terms of legal recognition of digital agreement, electronic signatures, and cross-border dispute resolution mechanisms. This provides greater legal certainty to business actors, both at the domestic and international levels

In the era of globalization and rapid technological development, the implementation of international trade is increasingly blurring the boundaries of the country's territory. Today's technological advances have changed the way international trade is conducted, including the emergence of new business intermediaries such as e-commerce). In cross-border business cooperation, international business agreement are needed that contain agreements between parties from different countries (Betlehn, 2021). However, in the development of agreement law in Indonesia, there is no national law that specifically regulates international business agreement or international electronic agreement. Therefore, Indonesia needs to ratify international conventions or agreements that apply globally so that there is legal certainty in every international business activity.

One of the relevant global conventions is the Agreement for the International Sales of Goods (CISG), which has not been ratified by Indonesia until now. This is a serious problem because there are no specific rules regarding this agreement, which leads to legal uncertainty. As a result, inequality often occurs, especially when one party only accepts agreement in standard form that tend to benefit the other party with better social and economic conditions (Lee & Das, 2024). This condition indicates the need for universal or national regulations that specifically regulate agreement to replace old rules that are no longer relevant.

In international trade practices that are now supported by technology and further accelerated by the COVID-19 pandemic, many business executions are carried out electronically. This condition demands the existence of international electronic business agreement. Unfortunately, the lack of regulations related to international business agreement in Indonesia has raised many problems, especially since agreement can now be made electronically and across national borders. This is where the ASEAN Agreement on E-Commerce (AAEC) plays an important role in supporting and facilitating international business electronically even though its scope is still limited to the ASEAN region (Itasari & Mangku, 2021).

The AAEC provides guidelines for the content of electronic business agreement, especially in cross-border trade in the ASEAN region. Article 3 paragraph (1) of the AAEC states that the content of the agreement in electronic commerce must be adjusted to the rules in the AAEC. The agreement also regulates the use of technology in accordance with international standards, such as protocols recommended by the Internet Engineering Task Force (IETF), as well as the validity of electronic signatures regulated in Article 7 paragraph (2). This technology must also meet security and authentication standards according to the model agreed upon by the parties.

AAEC emphasizes consumer protection in online commerce, including personal data protection, electronic system security, and assurance of secure communication. This provision provides certainty that the parties involved in the agreement have the right and obligation to protect personal data and ensure the security of the systems used. In the event of a breach, such as a data leak, the aggrieved party can file a claim based on a agreement that refers to the AAEC rules. In Article 15, AAEC introduced the Enhanced Dispute Settlement Mechanism (EDSM) as a method for resolving electronic trade disputes. This means that electronic

business agreement entered into in ASEAN can include provisions regarding dispute resolution using this mechanism. That way, the parties have an efficient and structured way to resolve conflicts that may arise in the future (Wilbert et al., 2024).

The AAEC also stipulates that the systems or technologies used in electronic agreement must meet international standards. It aims to ensure the interoperability and security of the systems used in electronic commerce. The existence of AAEC provides guidelines for businesspeople in Indonesia, especially related to international electronic trade agreement in the ASEAN region. With no specific rules regarding international business agreement, AAEC is a guide that can help fill this legal void.

The ASEAN Agreement on E-Commerce (AAEC) provides an important legal basis in the regulation of electronic business agreement in the ASEAN region. The AAEC emphasizes the importance of conformity of the content of the agreement with international standards, as recommended by the Internet Engineering Task Force (IETF). This is in line with the principle of freedom of agreement (Article 1338 BW), which allows the parties to draft an agreement as needed as long as it meets the legal conditions of the agreement. In terms of consumer protection and personal data, AAEC integrates the principle of good faith, which requires the parties to act honestly and ensure the security of electronic systems and the protection of consumer rights. The AAEC also regulates the validity of electronic signatures, authentication mechanisms, and the technologies used, which strengthens legal certainty in cross-border transactions.

In addition, AAEC adopts the Enhanced Dispute Settlement Mechanism (EDSM) dispute resolution mechanism which reflects the principle of pacta sunt servanda, which is the obligation to comply with the agreed clauses. With this guide, Indonesian business actors have a reference in drafting international business agreement, especially in the e-commerce sector. The international technology standards required by AAEC help create system interoperability, minimize disputes, and improve transaction efficiency. With this harmonization, AAEC not only strengthens the competitiveness of Indonesian entrepreneurs, but also creates an e-commerce ecosystem that is inclusive, secure, and in accordance with international agreement law best practices (Sugianto, 2023).

CONCLUSION

The ASEAN Agreement on E-Commerce (AAEC) provides a solid legal framework for cross-border electronic commerce in the ASEAN region, introducing international standards that ensure interoperability, security, and protection of consumers and personal data. With effective dispute resolution mechanisms and recognition of electronic agreement, AAEC not only strengthens the digital trade ecosystem, but also increases the competitiveness of business actors in Indonesia. For this reason, it is recommended that Indonesia continue to strengthen the implementation of policies that support the development of e-commerce, such as the development of digital infrastructure, increased protection of personal data, and supervision of electronic business practices. In addition, Indonesia should consider ratifying other relevant international treaties to complement existing legal arrangements and ensure legal certainty for growing international transactions.

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LEGAL PROTECTION OF CONSUMERS IN INTERNATIONAL TRADE TRANSACTIONS BASED ON DIGITAL PLATFORMS ACCORDING TO THE UNITED NATION CONVENTION ON ELECTRONIC CONTRACTS

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Abstract:

The expansion of digital technology has transformed the way international trade is transacted, with digital platforms becoming the main bridge between consumers and businesses around the world. The United Nations Convention on the Use of Electronic Communications in International Contracts is a crucial legal foundation in regulating electronic contracts used in international transactions. Although this convention provides a legal basis for international transactions, it does not specifically regulate consumer protection in digital platform-based transactions. More than 30% of consumer complaints are related to problems with improper delivery of goods, fraud, and the inability to obtain effective legal protection. Many countries do not have adequate regulations regarding consumer protection in digital platform-based cross-border transactions, resulting in legal uncertainty for consumers. The research method used is normative legal research using primary, secondary, and tertiary legal materials. The data analysis used in this research is qualitative data analysis. The results found that international trade based on digital platforms involves legal aspects such as the validity of electronic contracts, authentication, and data security that must comply with international regulations such as the UNITED NATION Convention and GDPR. Consumer protection is important to ensure their rights are protected, including the right to clear information and effective dispute resolution mechanisms. Digital platform providers are responsible for ensuring fairness, transaction security and consumer data protection, and can be held liable in the event of breaches or negligence.

Keywords: Consumer Protection, Electronic Contracts, International Trade Transactions.

INTRODUCTION

The rapid development of digital technology has brought huge changes in the pattern of international trade transactions. Digital platforms are now the main bridge between consumers and businesses across countries, facilitating millions of transactions every day. According to a report from e-Marketer, by 2023, international digital trade will account for more than 50% of total global e-commerce transactions with a value of more than USD 6 trillion (Haleem, 2025). Meanwhile, a report from Statista notes that nearly 80% of consumers in different countries use digital platforms to shop for products internationally (Statista, 2024) In this context, consumer legal protection is an important issue that needs special attention, given the various challenges faced by consumers in conducting cross-border transactions.

Digital platforms allow consumers to easily access products from around the world. On the other hand, these international transactions also carry greater risks than domestic transactions. Consumers are often faced with problems such as legal uncertainty related to dispute resolution, personal data security, and the absence of adequate protection mechanisms in the seller's home country. According to a report from UNCTAD in 2022, more than 30% of consumer complaints in international trade based on digital platforms are related to problems with improper delivery of goods, fraud, and the inability of consumers to obtain effective legal protection (UNCTAD 2024). This indicates a significant gap in the regulations governing international trade, especially regarding consumer protection.

The United Nation (UN) Convention on the Use of Electronic Communications in International Contracts, adopted in 2005, provides an important legal foundation in regulating electronic contracts used in international transactions. The convention aims to overcome legal barriers to the use of electronic communications and ensure equivalence between electronic and traditional contracts. Articles 9 and 11 of the convention explicitly state that the use of electronic communications in the process of negotiation and contract formation should not be in conflict with the validity of the contract (Nation, n.d.). However, the convention does not specifically regulate consumer protection mechanisms in the context of digital platforms, creating a gap in the legal protection that international consumers can enjoy.

Consumer protection in international trade transactions based on digital platforms requires a more comprehensive and adaptive legal framework. Currently, existing regulations in many countries are often unable to keep up with the development of digital technology. Based on data from the OECD, only 45% of countries have consumer protection laws that explicitly regulate cross-border transactions based on digital platforms. This leads to uncertainty for consumers regarding their rights in such transactions (Kharisma, et al., 2024). Digital platforms operating globally are also often under different jurisdictions, further complicating the enforcement process. In this context, it is important to further examine how the UN Convention on Electronic Contracts can be implemented to strengthen consumer protection in international digital transactions.

This research will make an important contribution in filling the gap by examining the legal protection of consumers in international trade transactions based on digital platforms through the perspective of the UN Convention on Electronic Contracts. The purpose of this research is to analyze how the provisions in the convention can be applied in the context of international digital transactions, as well as identify challenges and opportunities in strengthening consumer protection in the digital age. The research will also explore the role of digital platforms as facilitators of international transactions and their responsibilities in protecting consumer rights.

The research will refer to key provisions in the UN Convention on Electronic Contracts, in particular Article 9 which provides for the recognition of electronic contracts and Article 11 which describes the formation of contracts by electronic communications. In addition, provisions in relevant national laws, such as the Consumer Protection Law in Indonesia or consumer protection regulations in the European Union, will also be analyzed to see how international principles can be applied in a national context.

This research is expected to make a significant academic contribution by offering an in-depth analysis of the gaps in consumer legal protection in the digital age and how the international legal framework, particularly the UN Convention on Electronic Contracts, can serve as a foundation for improving consumer protection in international trade.

RESEARCH METHODS

This type of research is juridical-normative. juridical-normative is research conducted by examining library materials or secondary materials (Soekanto & Mamudji, 2001). This research will examine issues related to consumer protection in digital platform-based international trade transactions according to the UN convention on electronic contracts. The Data Analysis Method will be carried out by collecting secondary data through literature review which includes legal materials, both primary, namely the United Nations Convention on Electronic Contracts (United Nations Convention on the Use of Electronic Communications in International Contracts) which was passed in 2005. Secondary legal materials are legal materials that explain primary legal materials, namely books, journals, articles, and documents related to the research theme. Tertiary Legal Materials are legal materials that complement primary and secondary legal materials, namely: Legal Dictionary, Indonesian Dictionary, and English Dictionary. The secondary data collection method is carried out by document study. After the data is collected, the data analysis used is qualitative data analysis. Qualitative data analysis is applied to find and describe problems in the field or structures and processes in routines and practices.

ANALYSIS AND DISCUSSION

Legal Framework for Electronic Contracts in the UN Convention

An electronic contract is a form of digitally created agreement between two or more parties who are bound to fulfill certain legal obligations. From the point of view of legal theory, electronic contracts are a development of traditional contracts that are outlined in physical form and wet-signed, but use electronic media as a means for communication and contract settlement (Wibowo, 2024). According to the views of some experts, an electronic contract is an agreement made, delivered, and received through electronic means of communication such as email, web-based applications, or other digital platforms. Henry H. Perritt, a digital law expert, states that electronic contract essentially fulfill the main elements of traditional contracts: agreement, consideration, lawful object, and competent parties. The main difference lies in the method of communication and the medium used in contract formation (Maulidah, Atthahara, & Febriantin, 2022).

The main function of electronic contracts is to facilitate transactions that are conducted remotely and without requiring the physical presence of the parties. Electronic contracts allow businesses and consumers to deal efficiently in the digital space which in turn accelerates the negotiation process and the fulfillment of contractual obligations. Electronic contracts also have important value in international trade, given the complexity and geographical distance that often become an obstacle

in cross-border transactions. In addition, electronic contracts provide legal certainty in digital transactions by providing concrete evidence of the agreement that has been made, either through email, digital signatures, or recorded activities on digital platforms. Another function is as a legal instrument in regulating the rights and obligations of the parties involved in the transaction, ensuring that the parties are legally bound even though the contract is carried out in the digital space.

The UN Convention on the Use of Electronic Communications in International Contracts, adopted in 2005, is an international legal instrument designed to overcome legal barriers to the use of electronic communications in cross-border transactions. The Convention aims to harmonize the rules governing electronic contracts, thereby facilitating the safe, efficient and legally recognized use of electronic communications in international trade.

One of the basic principles set out in the Convention is the equivalence between electronic and traditional communications in terms of contract formation. Article 9 of the UN Convention states that contracts made by means of electronic communications have the same validity as traditionally made contracts, provided that the conditions of the contract are met (Nation, n.d.). This includes the recognition of digitally created statements of agreement, including electronic signatures or other forms of communication, indicating consent between the parties. The existence of Article 9 is important to ensure that digital technology does not become an obstacle to the validity of international contract law.

Article 11 of the Convention governs the process of contract formation through electronic communications (Nation, n.d.). It confirms that a contract is deemed validly formed when an electronic message containing an offer is received by the other party, and a response is digitally received back. This reflects the same principles as traditional contract law regarding the offer and acceptance process but adapted to the digital context. Article 11 also provides that the existence of automated systems in the formation of contracts, such as on e-commerce platforms, does not prejudice the validity of such contracts, as long as such systems have been recognized and accepted by the transacting parties.

Article 12 of the UN Convention provides additional protection by providing that the parties to an electronic contract have the same right to reject or accept the use of electronic communications in their transaction (Nation, n.d.). This provision is important to preserve the parties' freedom to choose the means of communication that they deem most secure and convenient to use. Accordingly, no party can be forced to use electronic communications without their express consent.

Furthermore, the convention's legal framework regulates the time and place of sending and receiving electronic communications, which is particularly relevant in the context of international trade. Article 10 provides that an electronic message is deemed to have been sent at the moment it enters an information system outside the sender's control (Nation, n.d.). This creates a clear standard for determining when an electronic message is deemed valid, which is crucial in determining the parties' responsibilities regarding the timing of contract performance. The Convention also provides that the place of receipt of electronic communications is the domicile of the party receiving the message, reflecting the universal principle of determining jurisdiction in international transactions (Tektona, n.d.).

However, the principles of transparency and the rule of law are also an integral part of this UN Convention. Article 7 states that any electronically transmitted information must be accessible to the parties in a reasonable manner and be legally accountable. This principle is essential to ensure data integrity in digital transactions,

so that consumers and businesses can be sure that the information received is not manipulated or misused.

UN Convention on Electronic Contracts also introduces the concept of electronic signatures, which is set out in Article 9 paragraph 3. Electronic signatures are recognized as valid evidence of the parties' consent, as long as the technology used can identify the signing party and indicate the intention to be legally bound. In this context, digital signature, encryption and authentication technologies play a key role in ensuring the security and integrity of electronic contracts.

The Convention's utility and functionality are particularly relevant in international trade based on digital platforms, where contracts are often entered into through remote means of communication without physical presence. By recognizing contracts made through electronic communications, the Convention removes legal barriers that previously existed in cross-border transactions. For example, many countries did not recognize the validity of contracts made electronically prior to the Convention, which resulted in legal uncertainty for international businesses and consumers.

Furthermore, the convention also strengthens the legal protection of consumers in digital transactions, especially in the context of e-commerce platforms (Maulidah, Atthahara, & Febriantin, 2022). By ensuring that electronic contracts have the same legal force as traditional contracts, international consumers have a clear legal basis to assert their rights when disputes arise with businesses. Digital platforms, which often use automated systems in contract formation, are also required to comply with the Convention's provisions on transparency and data protection.

In this regard, the legal framework set out in the UN Convention on Electronic Contracts provides a strong foundation for the legal protection of consumers in the digital age, as well as facilitating the smooth flow of international trade based on digital platforms (Harahap, Idayanti, & Rahayu, 2022). The Convention helps create legal certainty for parties involved in international transactions and minimizes legal risks that may arise from the use of electronic communications in cross-border trade.

Consumer Protection in International Transactions

Consumer protection in digital platform-based international transactions is becoming an increasingly important aspect in the era of trade globalization. Consumers can now easily conduct cross-border transactions through international e-commerce platforms, which offer a variety of goods and services from around the world (Udpa, 2022). While this development opens up great opportunities for consumers to easily access global products, the protection of consumer rights in the context of international trade is often a significant challenge. The main reason for the importance of consumer protection is due to the unbalanced position between consumers and traders in cross-border transactions. Consumers, as the weaker party often lack access to relevant information and are in a vulnerable position to the risk of fraud, failure to deliver goods, or products that do not match the description.

In Indonesia, fraud cases involving international e-commerce transactions have been in the spotlight. In 2020, the Financial Services Authority (OJK) received a number of complaints from consumers who suffered losses due to transactions on international platforms. One such case was when an Indonesian consumer purchased an electronic product from an international e-commerce site and the goods delivered did not match the promised specifications. This case shows the need for stronger regulations and clear legal protection for consumers involved in cross-border transactions. Data from the Indonesian E-Commerce Association (idEA) also shows that cross-border transactions continue to increase every year, and this demands

more attention to consumer protection aspects in international transactions .Based also on data from statistics, there is a huge loss due to fraud in international e-commerce transactions from 2020 to 2024, which is explained in detail in the following figure (Statista, 2025).

Pig 1. Losses due to international E-Commerce Transaction Fraund

The data shows an increasing trend of fraud losses in international e-commerce transactions from year to year. This increase can be attributed to a variety of factors, including the rapid growth of global e-commerce and increased cyber fraud activity. It is important for consumers and businesses to increase their vigilance and implement effective preventive measures to reduce the risk of fraud in e-commerce transactions. The legal protection of consumers in international transactions covers the basic rights that consumers should have as well as the obligations that cross-border traders should fulfill. Consumer rights in these transactions include the right to clear and accurate information about the products offered, the right to receive products that match the description, and the right to return goods or compensation in the event of loss due to defective or unsuitable products (Pramudana, et al., 2023). In many countries, including Indonesia, these rights have been regulated in national consumer protection laws, but in the context of international transactions, such protections are often not fully effective due to legal differences in the home countries of traders and consumers (Kirillova et al., 2016).

In the context of international trade based on digital platforms, various legal aspects become relevant, including the validity of electronic contracts, authentication and data security. Digital platforms must comply with the legal framework established by international regulations such as the UN Convention on Electronic Contracts and the General Data Protection Regulation (GDPR) in the European Union. Legal protection of consumers is also critical to ensure that their rights are safeguarded in cross-border transactions, including the right to clear information, safe products, and effective dispute resolution mechanisms.

Digital platform providers have a significant responsibility to ensure fairness and safety in the transactions they facilitate. They must ensure that merchants comply with legal and ethical standards and provide mechanisms that allow consumers to file complaints and resolve disputes efficiently. Their obligations also include the protection of consumer data and oversight of the quality of products or services sold through their platforms. In the event of violations or negligence, digital platform providers may be held legally liable.

The legal protection of consumers in international transactions has actually been regulated in several international instruments, such as the United Nations

Guidelines for Consumer Protection (UNGCP), which provides guidance for countries in establishing consumer protection policies. The UNGCP recognizes consumers' rights to protection from harmful products, the right to accurate information, and the right to receive products that meet the promised standards (Atila, 2021). Another relevant instrument is the United Nations Convention on Contracts for the International Sale of Goods (CISG), which regulates international sale and purchase contracts, including the rights and obligations of parties in cross-border transactions. CISG provides protection for international consumers by setting standards that merchants must meet in fulfilling their obligations.

In digital platform-based transactions, consumer protection challenges are even more complex as platforms often act as intermediaries between merchants and consumers. Platforms such as Amazon, Alibaba, and eBay allow merchants from different countries to sell their products to consumers around the world (Wang, 2010). In this case, the platform's responsibility towards consumers becomes an important issue. While these platforms are not necessarily directly responsible for the products sold, they have an obligation to ensure that merchants operating on their platforms comply with applicable laws, including providing honest and accurate information to consumers. Platforms should also provide effective dispute resolution mechanisms for consumers who experience problems in transactions.

Consumer protection in international transactions based on digital platforms is often related to data security issues. Consumers conducting cross-border transactions must provide their personal data, such as shipping addresses and credit card information, to merchants or platforms. The protection of consumers' personal data is becoming increasingly important, given the risk of data leakage or misuse of data by irresponsible parties. Some countries have enacted strict regulations on personal data protection, such as the General Data Protection Regulation (GDPR) in the European Union, which gives consumers the right to control how their data is used by merchants or digital platforms. Regulations such as the GDPR provide an example of how consumer protection in digital transactions should cover not only product aspects, but also data privacy and security aspects.

Aligned with this, the UN Convention on the Use of Electronic Communications in International Contracts helps ensure that consumers rights are protected when they interact with businesses in other countries through digital platforms. The Convention emphasizes the principle of equivalence between electronic and conventional contracts, so that contracts made through digital platforms have the same legality as physically signed contracts. This is important in the context of cross-border transactions, where consumers may face challenges in proving the legality of contracts entered into online (Saputra & Damayanti, 2023). The Convention also regulates authentication and data security in electronic contracts, thus providing assurance to consumers that their personal data and transactions are protected in accordance with international standards.

In terms of international transactions, digital platforms allow consumers to interact directly with merchants across countries. The UN Convention on Electronic Contracts ensures that the use of digital platforms for international contracts does not compromise consumer rights, especially in aspects such as clarity of contract terms, transparency of information, and dispute resolution mechanisms. The presence of this legal framework gives consumers more confidence in transacting internationally, as there is a guarantee that they are protected by widely recognized international law.

Legal Implications of Using Digital Platforms

The use of digital platforms in international trade transactions carries significant legal implications mainly related to the validity of electronic contracts, authentication, and data security. Transactions that take place in the digital realm differ from traditional transactions, as they do not involve physical meetings between the parties. This raises a number of legal challenges that must be addressed so that the rights of the parties remain protected, and transactions can take place safely and legally. In this context, several international legal instruments, such as the UN Convention on the Use of Electronic Communications in International Contracts, play an important role in establishing a reliable legal framework.

Electronic contract validity is a key aspect that must be considered in the use of digital platforms for international transactions. Based on the principles of contract law, for a contract to be considered valid, it must fulfill several conditions, namely the agreement of the parties, the existence of a clear object, and the existence of a lawful cause. In electronic transactions, the agreement of the parties is realized through the exchange of digital communications, such as electronic offers and acceptances. This is where the question arises as to whether contracts made electronically have the same validity as traditional contracts. The UN Convention on Electronic Contracts recognizes that contracts made through electronic communications have the same validity as conventional contracts, provided that they meet the general conditions applicable to contracts. This provides legal certainty for parties involved in international transactions based on digital platforms.

In digital platform-based transactions, authentication is also an important aspect that requires attention. Authentication is the process of verifying the identity of the parties involved in a transaction to ensure that they are legitimate and authorized to conduct the transaction. In international transactions, authentication becomes more complex as it involves parties from different jurisdictions that may have different authentication standards. Digital platforms employ various authentication methods, such as the use of electronic signatures or digital signatures, to ensure the validity of the parties' identities. Electronic signatures are widely recognized as one of the valid authentication methods in international transactions, as stipulated in the UN Convention on Electronic Contracts and the United Nations Commission on International Trade Law (UNCITRAL). Electronic signatures provide assurance that electronically signed documents have the same legal force as conventionally signed documents.

Data security is one of the most important legal issues in the use of digital platforms for international trade transactions. Personal data and financial information transmitted through digital platforms must be protected from the risk of leakage or misuse by unauthorized parties. Some jurisdictions, such as the European Union with its General Data Protection Regulation (GDPR) (Union, 2016), have enacted stringent regulations on personal data protection, governing consumers' rights to control how their data is used by companies or digital platforms. Such regulations provide additional protection for consumers engaged in cross-border transactions, as they can sue digital platforms or merchants if their personal data is misused or leaked. In addition, data security also includes aspects of encryption and other security mechanisms used by digital platforms to protect consumer data from cyberattacks or data theft.

Another legal implication arising from the use of digital platforms is related to jurisdiction and the applicable law in dispute resolution. In cross-border transactions, the parties involved are often located in different jurisdictions, raising questions as to

which law applies in the event of a dispute. Many digital platforms include a choice of law clause in their terms and conditions, specifying which law will apply in the event of a dispute (Salter, 2017). For example, a platform based in the United States might specify that the laws of the state of California will govern transactions between international consumers and merchants on the platform. However, such choice-of-law clauses can be a source of uncertainty for consumers who may not be familiar with the laws of other countries and do not have easy access to assert their rights in foreign jurisdictions.

The UN Convention on Electronic Contracts provides clear guidance on the use of electronic communications in international transactions and seeks to reduce legal uncertainty regarding jurisdiction in digital transactions. The Convention recognizes that contracts made through electronic communications are valid under international law and provides protection for consumers and traders in cross-border transactions. One of the important principles set out in the convention is the principle of functional equivalence, which states that electronic communications should have the same legal force as physical or traditional communications, provided that they meet the applicable requirements of general contract law (Faizal, 2019). This ensures that consumers and merchants using digital platforms are not disadvantaged simply because their contracts are made electronically.

Digital platforms are also faced with legal obligations to comply with consumer protection regulations applicable in the various jurisdictions in which they operate. For example, a platform operating in Indonesia must comply with Indonesia's Consumer Protection Law, which governs the rights of consumers over the products they purchase, including the right to accurate information and the right to return defective products. On the other hand, merchants operating on digital platforms must also comply with international trade regulations governing product quality, taxes, and customs. Failure to comply with these regulations can lead to serious legal consequences, such as fines or business closure by local authorities.

Legal aspects related to the validity of payments in digital transactions are also an important element to analyze. Digital platforms often use a variety of payment methods, including credit cards, digital wallets, and cryptocurrencies. Each of these payment methods has different legal implications, especially in relation to transaction security and consumer protection (Rohendi, 2015). For example, the use of cryptocurrencies in international transactions raises questions regarding the regulation and oversight of such transactions, as many countries do not yet have clear regulations regarding the use of cryptocurrencies as legal tender. Consumers using digital payment methods must also be protected from the risk of fraud or identity theft that often occurs in online transactions.

Roles and Responsibilities of Digital Platform Providers

Digital platform providers play an urgent role in the world of technology-based international trade. With the increase in transactions through digital platforms, their legal responsibilities have come under scrutiny, especially regarding consumer protection. Digital platform providers essentially act as facilitators connecting merchants and consumers in cross-border transactions. This raises a number of legal questions as to whether they should also be held legally responsible for merchant actions or violations that harm consumers. In many jurisdictions, the liability of digital platform providers in relation to consumer protection is set out in specific regulations and platform providers have an obligation to ensure safety and fairness in transactions that take place on their platforms (Mitchell and Mishra, 2019).

Digital platform providers are not only responsible for technical security and data protection but also have a legal responsibility to protect consumers from unethical or fraudulent actions on the part of merchants. In many countries, regulations governing the responsibilities of digital platform providers are beginning to be implemented, particularly in relation to their obligation to supervise the activities of merchants operating on their platforms. For example, the EU Directive 2000/31/EC on e-commerce provides that digital platform providers that are mere conduits or intermediaries are not liable for the content or activities carried out by users or merchants on their platforms, provided that they are not directly involved in such transactions or activities (Wardhana 2011). Article 14 of the Directive clarifies that platform providers cannot be held liable as long as they have no knowledge of illegal activities taking place on their platform and take immediate steps to remove or disable access to the illegal content upon becoming aware of it.

An effective dispute resolution mechanism is also one of the important aspects that digital platform providers must provide. In this context, platform providers are responsible for offering adequate dispute resolution mechanisms for consumers who suffer losses due to transactions that do not go according to the provisions. For example, Online Dispute Resolution (ODR) implemented in the European Union under Regulation (EU) No 524/2013 on Online Dispute Resolution for Consumer Disputes, provides a platform that allows consumers to file complaints against merchants operating on digital platforms. This ODR system provides a pathway for consumers to resolve disputes in an efficient and less burdensome manner, ultimately protecting consumer interests in cross-border transactions. With this mechanism in place, digital platform providers are expected to take responsibility for facilitating dispute resolution between consumers and merchants.

Transaction security is also one of the main responsibilities of digital platform providers. Under international regulations, such as the General Data Protection Regulation (GDPR) in the European Union, platform providers are obliged to protect the personal data of consumers involved in transactions. Article 32 of the GDPR explains that platform providers must implement adequate technical and organizational measures to ensure an appropriate level of security, including encryption and protection against unauthorized access. This obligation makes platform providers responsible for the protection of consumer data, and in the event of a data breach or leak, platform providers can be held legally liable. The GDPR also gives consumers the right to file claims if their data is misused or not properly protected by platform providers.

The responsibilities of digital platform providers also include the obligation to ensure that products sold on their platforms comply with applicable safety and quality standards. In Indonesia, for example, under Law No. 8/1999 on Consumer Protection, platform providers that facilitate the sale of products or services to consumers have a responsibility to ensure that the products or services offered do not cause harm to consumers. Article 4 of the Consumer Protection Law gives consumers the right to obtain true, clear, and honest information about product conditions and warranties. If platform providers fail to comply with this obligation, they may be subject to legal sanctions. This shows that digital platform providers are expected to not only be facilitators, but also play a role in maintaining the quality and safety of the products offered to consumers.

Furthermore, digital platform providers must also comply with regulations relating to product liability, especially in an international context. Some jurisdictions require platform providers to compensate consumers in the event of damage or

defects to products sold through their platforms. For example, in the EU context, the Product Liability Directive (85/374/EEC) provides protection to consumers against defective products sold through digital platforms, and platform providers can be held liable if they fail to supervise the quality of products sold by merchants on their platforms.

Regarding effective law enforcement, digital platform providers also have a role in ensuring that applicable laws are complied with by all parties operating on their platforms. This includes ensuring that merchants comply with tax rules, customs, and other trade regulations relevant to the jurisdiction where the consumer is located. In this context, platform providers are often required to cooperate with government authorities to report suspicious or illegal transactions, as well as assist in enforcement against merchants who violate the rules. In this regard, the platform provider's responsibilities include not only consumer protection, but also complying with applicable laws in various jurisdictions.

The UN Convention on Electronic Contracts also underscores the role of digital platform providers in ensuring transparency and fairness in international transactions based on digital platforms. The Convention emphasizes the importance of clear and accurate information to consumers regarding their rights in cross-border transactions. Digital platform providers must ensure that consumers are given easy access to information regarding the terms and conditions of the transaction, as well as their right to complain or seek redress in the event of a loss. This responsibility places an increased legal burden on digital platform providers to proactively protect consumers and ensure that they are protected from unfair business practices.

The role and responsibility of digital platform providers in protecting consumers in international transactions is significant. Not only do they act as intermediaries in transactions, but they must also be responsible for data security, product quality, and compliance with applicable laws. International and national regulations, such as the GDPR, Indonesia's Consumer Protection Law, and the UN Convention on Electronic Contracts, provide a clear legal framework for digital platform providers' obligations to protect consumers and ensure that their rights are protected in any cross-border transactions conducted through digital platforms.

CONCLUSION

In the context of international trade based on digital platforms, numerous legal aspects become relevant, including the validity of electronic contracts, authentication and data security. Digital platforms must comply with the legal framework established by international regulations such as the UN Convention on Electronic Contracts and the General Data Protection Regulation (GDPR) in the European Union. Legal protection of consumers is also critical to ensure that their rights are safeguarded in cross-border transactions, including the right to clear information, safe products, and effective dispute resolution mechanisms.

Digital platform providers have a significant responsibility to ensure fairness and safety in the transactions they facilitate. They must ensure that merchants comply with legal and ethical standards and provide mechanisms that allow consumers to file complaints and resolve disputes efficiently. Their obligations also include the protection of consumer data and oversight of the quality of products or services sold through their platforms. In the event of violations or negligence, digital platform providers may be held legally liable.

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PROTECTION OF PERSONAL DATA OF E-COMMERCE SELLERS AND BUYERS ACCRODING TO INDONESIA LAW

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Abstract:

Personal data is a privacy right owned by a person. Sellers and buyers are e-commerce users. E-commerce users are required to upload personal data into the electronic system to use E-commerce. Based on data from Market Insights Statistics, the number of E-commerce users in Indonesia reached 178.94 million people in 2022. Bank Indonesia (BI) noted that the value of e-commerce transactions in Indonesia amounted to Rp476.3 trillion in 2022. According to Similar Web data, the amount of e-commerce in Indonesia that are often visited, first Shopee visited 161 million; second, Tokopedia visited by 106 million people; third, Lazada had 70 million visits. The Government of Indonesia has issued Law Number 27 of 2022 concerning Personal Data Protection. The protection of personal data is aimed at guaranteeing citizens' rights to personal self-protection and raising public awareness and ensuring recognition and respect for the importance of personal data protection. In addition to the Indonesia PDP Law, the Government of Indonesia has issued Regulation of the Minister of Communication and Information Technology No. 20 of 2016 concerning Personal Data Protection in Electronic Systems. The owner of the personal data has the right: 1. to the confidentiality of his/her Personal Data; 2. file a complaint in the context of resolving Personal Data disputes over failure to protect the confidentiality of his/her Personal Data by the Electronic System Operator to the Minister; 3. gain access or opportunity to change or update his/her Personal Data without disturbing the Personal Data management system, unless stipulated by the provisions of laws and regulations; 4. gain access or opportunity to obtain historical Personal Data that has been submitted to the Electronic System Operator as long as it is still in accordance with the provisions of laws and regulations; and 5. request the destruction of certain individual data in the Electronic System managed by the Electronic System Operator, unless stipulated by the provisions of laws and regulations; and 5. request the destruction of certain individual data in the Electronic System managed by the Electronic System Operator, unless stipulated by the provisions of laws and regulations. Based on the Law in Indonesia, the operator of E-commerce electronic system in Indonesia shall maintain the correctness, validity, confidentiality, accuracy and relevance and suitability for the

purpose of acquisition, collection, processing, analysis, storage, display, announcement, transmission, dissemination and destruction of Personal Data.

Keywords: Indonesia PDP Law; Indonesia E-Commerce; Personal Data Protection.

INTRODUCTION

E-commerce in Indonesia boasts immense growth potential, attracting international players eager to capitalize on this lucrative market. Alibaba Group has invested in Tokopedia and Lazada, while Tencent has made inroads with Shopee. Similarly, Amazon's involvement with Zilingo, German investments in Zalora, and South Korean investments in Bukalapak highlight the growing interest from global e-commerce leaders (R Franedya, 2019). According to Ernst &; Young data which says that the growth of e-commerce sales value in Indonesia reaches 40% every year (Kementerian Komunikasi dan Informatika Republik Indonesia, 2015). In 2021, the number of e-commerce transactions in Indonesia reached 27 billion USD or equivalent to 403 trillion Rupiah (M. A. Rizaty, 2021).

Researcher argue that The use of e-commerce depends on the buyer's intention. The behavioral intention of an individual to perform an action will determine the actual behavior of the individual. Purchase intent on certain online shopping sites is a factor that predicts a customer's actual behavior or purchase decisions. Consumer intent is an indicator of the extent to which people are willing to perform a certain behavior, which in this study translates as online buying behavior.

The protection of personal data is an integral part of the right to privacy, a fundamental human right enshrined in the Constitution of the Republic of Indonesia, specifically the 1945 Constitution (*UUD 1945*). Article 28G(1) of the *UUD 1945* states: "Everyone has the right to protect themselves, their family, their honor, their dignity, and their property under their control, and the right to security and protection from threats of fear to do or not do something that is a human right." Legal protection serves as a crucial mechanism to safeguard human dignity and fundamental rights. It recognizes these rights as inherent to legal subjects and establishes legal frameworks that define and regulate the relationships between them. These frameworks aim to prevent infringements and ensure the responsible handling of personal data (Teguh Prasetyo, 2018).

Indonesia has a robust legal framework for protecting the personal data of its citizens. Law Number 27 of 2022, also known as the Personal Data Protection Law (PDP Law), establishes comprehensive regulations in this domain. The PDP Law goes beyond previous regulations by outlining specific prohibited acts that could potentially harm an individual's personal data. This focus on preventative measures enhances data security and empowers citizens (Sinta Dewi Rosadi, 2023).

The right to personal data protection is a fundamental human right. It safeguards individuals' autonomy and privacy by ensuring control over their personal information. Data protection laws promote public awareness of this right and its importance. This is further reinforced by existing legal frameworks, such as Article 14(2) and Article 30 of Law Number 39 of 1999 on Human Rights, which guarantees the protection of "oneself, family, honor, dignity, and property rights" (Teguh Prasetyo & Franciscus Xaverius Wartoyo, 2021).

The registration of personal data into such electronic systems makes the use of any electronic system including e-commerce increase. Therefore, this makes internet security more vulnerable and easily infiltrated and misused by bad actors, so we don't hear many cases of data leakage. For example, in May 2020, as many as ten digital

companies experienced data leaks with a total of up to 73 million more data leaked, including e-commerce Bhinneka.com (Deanne Destriani Firmansyah Putri & Muhammad Helmi Fahrozi, 2021).

On April 17, 2020, an international hacker with the nickname 'Why So Dank' managed to hack *Tokopedia*. News related to the *Tokopedia* hack initially circulated on Twitter social media, one of which reported this event was @underthebreach's Twitter account, saying that there were 15 million *Tokopedia* users whose data had been hacked. According to @underthebreach, the data that has been hacked contains emails, passwords, and usernames. However, after further investigation, it turned out that the number of *Tokopedia* user accounts that were successfully hacked increased to 91 million accounts and 7 million Merchant accounts. A year earlier, *Tokopedia* informed that there were around 91 million on its platform. This means that it can be said that almost all accounts contained in the *Tokopedia* marketplace have been hacked and data taken. Cyber security expert, Pratama Persadha, said the hacker who hacked *Tokopedia* first published the results of his hacking on a site on the dark web, namely Raid Forums (Muhammad Fathur, 2020). On the site, it can be known, the results of hacking *Tokopedia* user data are published for sale using the name Why So Dank. It is reported that hackers sell hacked data on the dark web, the data sold is in the form of personal data, namely, full name, date of birth, phone number, gender, and email. The data was sold by the perpetrator for US $ 5,000 or around Rp. 74 million (Rahmad Fauza, 2020).

The applicable agreement in e-commerce is a click agreement. In e-contracts, in general, an agreement is reached when the consumer clicks on the agreement section. A click-wrap agreement is a contract for the purchase of goods, or the use of goods or services offered by an online merchant. In general, online buyers must agree to the terms mentioned in the standard contract that has been prepared by clicking on the icon, (which usually contains the words I agree with, I Accept, OK, Agree) before completing the transaction (Edy Santoso, 2016).

The protection provided to consumers varies, it can be economic, social, political protection. The most important consumer protection and the topic of this discussion is legal protection. Legal protection is the main form of protection because it is based on the idea that the law is a means that can accommodate the interests and rights of consumers comprehensively. In addition, the law has coercive power that is officially recognized within the state, so that it can be enforced permanently, in contrast to protection through other institutions such as economic or political protection, for example, which is temporary or temporary (Rizky Pratama Putra Karo Karo, 2020).

All parties involved in e-commerce have their respective rights and obligations. As sellers, they are responsible for providing accurate and truthful information about the goods they offer to customers. Sellers also have the right to protect themselves from unscrupulous buyers in electronic transactions. E-commerce transactions occur between parties who do not meet face-to-face but are connected through the internet. Fundamentally, all parties involved in e-commerce have rights and obligations. Sellers, as the ones offering goods online, are responsible for providing accurate and truthful information about the goods they offer to customers (Alexandra Exelsia Saragih et al., 2023). The digital age has rendered in-person meetings obsolete in international trade, allowing for seamless transactions of goods, services, and even medical equipment through online platforms (Anita Yadav & Utkarsh Srivastva, 2024).

E-commerce transactions, like traditional sales contracts, are fundamentally based on the principle of consensualism. A contract is formed when there is a meeting of the minds between the offeror and the offeree. While the medium of communication is electronic, the underlying principles of offer and acceptance remain unchanged (Yanci

Libria Fista & Suartini Aris Machmud, 2023). Technological advancement is a global phenomenon exerting profound influence on societies worldwide. In Indonesia, this transformative force significantly impacts the lives of its citizens, reshaping social behaviors, interpersonal interactions, and work patterns. As a nation governed by the rule of law, Indonesia necessitates a legal framework to guide and regulate the lives of its citizens within this evolving technological landscape (Yadav & Srivastva, 2024).

The vulnerability of personal data to breaches, which can be attributed to both systemic failures and malicious cyberattacks, poses a significant threat to individuals and economies. The potential consequences of data breaches include erosion of consumer trust, infringement of individual privacy, disruption of business activities, and a decline in foreign investment. To mitigate these risks, platforms implement privacy policies that detail their practices for handling user data (Indriani Muin, 2023).

This research investigates the efficacy of Indonesia's Law Number 27 of 2022 on Personal Data Protection and related regulations in safeguarding the personal data of sellers and buyers engaged in e-commerce activities within Indonesia. The specific research question is: How do Indonesian regulations protect the personal data of e-commerce sellers and buyers?

RESEARCH METHODS

The research method used in this writing is juridical normative research, which refers to legal principles and also laws and regulations related to consumer protection and consumer data protection as well as a comparison of regulatory regulations involved in writing (regulations that have been passed or have not been ratified) (Teguh Prasetyo, 2019).

This research uses secondary data. Secondary data consists of first, primary legal material; second, secondary legal materials, third, tertiary legal materials. Primary legal materials are legal materials that have authority, the legal materials used in this study include: Indonesia Law Number 27 of 2022 concerning Personal Data Protection; Law Number 11 of 2008 concerning Electronic Information and Transactions, Regulation of the Minister of Communication and Information of the Republic of Indonesia Number 20 of 2016, Government Regulation of the Republic of Indonesia Number 71 of 2019 and Law Number 8 of 1999 concerning Consumer Protection.

Secondary legal materials are legal materials that help explain the explanation of primary legal materials (Agus Budianto, 2020). Tertiary legal materials, namely legal materials that provide instructions and explanations to primary legal materials and secondary legal materials, legal materials used in the form of Big Indonesian Dictionaries and Legal Dictionaries (Vincensia Esti Purnama Sari, 2023). The research approach used in this study is research on laws and regulations. Researchers analyzed applicable laws and regulations related to personal data protection in Indonesia. Researchers use an approach to the principles of personal data protection. Researchers analyze the principles, rights of personal data subjects in accordance with regulations in Indonesia. This research design is intended so that e-commerce consumers in Indonesia have legal knowledge, and guidelines for safeguarding personal data, and report to e-commerce providers if their personal data is misused.

ANALYSIS AND DISCUSSION

Personal Data Protection Arrangements in Indonesia

Indonesia Law Number 27 of 2022 concerning Personal Data Protection is the legal basis for personal data protection arrangements in Indonesia. Article 1 Number (1) of Law Number 27 of 2022 concerning Personal Data Protection (PDP Law) provides a definition of personal data, namely "data about natural persons who are identified or can be identified separately or combined with other information either directly or indirectly through electronic or non-electronic systems". Personal data is part of privacy that must be protected, as affirmed in various international, regional, and national legal instruments, which guarantee the importance of personal data protection. There is no definitive and definite definition of privacy and personal data (Rizky PP Karo Karo &Teguh Prasetyo, 2020).

The Indonesia PDP Law classifies personal data into two properties, namely personal data that is general and specific as stated in article 3 paragraphs (1-3) of the Personal Data Protection Law. General data includes full name, gender, nationality, religion, and/or Personal data combined to identify an individual. While the specific ones include: 1. health data and information; 2. biometric data; 3. genetic data; 4. sexual life/orientation; 5. political views; 6. criminal record; 7. Child Data; 8. personal financial data; 9. Other data in accordance with the provisions of laws and regulations.

Indonesia's Personal Data Protection Law has established a robust legal framework for safeguarding personal data, aligning with global trends and addressing the pressing need for privacy in the digital age. The law explicitly prohibits the unauthorized processing and disclosure of personal data, requiring businesses to obtain explicit consent from individuals before processing their personal information. This is particularly important in the e-commerce sector, where the protection of consumer data is paramount.

Regulation on E-Commerce in Indonesia and Consumer Protection Principle

The legal basis for e-commerce in Indonesia is 1. Law No. 11 of 2008 which has been amended in Law No. 19 of 2016 concerning Electronic Information and Transaction (Indonesia ITE Law); 2. Indonesia Law Number 7 of 2014 concerning Trade. Based on the provisions of article 65 of Indonesia Law Number 7 of 2014 concerning Trade, it is regulated that every business actor who trades Goods and or Services using an electronic system is required to provide complete and correct data and / or information. In addition, e-commerce regulations in Indonesia are regulated in 1. Government Regulation Number 80 of 2019 concerning Trade Through Electronic Systems; 2. Regulation of the Indonesia Minister of Communication and Information Technology Number 5 of 2020 concerning Private Scope Electronic System Operators; 3. Indonesia Minister of Trade Regulation Number 50 of 2020 concerning Provisions.

Business Licensing, Advertising, Coaching, and Supervision of Business Actors in Trading Through Electronic Systems. In regulating business actors in trading through electronic systems, Minister of Trade Regulation Number 50 of 2020 concerning Provisions for Business Licensing, Advertising, Coaching, and Supervision of Business Actors in Trading Through Electronic Systems states in Article 3 paragraph (1) that "Business Actors must have a Business License in conducting PMSE business activities". Business actors in this context include individuals or legal entities, both in the form of legal entities and non-legal entities, which can be in the form of Domestic Business Actors and Foreign Business Actors operating in the PMSE sector. The type of business license required in the article is a Trading Business License through Electronic Systems (*SIUPMSE*) for business actors who carry out Trading through Electronic Systems (*PMSE*) business activities.

Consumer protection is all efforts that ensure legal certainty to provide consumer protection. The formulation of the definition of consumer protection contained in Article 1 Number 1 of Law Number 8 of 1999 concerning Consumer Protection is quite adequate. The sentence stating "all efforts that ensure legal certainty" is expected as a bulwark to eliminate arbitrary actions taken by business actors only in the interest of consumer protection. Arbitrariness will result in legal uncertainty. Therefore, in order for any effort to guarantee legal certainty, its measure is qualitatively determined in consumer protection law (Shidarta, 2000).

Consumer protection law is one part of consumer law that contains various principles and rules that have the nature of regulating and protecting the interests of consumers so that they do not always suffer losses due to the actions of producers who are not responsible for the goods and / or services they produce. The principles of consumer protection are regulated in the Consumer Protection Law, namely: 1. Benefit Principle: The benefit principle is intended to mandate that all efforts in carrying out consumer protection must provide the maximum benefit for the interests of consumers and business actors as a whole; 2. The principle of justice. The principle of justice is intended so that the participation of all people can be realized optimally and provide opportunities for consumers and business actors to obtain their rights and carry out their obligations fairly; 3. The principle of balance. The principle of balance is intended to provide a balance between the interests of consumers, businesses, and governments in a material and spiritual sense; 4. Consumer Security and Safety Principles. The principle of security and safety of consumers is intended to provide guarantees for security and safety to consumers in the use, use, and utilization of goods and / or services consumed or used; 5. The Principle of Legal Certainty. The principle of legal certainty is intended so that business actors and consumers obey the law and obtain justice in organizing Consumer Protection, and the state guarantees legal certainty.

Rights of Personal Data Owners (Sellers and Buyers in Electronic E-Commerce Systems in Indonesia)

Based on Article 3 of the Indonesia PDP Law, the principles of personal data protection in Indonesia are:

1) Protection. What is meant by "protection principle" is that any processing of Personal Data is carried out by providing protection to the Personal Data Subject of his/her Personal Data and such Personal Data from misuse;
2) Legal certainty. What is meant by the "principle of legal certainty" is that every processing of Personal Data is carried out based on a legal basis to realize Personal Data Protection and everything that supports its implementation so as to obtain legal recognition inside and outside the court;
3) principles of public interest. What is meant by the "principle of public interest" is that in enforcing Personal Data Protection we must pay attention to the public interest or the public at large. These public interests include interests;
4) The principle of expediency. What is meant by the "principle of expediency" is that Personal Data Protection arrangements must be beneficial to the national interest, especially in realizing the ideals of general welfare;
5) The precautionary principle. What is meant by the "precautionary principle" is that parties related to the processing and supervision of Personal Data must pay attention to all aspects that have the potential to cause harm;
6) the principle of balance. What is meant by the principle of balance" is as an effort to protect Personal Data to balance between the right to Personal Data on the one hand with legitimate state rights based on the public interest;

7) The principle of accountability. What is meant by the "principle of responsibility" is that all parties related to the processing and supervision of Personal Data act responsibly so as to ensure the balance of rights and obligations of the parties concerned including Personal Data Subjects;
8) The principle of confidentiality. What is meant by "confidentiality principle" is that Personal Data is protected from unauthorized parties and/or from unauthorized processing of Personal Data.

Based on the researcher's search and analysis, the regulation of the rights of personal data owners in Indonesia is only in the form of regulation 1. Indonesia PDP Law; 2. Regulation of the Minister of Communication and Information Technology (in Indonesia: Permenkominfo). The Permenkominfo that the researcher refers to is the Regulation of the Minister of Communication and Information Technology No. 20 of 2016 concerning Personal Data Protection in Electronic Systems (hereinafter referred to as Permenkominfo PDPES). Based on Article 1 Number 3 of the Permenkominfo PDPES, it is regulated that the Personal Data Owner is an individual to whom Certain Individual Data is attached.

The Right to Privacy is a vital right essential to the protection of human dignity and aims to be the foundation upon which many human rights are oversubscribed. Privacy empowers us to set boundaries as a form of protecting ourselves from unwanted intrusion, allowing us to tell us who we are and how we want to interact with those around us (CSA. Teddy Lesmana et al., 2022).

Based on Article 26 of *Permenkominfo* PDPES, the owner of personal data has the right: a. to the confidentiality of his Personal Data; b. file a complaint in the context of resolving Personal Data disputes for failure to protect the confidentiality of their Personal Data by the Electronic System Operator to the Minister; c. gain access or opportunity to change or update his/her Personal Data without disturbing the Personal Data management system, unless otherwise stipulated by the provisions of laws and regulations; d. gain access or opportunity to obtain historical Personal Data that has been submitted to the Electronic System Operator as long as it is still in accordance with the provisions of laws and regulations; and e. request the destruction of certain individual data in the Electronic System managed by the Electronic System Operator, unless otherwise stipulated by the provisions of laws and regulations.

The Indonesia Personal Data Protection Law (PDP Law) defines a 'data subject' as any natural person to whom personal data pertains. Articles 4 to 15 of the PDP Law outline the rights of data subjects, including the right to request information regarding the identity of the data processor, the legal basis for data processing, the purpose of data collection and use, and the accountability of the data processor. Furthermore, data subjects possess the right to object to the processing of their personal data, request data deletion or destruction, and demand the suspension or limitation of data processing commensurate with the intended purpose. Data subjects also have the right to seek compensation for any damage resulting from breaches of their personal data, as stipulated by applicable laws and regulations.

Protection of Personal Data of Sellers and Buyers in Electronic E-Commerce Systems in Indonesia

Teguh Prasetyo argues that legal protection is the role of law has a very important significance in regulating and maintaining public order, including regulating legal relations between individuals in society. This legal relationship is carried out in accordance with applicable legal norms. These legal norms exist with the aim of creating a balance among the various interests that exist in society, thus preventing chaos (Teguh Prasetyo, 2018).

Indonesia Gov. Regulation No. 71/2019 provides a normative definition of an electronic system, namely a series of electronic devices and procedures that function _ to prepare, collect, process, analyze, store, display, announce, transmit, and/or disseminate Electronic Information. Electronic system providers are grouped into two types: 1, Electronic system providers for public use, which are run by agencies or institutions arranged by the government; 2. Closed electronic network providers, managed by individuals, companies, and the public. E-commerce providers in Indonesia are private electronic system operators.

Based on Article 14 paragraph (1) of Indonesia Gov. Regulation No. 71/2019, Electronic Sister Operators are required to implement the principles of Personal Data protection in processing Personal Data, including:

1. the collection of Personal Data is limited and specific, legally valid, fair, with the knowledge and consent of the owner of the Personal Data;
2. the processing of Personal Data is carried out in accordance with its purpose;
3. the processing of Personal Data is carried out by guaranteeing the rights of the owner of the Personal Data;
4. the processing of Personal Data is carried out accurately, completely, not misleadingly, up-to-date, accountable and takes into account the purpose of processing Personal Data;
5. the processing of Personal Data is carried out by protecting the security of Personal Data from loss, misuse, unauthorized access and disclosure, and alteration or destruction of Personal Data;
6. processing of Personal Data is carried out by notifying the purpose of collection, processing activities and failure to protect Personal Data; and
7. the processing of Personal Data is destroyed and/or deleted unless it is still within the retention period in accordance with the needs based on the provisions of laws and regulations.

Based on Article 14 paragraph (2) of Indonesia Gov. Regulation No. 71/2019, the processing of personal data includes: a. acquisition and collection; b. processing and analysis; c. storage; d. fixes and updates; e. appearance, announcement, transfer, dissemination, or disclosure; and/or f. removal or destruction. The processing of Personal Data must meet the conditions of valid consent from the owner of Personal Data for 1 (one) or several specific purposes that have been submitted to the owner of Personal Data. In addition, the processing of Personal Data must meet the conditions necessary to: a. fulfillment of contractual obligations in the event that the owner of the Personal Data is a party or to fulfill the request of the owner of the Personal Data at the time of entering into the agreement; b. fulfillment of the legal obligations of the Personal Data controller in accordance with the provisions of laws and regulations; c. fulfillment of the protection of the legitimate interests (vital interest) of the owner of Personal Data; d. exercise of the authority of the Personal Data controller based on the provisions of laws and regulations; e. fulfillment of the obligations of the Personal Data controller in public services in the public interest in the public interest; and/or f. fulfillment of other legitimate interests of the Personal Data controller and/or the owner of the Personal Data. Based on Article 14 paragraph (5) of Indonesia Gov. Regulation No. 71/2019 that in the event of failure in the protection of the Personal Data it manages, the Electronic System Operator must notify in writing to the owner of the Personal Data. According to the researcher, the failure of personal data, for example, must be done if there is a data failure, for example if a small child enters a 'still' date of birth in the category of 'child' which is under 18 years, then it can be categorized as data failure. However, based on the theory of dignified justice, if the child wants to create an account in an electronic system, e-commerce, social media

accounts should be under the supervision of parents, or their siblings. The parent can also take over the account, so the parent and child know the password on the electronic system.

Based on Article 4 of the Consumer Protection Law, consumer rights are: 1. the right to comfort, security, and safety in consuming goods and/or services; 2. the right to choose goods and/or services and obtain such goods and/or services in accordance with the exchange rate and conditions and guarantees promised; 3.The right to true, clear, and honest information regarding the conditions and guarantees of goods and/or services; 4.the right to be heard and complaints about the goods and/or services used; 5.the right to appropriate consumer protection advocacy, protection, and dispute resolution efforts; 6.the right to consumer coaching and education; 7.the right to be treated or served properly and honestly and non-discriminatory; 8. the right to obtain compensation, compensation and/or replacement, if the goods and/or services received are not in accordance with the agreement or are not as they should be; 9.Rights stipulated in the provisions of other laws and regulations. If the consumer/owner of personal data feels aggrieved, or there is a material or immaterial loss from the platform operator, in accordance with Article 26 paragraphs (1), and (2) of the ITE Law, the consumer/owner of personal data can file a lawsuit to the competent District Court registrar.

The researcher explains the legal basis in Indonesia. Based on Article 26 paragraph (1) of the ITE Law "Unless otherwise stipulated by laws and regulations, the use of any information through electronic media that concerns a person's personal data must be carried out with the consent of the person concerned." Article 26 paragraph (2) of the ITE Law "Any person who is violated by his rights as referred to in paragraph (1) may file a lawsuit for losses incurred under this Law".

Based on the Researcher's analysis, the legal right to file a lawsuit for alleged unlawful acts is a legal step to restore the dignity of users / consumers whose personal data is misused. Although according to the researcher, deleting personal data that has been spread also requires the role of the Government through the competent Ministries / Agencies, considering that the personal data that has been spread is likely to be spread more than one platform.

Consumer legal protection seeks to safeguard consumer rights, ensuring they are not violated. This encompasses the protection of human rights for individuals harmed by others, enabling citizens to fully exercise their legal entitlements. Essentially, legal protection constitutes a comprehensive range of legal measures undertaken by law enforcement agencies to guarantee both mental and physical security for citizens, shielding them from interference or threats emanating from any source. The foundation of legal protection within the Indonesian state rests upon Pancasila, with the principle of harmonious kinship serving as its cornerstone (Rizky Karo Karo, 2019).

The author takes the example of personal data protection by an e-commerce organizer in Indonesia called PT. Tokopedia (Tokopedia), based on the provisions of Tokopedia users on the Tokopedia website, it is regulated that: 1. Tokopedia Users can create or upload content, follow and be followed by other Users and interact with fellow Users who have activated the Profile User Feed service through the content comment column and the like button on the content; 2. The User authorizes Tokopedia to process his/her personal data for the use of the User Profile Feed service; 3. The User grants permission to Tokopedia to display User information on the Site/Application in the form of username, username, profile photo, biodata written by the User on the User Profile and content created or uploaded by the User on the User Profile Feed; 4. Users can upload and/or change the profile photo they want to use and write the biodata they want to display on the User Profile. The User understands and agrees that the profile photo and biodata

that you want to use do not contain elements that are or connote Ethnicity, Religion, Race, and Inter-Group (SARA), pornography, negative content or not in accordance with ethics, morals, and culture (Tokopedia, 2023).

If there is a legal problem between the user and Tokopedia, it is based on the agreement contained in the term of use listed by Tokopedia as the organizer of E-commerce, in accordance with the Tokopedia term of condition that has been agreed by the user and Tokopedia as the organizer and provider of the E-commerce application, the user agrees to the following: 1. The user is personally responsible for maintaining the confidentiality of the account and password for all activities that occur within the User's account; 2. Tokopedia will not ask for username, password or SMS verification code or OTP code belonging to the User's account for any reason, therefore Tokopedia urges Users not to provide such data or other important data to parties on behalf of Tokopedia or other parties whose security cannot be guaranteed; 3. The User agrees to ensure that the User logs out of the account at the end of each session and notifies Tokopedia if there is any unauthorized use of the User's password or account; 4. The User hereby declares that Tokopedia is not responsible for any losses or obstacles arising from misuse of the User's account caused by the User's negligence, including but not limited to approving and/or granting account login access sent by Tokopedia through notification messages to other parties through the User's device, lending accounts to other parties, accessing links or links provided by other parties, provide or show verification code (OTP), password or email to other parties, or other User's negligence that results in losses or problems with User's account (Tokopedia, 2023).

If there is a failure of personal data protection by the operator of the E-commerce application (Tokopedia), then the obligation that must be carried out by the electronic system operator based on Article 15 paragraph (2) of *PP PSTE* is to notify in writing about it to the owner of the personal data. If the widely disseminated personal data is not in the context agreed in the terms and conditions, then based on Article 26 paragraph (2) of the Indonesia ITE Law, the owner of personal data can file a claim for compensation to the electronic system operator (E-commerce) through the district court (Maldi Omar Muhammad & Lucky Dafira Nugroho, 2021).

Based on the provisions of Article 26 of Indonesia Law Number 16 of 2016 concerning Amendments to Indonesia Law Number 11 of 2008 concerning Electronic Information and Transactions, it has been explained that any victim who has violated his rights can file a civil lawsuit made under this law. The right that victims must file a lawsuit on the basis of the leaking of their personal data is a right protected by the constitution. Victims of marketplace platform users have the legal right to have their personal data protected by the marketplace platform provider. Article 26 of the ITE Law states that personal data is part of the protected rights of individuals. Article 26 paragraph (1) of the ITE Law outlines the right to privacy including the right to obtain an undisturbed life, freedom of communication without supervision, and the right to monitor access to personal information, including the right to protect personal data. Article 26 of the ITE Law is in accordance with Tokopedia's commitment to ensure the confidentiality of users' personal information it manages, and confirms that there will be no disclosure, sale, transfer, distribution, or rental of users' personal information to third parties without obtaining permission from the user. Tokopedia earnestly prioritizes the confidentiality of users' personal information managed by it.

Tokopedia's responsibility as an electronic system operator in handling cases of violations of personal information of Tokopedia users can be based on Government Regulation Number 71 of 2019 concerning the Implementation of Electronic Systems and Transactions which is a revision of Government Regulation Number 82 of 2012. Article 3

paragraph (1) of Government Regulation Number 71 of 2019 concerning the Implementation of Electronic Systems and Transactions explains that PSEs such as Tokopedia have the obligation to operate electronic systems safely, responsibly, and securely. Article 8 of Government Regulation Number 71 of 2019 concerning the Implementation of Electronic Systems and Transactions stipulates that electronic system operators must ensure the reliability and security of software used for digital transactions.

The conduct of business through e-commerce must comply with human rights values (Koesmoyo Ponco Aji et al., 2024). E-commerce officers must not leak personal data or misuse personal data that can be accessed. According to the PDP Law, personal data protection refers to a series of measures taken to maintain the security of personal data when it is processed. It aims to protect the constitutional rights of individuals who are subjects of personal data. Then personal data is defined as information about individuals who are identified or can be identified directly or indirectly either through electronic or non-electronic systems.

Business actors on digital platforms or business actors who act as controllers of personal data must provide compensation or compensation for the leakage of consumer personal data. Viewed from the perspective of consumer protection law, business actors are responsible for losses arising from leakage of personal data in accordance with the principle of strict liability known in the field of consumer protection law. This principle emphasizes that business actors must be responsible for the leakage of consumer personal data that occurs on their platforms, without having to prove fault or negligence on the part of users of electronic systems. By applying the principle of strict liability, business actors are expected to provide better protection of consumers' personal data and are responsible for losses arising from data leakage (Muhammad Raihan, 2023).

CONCLUSION

Personal data is recognized as a fundamental right of Indonesian citizens. Therefore, the state has an obligation to provide legal protection, certainty, justice, and benefits to its citizens. The regulations aimed at protecting Tokopedia users from personal data breaches are intended to prevent the recurrence of such incidents across all Indonesian e-commerce platforms. The Indonesian Electronic Information and Transactions Law (UUPK), in Article 3, states that its purpose is to protect and enhance human dignity while ensuring legal certainty in contractual agreements. Furthermore, the Indonesian Personal Data Protection Law engage in a crucial role in safeguarding the personal data of both sellers and buyers within Indonesia's e-commerce ecosystem. This law serves as a legal framework that regulates the lawful and responsible collection, processing, and storage of personal data. E-commerce platforms that comply with the Indonesian PDP Law can enhance consumer trust, both domestically and internationally. PDP Law mandates data controllers to implement adequate technical and organizational security measures to protect personal data. E-commerce platform providers must uphold this principle, recognizing that while profit maximization is a business objective, it must be achieved while respecting the crucial values of data protection. The law serves to integrate and coordinate diverse societal interests. In situations where these interests conflict, legal protection for certain interests can only be achieved by limiting others. In the context of electronic e-commerce, personal data protection regulations aim to maintain a balance between the parties' legitimate interests in pursuing profit.

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ASEAN CARBON TRADING: GOLDEN OPPORTUNITY OR REGULATORY TRAP? LEGAL FRAMEWORK ANALYSIS FOR GREENHOUSE GAS REDUCTION

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Abstract:

Climate change has become a pressing global issue, with carbon emissions being a dominant contributor to environmental degradation. ASEAN countries, while experiencing rapid economic growth, still heavily depend on fossil fuels, leading to increasing greenhouse gas emissions. Carbon trading is seen as an effective mechanism to mitigate emissions while maintaining economic stability. However, regulatory gaps in ASEAN pose significant challenges to implementing a well-structured carbon trading system. This study employs normative legal research, utilizing statutory, conceptual, and comparative approaches. Legal materials analyzed include the *ASEAN Economic Community (AEC) Blueprint 2025*, the *ASEAN Plan of Action for Energy Cooperation (APAEC)*, the *Paris Agreement*, and ASEAN's Nationally Determined Contributions (NDCs). Through a literature study, this research systematically examines legal frameworks, regulatory challenges, and potential solutions in ASEAN's carbon market. The findings highlight that despite ASEAN's potential in carbon trading, inconsistencies in national regulations hinder the effectiveness of a regional carbon market. Indonesia, possessing the largest nature-based carbon trading potential in Southeast Asia, stands to benefit significantly. However, to establish a robust carbon trading system, ASEAN must adopt harmonized regulatory policies and enforceable carbon market mechanisms. A comparative analysis with the European Emissions Trading System (EU ETS) suggests that ASEAN could benefit from implementing a region-wide cap-and-trade model, ensuring both economic viability and environmental integrity. This study concludes that ASEAN needs stronger legal frameworks, institutional cooperation, and regulatory transparency to maximize the benefits of carbon trading. Strategic recommendations include policy alignment across member states, incentive mechanisms for compliance, and sustainable investment frameworks. By addressing these legal gaps, ASEAN can foster an effective carbon trading ecosystem that prioritizes climate mitigation over economic exploitation.

Keywords: Carbon Trading, ASEAN, Regulatory Framework, Emissions Trading, Climate Mitigation.

INTRODUCTION

Climate change has become one of the serious problems in the 21st century, with carbon emissions as the dominant factor. The increasing rate of the earth's surface temperature, seawater, and changes in the natural seasonal cycles have further increased the concern of the international community (Pratama & Kunci, 2019). Greenhouse gas emissions, especially carbon dioxide, have reached hazardous levels, to the point of affecting the sustainability of ecosystems and the balance of the planet. According to a report from the Intergovernmental Panel on Climate Change (IPCC), if no significant action is taken, global temperatures could increase by more than 1.5℃ above pre-industrial levels (in 2030) (Kurniarahma et al., 2020). Referring to these problems, there has been an awareness from various countries in the international world to commit to reducing greenhouse gas emissions to address climate change. However, this challenge is very complex and requires effective coordination between countries in a global scope. The Kyoto Protocol and the Paris Agreement are manifestations of significant steps in efforts to reduce carbon emissions, although there are still many gaps that must be patched immediately (Baroleh et al., 2023). Although many countries have set emission reduction targets, implementation in the field is often hampered by limited infrastructure resources, so efforts to achieve these goals are less than optimal.

Of course, this is where the role of international trade law is very central in directing the economic behavior of countries based on joint efforts to realize sustainable environmental goals. For example, we can examine more closely a series of carbon trading mechanisms that have been recognized as effective strategies for reducing greenhouse gas emissions. Carbon trading involves buying and selling carbon credits, which can help industrialized countries optimize their business processes by paying attention to environmental (ecological) aspects (Samasta, 2023). Regulation and supervision of carbon trading mechanisms can be important instruments to achieve global emission reduction targets. The potential for carbon trading is very large, especially in the global market scheme. Industrialized countries can buy carbon credits from developing countries that have the potential for green forests to absorb the effects of greenhouse gases. This not only helps in achieving the Nationally Determined Contributions (hereinafter referred to as NDC) targets for each country but also provides positive economic incentives for emission reduction efforts. Climate finance can encourage the energy transition from fossil fuels to cleaner energy sources (Agustinus Prajaka Wahyu Baskara, 2023).

Referring to Article 6 of the Paris Agreement, the mechanism of international cooperation in reducing greenhouse gas emissions has been regulated and facilitated. The cooperative approach mechanism (Article 6.2) and public and private participation (Article 6.4) are important foundations for the implementation of an optimal carbon market and maintaining environmental integrity (Nasution, 2022). Not only the Paris Agreement, in the Marrakesh Agreement that established the World Trade Organization (hereinafter referred to as the WTO), members agreed on a clear relationship between sustainable development and orderly trade liberalization, to ensure that market opening is in line with environmental and social objectives (Fauzi, 2023). Through the ongoing Doha Round, members are strengthening their commitment to sustainable development by starting trade negotiations based on the environment (ecology). To expand trade, various aspects of the Doha Round have a direct impact on sustainable development and can contribute positively to efforts to mitigate and adapt to climate change.

There is a proverb that says "If you want to go fast, go alone. If you want to go far, go together," which is very relevant in describing the global effort towards a green civilization. Every individual in the world shares the same air and lives under the same

ozone layer, regardless of geographical boundaries. Therefore, no matter how hard one country tries to implement clean energy, the impact will not be maximized if many other countries continue to produce excessive pollution. Often, economic growth is used as an excuse for a country to continue polluting, especially for developing countries that are rich in fossil energy resources. At first glance, this reason seems reasonable, but in reality, this assumption is wrong. The ASEAN region is closely related to this issue. On the one hand, countries in Southeast Asia still rely on relatively affordable fossil energy to drive economic growth. However, on the other hand, this region also has biodiversity that must be preserved. According to a report by the International Energy Agency (IEA), energy demand in the ASEAN region has increased by an average of 3 percent per year in the last two decades and is expected to continue to increase until 2030 (Rafif et al., 2024).

This surge in energy demand is aimed at supporting ASEAN's economic growth, which in the last two decades has recorded an average growth of more than 5 percent per year. However, almost 90 percent of energy needs in ASEAN still depend on fossil fuel sources, which causes carbon dioxide emissions (hereinafter referred to as CO_2) to increase by an average of 3.8 percent per year (Anwar, 2022). Globally, ASEAN contributes around 5.84 percent of the world's total greenhouse gas emissions, a figure that is even higher than greenhouse gas emissions in the European region (Maulana, 2023). These high emissions directly increase the risk of climate change in the ASEAN region, which in turn will hurt long-term economic growth. The Asian Development Bank has identified the ASEAN region as one of the region’s most vulnerable to the risks of climate change. It is estimated that this phenomenon could reduce ASEAN's economic growth by up to 11 percent per year in the long term. This is mainly due to the heavy dependence of ASEAN countries on sectors such as agriculture, fisheries, and tourism, which are heavily influenced by natural conditions (Dzikrullah & Desmawan, 2023). The projected decline in economic growth also comes from a decline in labor productivity due to a decline in the quality of public health triggered by climate change.

Researchers conducting literature studies refer to several previous studies that are relevant to this research topic. First, Retno Febriyastuti Widyawati, et al. in 2021 in a study entitled "The Effect of Economic Growth, Urban Population, International Trade Openness on Carbon Dioxide (CO_2) Emissions in ASEAN Countries". This study analyzes the effect of economic growth, urban population, and international trade openness on CO_2 in ASEAN countries during the period 2000-2014. The results show that economic growth and international trade openness hurt CO_2 emissions, while the urban population has a positive effect. Sustainable development policies, birth control, and a focus on comparative advantage can help reduce carbon emissions in ASEAN (Febriyastuti Widyawati et al., 2021). Second, F.F Valentika and Bambang Eko Turisno in 2024 in a study entitled "Integration of Financial Innovation and Environmental Policy in Carbon Exchanges: Legal Review and Best Practices in Indonesia". This study examines the integration of financial innovation and environmental policy in carbon exchanges in Indonesia from a legal perspective. The results show that fintech technology improves transparency and efficiency of carbon trading, while best practices such as Green Bonds and the Climate Bonds Initiative can strengthen carbon exchanges. Key challenges include financial and regulatory issues, but the green bond market in Southeast Asia has great growth potential, with holistic regulation and strong policies key to maximizing its benefits (Valentika & Turisno, 2024).

This study is different from the two previous studies, especially in terms of theoretical gap and practical knowledge gap. The two previous studies focused more on economic and financial aspects, while this study fills the theoretical gap by focusing on the legal framework underlying carbon trading in ASEAN and how legal policies can

regulate and support greenhouse gas emission reduction. This study presents a more in-depth legal perspective, which is not discussed in previous studies. Although previous studies have discussed the factors that influence carbon emissions and technologies to support carbon trading, this study offers practical solutions related to regulations and legal policies to optimize carbon trading in ASEAN. This provides a new contribution to the implementation of concrete policies to overcome regulatory challenges in the ASEAN region. By focusing on the legal framework, this study fills the gap in theory and practice that has not been fully explored in previous studies. This study is here to review the legal framework that supports carbon trading in the ASEAN region to reduce greenhouse gases. This study also aims to identify the challenges and opportunities faced in the regulation of the ASEAN carbon exchange, as well as evaluate the impact of legal policies on the effectiveness of carbon trading.

RESEARCH METHODS

The research method used in this study is normative legal research, which aims to analyze and understand the laws and regulations related to the problematic regulatory vacuum in the ASEAN region related to the increasing demand for carbon trading. In this study, the legal materials used include the ASEAN Economic Community (AEC) Blueprint 2025, the ASEAN Plan of Action for Energy Cooperation (APAEC), the Paris Agreement, and ASEAN NDCs and other related regulations. The approach used in this study is the statutory approach (focusing on the content analysis of legal regulations and relevant literature), conceptual and comparative. This approach allows researchers to explore studies of previously existing ASEAN regulations and understand how these regulations are applied in practice. The location of this research is a literature study, where researchers collect data from various written sources, such as books, journals, articles, and official documents related to the problem of carbon trading in the ASEAN region.

The collection of legal materials is carried out using a literature study, namely reviewing and analyzing relevant legal sources to collect the information needed. The data analysis technique in this study was carried out using qualitative analysis, where data obtained from legal materials were analyzed systematically to identify patterns, themes, and meanings contained in the regulations. This study aims to analyze the projection of the legal framework that is the legal basis for filling the regulatory gap related to carbon trading in the ASEAN region. In addition, this study also intends to compare the ratification of carbon trading regulations in Indonesia with ASEAN as a whole to provide strategic recommendations for creating a carbon trading ecosystem that prioritizes climate mitigation, not just an economic vortex.

ANALYSIS AND DISCUSSION

Carbon Trading in ASEAN: Insights from the European Emissions Trading System

The EU Emissions Trading System (EU ETS) is Europe's key tool for achieving its carbon reduction goals. It is the largest emissions trading system in operation today, involving over 11,500 facilities across 30 countries and covering roughly 40% of total EU emissions. The system's environmental impact can be evaluated based on two main objectives: reducing GHG emissions efficiently by balancing costs and environmental benefits and encouraging corporate investment in low-carbon technologies, including energy efficiency and low-carbon energy sources. At its core, the EU ETS aims to limit greenhouse gas emissions from power and industrial sectors. However, it is essential to assess its broader effects, as the system is designed to promote emissions reductions in a cost-effective and economically efficient way (Edyka et al., 2020). The EU Emissions Trading System (EU ETS) operates as a 'cap and trade' model, placing a limit on the total amount of greenhouse gas (GHG) emissions from installations and aircraft operators responsible for about 50% of the EU's emissions. This system allows emission allowances to be traded, ensuring that overall emissions remain within the set cap and that the most cost-effective methods are utilized to reduce emissions (Prentice, 2018).

As a crucial tool in the EU's efforts to meet its emissions reduction targets both now and in the future, the EU ETS plays a central role in mitigating climate change in an economically efficient manner. Since its introduction in 2005, the EU ETS has expanded to cover over 11.000 power stations, industrial plants, and flights between airports in participating countries (Verde & Borghesi, 2022). The system has undergone several modifications over time and is structured in phases. The current phase, which began in 2013, will continue until 2020, with each phase aiming for progressively more ambitious emissions reduction goals. Additionally, the flexibility offered by the trading model allows for continuous refinement and adjustment to ensure the EU's long-term environmental goals are met. The EU ETS is a key component of the European Union's environmental framework. It is legally grounded in the Single European Act (SEA) of 1986, which amended the Treaty of Rome (1957). The SEA provided a boost to European integration and the establishment of the internal market while also expanding the EU's authority on environmental matters (Soromenho-Marques & Magalhães, 2023).

It grants the EU the power to enact laws aimed at preserving and enhancing environmental quality, protecting human health, and ensuring the responsible and sustainable use of natural resources. This legal foundation not only supports the EU ETS but also strengthens the EU's broader commitment to environmental protection and sustainable development. With the SEA, the EU established a comprehensive approach to addressing ecological challenges, ensuring that environmental considerations are integrated into its policies and economic activities. The EU ETS is considered an environmental law and, as such, falls within the jurisdiction of European powers. Consequently, decisions regarding the EU ETS are made at the European level, rather than by individual Member States (MS) (Nysten, 2024). The key bodies involved in this decision-making process include the European Parliament, which represents European citizens, the European Commission, the executive body responsible for administrative tasks, and the European Council, which consists of representatives from MS governments. The European Commission holds the exclusive authority to propose new legislative actions or amendments to the EU ETS, while the European Council and Parliament can suggest changes, which the Commission may incorporate into revised proposals. Ultimately, both the Council and Parliament must approve the proposed legislation before it is enacted, with most changes requiring a co-decision procedure.

The EU ETS operates as a ‘cap and trade’ system, setting an overall limit on greenhouse gas (GHG) emissions across all participating entities. Under this framework, the EU ETS creates emission allowances that represent the right to emit a specific amount of CO_2 or its equivalent. The cap on emissions gradually decreases each year, reducing the number of allowances available by 1.74% annually, allowing businesses to progressively meet stricter emissions reduction targets (Dechezleprêtre et al., 2023). Recently, rising allowance prices have been linked to expectations surrounding the Market Stability Reserve (MSR), a reform designed to strengthen the EU ETS by adjusting the issuance of new allowances based on the surplus of unused allowances. This approach helps stabilize the market by addressing fluctuations in allowance supply. Each year, a portion of the allowances is allocated for free to certain participants, particularly in sectors where there is a risk that full costs for pollution allowances could lead to production and thus pollution shifting to countries with less stringent emissions reduction policies (this is known as the risk of carbon leakage).

The remaining allowances are typically sold through auctions. By the end of the year, each participant must return one allowance for every tonne of CO_2 equivalent (CO_2e) they have emitted. These allowances can be obtained via auction or through transactions with other participants. This system ensures that emissions are kept within the cap while providing flexibility for businesses to meet their targets. Moreover, it encourages innovation in emission reduction technologies, as companies seek the most cost-effective ways to comply with regulations. Compliance within the EU Emissions Trading System (EU ETS) is enforced through a structured penalty system. Companies that fail to meet their obligations by surrendering sufficient allowances on time face hefty fines, starting at €100 per ton of CO_2 and rising in line with EU inflation since 2013. In addition to these fines, companies are required to surrender the allowances they owe. This ensures the environmental target, or cap remains intact. The responsibility for enforcing compliance lies with the Member States, which are required by the EU ETS Directive to implement effective, proportionate, and dissuasive penalties for violations (European Courts of Auditor, 2020).

Each Member State has the flexibility to choose between criminal or administrative penalties, allowing them to tailor the enforcement mechanism to their national legal systems, while ensuring that breaches of EU law are treated similarly to breaches of domestic law. Moreover, the EU ETS Directive includes specific rules for situations where entities fail to surrender enough allowances, triggering enforcement procedures. In the event of non-compliance, the missing allowances are carried over into the next year’s compliance obligation, ensuring that any failure to comply is not overlooked but must be addressed in addition to the next year’s requirements. This system creates a strong deterrent and encourages participants to meet their targets to avoid both penalties and future obligations. In addition to the penalties and fines, the EU Emissions Trading System (EU ETS) also employs a "name and shame" sanction as a way to hold companies accountable. However, aside from these two provisions, the ETS Directive grants Member States considerable discretion in determining the specifics of enforcement measures (Scheppele et al., 2019).

Member States are primarily responsible for monitoring and ensuring compliance within their covered industries, though the European Commission has the authority to initiate infringement procedures if a Member State fails in this regard. One of the challenges in enforcement is that the Commission may not always have enough detailed information about a Member State’s lack of implementation or execution. The importance of market-based measures, as recognized by the assembly, lies in their ability to effectively drive environmental goals while still offering flexibility for enforcement and

compliance processes. This decentralized approach allows Member States to tailor enforcement mechanisms to their national contexts but requires close oversight to ensure the EU's climate objectives are consistently met (Zhelyazkova & Schrama, 2024).

Navigating the Tricky Balance between Fossil Fuel Use and Biodiversity Conservation in ASEAN

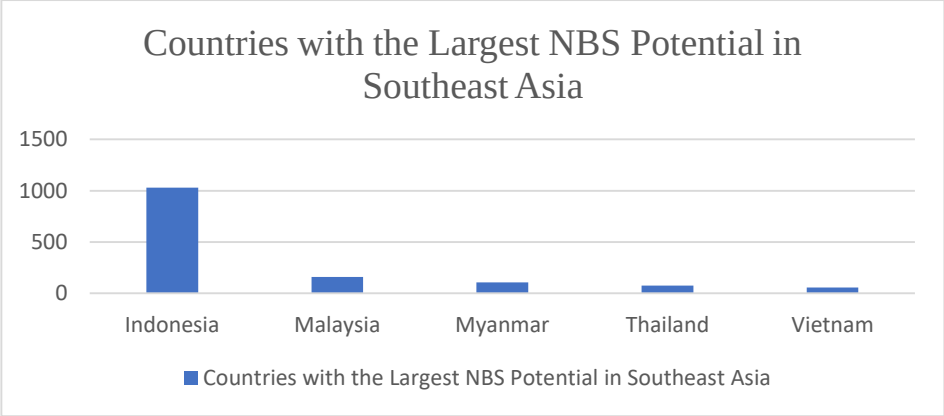
ASEAN's economic growth has been closely tied to energy-intensive industries, particularly fossil fuel extraction. According to the International Energy Agency (IEA), ASEAN's energy demand has been growing at an average rate of 4.5% annually, far surpassing the global average of 1.5%. Countries like Indonesia, Malaysia, Vietnam, and Thailand heavily rely on fossil fuels, particularly coal, oil, and natural gas, to fuel their growing energy demands. Indonesia, for example, is one of the world's largest coal producers, with coal accounting for 60% of its electricity generation (Feriansyah et al., 2023). Similarly, Malaysia and Vietnam rely on fossil fuels to power their industrialization, further exacerbating the region's environmental challenges. The environmental costs associated with fossil fuel extraction are undeniable. In Indonesia, the extensive mining of coal and other resources has led to widespread deforestation, water pollution, and the destruction of ecosystems. The World Bank (2020) reported that deforestation in Indonesia is one of the highest in the world, with an estimated loss of 2.8 million hectares of forest between 2000 and 2010. This loss has serious implications for biodiversity, as Indonesia is home to critically endangered species like orangutans, tigers, and rhinos.

Similarly, in Malaysia, oil palm plantations, which are often linked to fossil fuel extraction, have been a primary driver of deforestation. According to the WWF (2017), Malaysia has lost more than 15 million hectares of forest since 1970, much of it due to agricultural expansion, including the palm oil industry (Ng et al., 2022). ASEAN's biodiversity is one of its most valuable assets, contributing not only to ecological stability but also to the region's socio-economic well-being. The region's forests, wetlands, and marine environments house thousands of species, many of which are endemic to the area. ASEAN is home to the largest tropical rainforest in the world, the Amazon aside, and its marine biodiversity includes some of the most productive coral reefs on the planet. The ASEAN region is recognized as a biodiversity hotspot due to its vast array of unique species. The International Union for Conservation of Nature (IUCN) estimates that Southeast Asia contains over 25,000 plant species, and 3,000 vertebrate species, many of which are critically endangered.

However, the environmental degradation caused by fossil fuel extraction and deforestation poses an increasing threat to this biodiversity. According to the United Nations Environment Programme (UNEP), habitat destruction, pollution, and over-exploitation of natural resources are leading to rapid species extinction in Southeast Asia. For example, the Sumatran orangutan, found only in Indonesia, is critically endangered, with fewer than 14,000 individuals remaining in the wild due to habitat loss driven by deforestation (Antonio & Bos, 2024). Additionally, Southeast Asia's coral reefs, which support diverse marine life and contribute to the region's economy through tourism and fisheries, are being threatened by oil spills, coastal development, and rising sea temperatures linked to climate change. In marine environments, oil drilling and natural gas extraction pose direct threats to marine biodiversity. The impact of oil spills on marine ecosystems is severe, as evidenced by the 2010 BP oil spill in the Gulf of Mexico, which caused widespread damage to marine life. ASEAN nations are also vulnerable to such spills (Andrews et al., 2021).

For instance, Indonesia, with its vast offshore oil and gas reserves, has experienced several significant oil spills over the years. These spills harm coral reefs, fish

populations, and coastal communities that rely on these resources for their livelihoods. A report by the Asian Development Bank (2019) indicates that coral reefs in the ASEAN region have been severely degraded, with estimates suggesting that more than 60% of Southeast Asia's reefs are at risk. The challenge of balancing economic growth with environmental protection is particularly acute in ASEAN, where many countries are heavily dependent on fossil fuel revenues to drive economic development. The reliance on coal, oil, and natural gas is driven by the need to meet growing energy demands and to fuel industrial sectors such as manufacturing, transportation, and agriculture. For example, in Indonesia, coal exports are a significant contributor to the national economy, with the country being the world's largest exporter of coal for electricity generation. In countries like Malaysia and Thailand, natural gas and coal remain critical to ensuring energy security. This reliance on fossil fuels creates a clear tension between economic development and environmental protection. On one hand, the continued use of fossil fuels exacerbates the environmental destruction of ecosystems and increases the risk of species extinction. On the other hand, the economic growth provided by fossil fuel industries supports the livelihoods of millions of people across ASEAN.



Source: Boston Consulting Group

Indonesia has substantial potential in carbon trading, particularly in nature-based solutions (NBS). In fact, Indonesia's NBS potential is considered the largest among Southeast Asian countries. According to a report by the Boston Consulting Group in collaboration with AC Ventures, Indonesia's competitive-cost NBS potential is projected to reach 1,032 metric tons of carbon dioxide equivalent (MtCO2e) by 2030. This figure far surpasses Malaysia, which ranks second with an NBS potential of 160 MtCO2e. Meanwhile, Myanmar's NBS potential is estimated at 106 MtCO2e over the next seven years, followed by Thailand with 76 MtCO2e and Vietnam with 58 MtCO2e. Given this strong foundation, Indonesia's carbon credit market is expected to reach 140 million tons by 2030, marking a significant increase from around 40 million tons recorded between 2009 and 2019. This growth presents a massive opportunity for voluntary carbon credit valuation. Assuming a price of $25 per ton in 2023, Indonesia's voluntary carbon credit market is projected to be worth approximately $3.5 billion (Mustajab, 2023).

Indonesia's vast natural resources, including tropical rainforests, mangroves, and peatlands, contribute significantly to its NBS potential. These ecosystems play a crucial role in carbon sequestration by absorbing and storing CO2. The high NBS potential also positions Indonesia as a key player in the global carbon market, offering both environmental and economic benefits. Furthermore, the increasing interest in carbon credit trading aligns with global climate commitments, such as the Paris Agreement,

which encourages carbon offset initiatives. As demand for carbon credits rises, Indonesia stands to benefit from both domestic and international investments in sustainable projects that enhance carbon sequestration and biodiversity conservation. Therefore, the challenge lies in finding a solution that reduces reliance on fossil fuels while fostering sustainable economic development. A transition to renewable energy is one potential solution, but it requires significant investment in infrastructure, technology, and policy reform. The key to navigating this delicate balance is the adoption of sustainable development practices. Sustainable development emphasizes the need to meet present energy and economic needs without compromising the ability of future generations to meet their needs. ASEAN countries must adopt policies that promote the use of renewable energy, such as solar, wind, and hydropower, while also implementing strong environmental regulations to protect biodiversity.

Countries like Vietnam and the Philippines are already making strides in renewable energy. According to the IEA (2020), Vietnam has set ambitious goals for expanding its renewable energy capacity, with a focus on solar and wind power. The Philippines, similarly, has introduced policies to promote the use of clean energy, with an increasing share of its energy coming from renewable sources (Govindarajan et al., 2023). However, the transition to renewables in ASEAN requires overcoming significant challenges, such as financing, infrastructure development, and overcoming the political resistance of powerful fossil fuel industries. Another important aspect of sustainable development in ASEAN is the protection of biodiversity through effective land-use policies. Governments in the region must prioritize conservation and sustainable land management to prevent further habitat destruction. For example, the Indonesian government has implemented several initiatives to protect its forests, including the establishment of the Moratorium on New Forest Conversion, which seeks to limit the expansion of palm oil plantations into critical habitats.

Additionally, the ASEAN Plan of Action on Biodiversity 2016-2025 provides a roadmap for regional cooperation on biodiversity conservation, focusing on the sustainable management of natural resources and the protection of critical ecosystems. Finally, ASEAN countries can benefit from international cooperation and support to meet the challenges of balancing fossil fuel use with biodiversity conservation. Global initiatives such as the United Nations Sustainable Development Goals (SDGs) provide a framework for ASEAN countries to align their national development plans with global environmental objectives. Additionally, financial mechanisms such as the Green Climate Fund and the Global Environment Facility can provide much-needed resources to help ASEAN countries transition to renewable energy and implement biodiversity conservation programs (Wong et al., 2020).

How CCUS Technology is Revolutionizing Global Climate Action and the Positive Opportunities for ASEAN

Carbon Capture, Utilisation, and Storage (CCUS) is a process that captures CO_2 emissions, typically generated from fossil fuel power plants or industrial activities, and either stores them underground or repurposes them as production inputs. CCUS has the potential to capture up to 90% of CO_2 emissions, preventing its release into the atmosphere. The technology behind CCUS has advanced rapidly and is now being adopted in countries such as the United States, China, several European nations, and the Middle East. Currently, CCUS captures approximately 45 million tons of CO_2 annually, with projections indicating that this figure could rise to 220 million tons per year as 200 new CCUS infrastructure projects are under construction. Furthermore, investments in CCUS have surged, from $13 million in 2015 to $224 million in 2021, reflecting growing

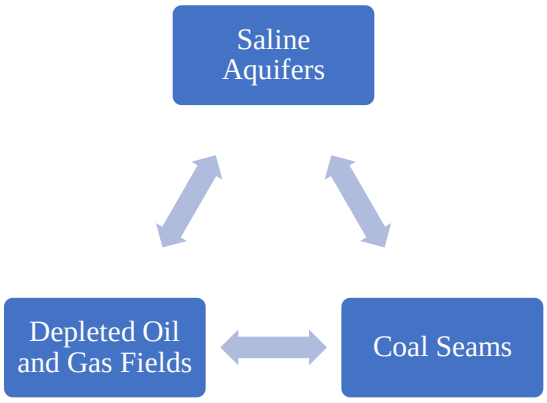
global interest and commitment to combating climate change through this technology. As the world continues to address the urgent challenge of climate change, CCUS offers a promising solution to mitigate greenhouse gas emissions while allowing continued reliance on fossil fuels (Hanson et al., 2025).

The scaling up of CCUS infrastructure and investment signifies a crucial step towards achieving net-zero emissions and curbing the impacts of global warming. Moreover, with increasing attention from both governments and private sectors, the development of CCUS technologies is expected to play a pivotal role in the global transition to a more sustainable energy landscape. In the context of ASEAN, the implementation of CCUS can enable power plants and industrial facilities recently established across the region to continue operations with minimal emissions. This would ultimately ensure that economic growth and environmental sustainability are not at odds with each other. The role of CCUS becomes even more significant considering the findings of the International Energy Agency (IEA), which states that ASEAN countries need to capture 35 million tons of CO_2 by 2030 and 200 million tons by 2050 to align with the climate goals set by the Paris Agreement in 2015 (McLaughlin et al., 2023).

Achieving these targets requires substantial investment, estimated at around 1 billion USD annually from 2025 to 2030. This is where government intervention is crucial to address investment challenges. One best practice that can be learned is the incentive scheme from the Canadian government, which offers tax credit rates ranging from 37.5% to 60% for CCUS investments. Another example comes from the U.S. government, which provides a dollar value tax credit of approximately 60-85 USD per ton of CO_2 captured or utilized by CCUS. The strong commitment of governments is key for ASEAN nations to reduce emissions without compromising economic growth (Zaemi & Rohmana, 2021). At the very least, CCUS can serve as an initial step for ASEAN in advancing toward a green economy, ultimately enabling the region to transition into a more developed and sustainable future. Governments must take bold actions, provide the necessary incentives, and create a supportive environment to encourage investment in CCUS technologies, which will play a critical role in helping the region achieve its climate targets. With these efforts, ASEAN has the potential to lead the world in balancing economic development and environmental preservation, driving the region toward a prosperous, low-carbon future.

CO_2 capture is carried out using one of three main strategies: post-combustion capture, pre-combustion capture, or oxyfuel combustion. CO_2 within gas pipelines can be isolated and captured from various stationary sources such as fossil fuel power plants, refineries, steel mills, biomass plants, and natural gas processing units. In gas processing plants, CO_2 must be separated from raw gas to produce regular quality gas. The captured CO_2 only needs to be dried and packaged before transportation. The distillation process downstream or combustion and compression at the gate significantly contribute to CO_2 emissions. However, there is some uncertainty in calculating CO_2 storage, as CO_2 is injected into reservoirs similar to its source (Kelly et al., 2019). There are three potential CO_2 storage types: CO_2 must be injected into deep underground formations such as depleted oil and gas fields, non-potential coal seams, and saline aquifers. CO_2 injected into these formations will be stored as a thick liquid and can be captured through various mechanisms, including base and stratigraphic capture, residual gas capture, solubility capture, mineral capture, and hydrodynamic capture. However, there are issues surrounding CO_2 storage, particularly regarding storage capacity (Muhd Nor et al., 2016).

In Indonesia, the types of CO_2 storage include (Best et al., 2011):



1) Saline Aquifers: These are predicted to be identified in the Natuna region. However, there has not been a detailed study to identify potential saline aquifer storage opportunities in Indonesia at present.
2) Coal Seams: There are abundant coal reserves, especially low-rank coal, spread across several coal basins. Adsorbed methane must be produced. However, most of Indonesia's coal seams are still in the non-producing stage.
3) Depleted Oil and Gas Fields: This type of storage is highly promising, as reservoirs are well-characterized, and existing infrastructure can reduce exploration costs in finding new locations. However, abandoned oil and gas fields have a higher leakage potential, so proper mitigation is required.

CO_2-EOR (Enhanced Oil Recovery) storage can be used to monitor the performance of CO_2 storage over time and to understand whether the CCUS activities are meeting their primary goal—optimizing CO_2 storage within the geomechanical and operational limits of the reservoir. This can help visualize CO_2 storage compared to maximum storage capacity and provide practical calculations for each unit of CO_2 injected and the amount of CO_2 suitable for storage in the reservoir (Kelly et al., 2019). CO_2 capture and storage technologies, especially CCUS, hold significant promise in mitigating climate change by reducing greenhouse gas emissions. While the technologies involved are becoming more advanced, challenges such as the uncertainty in storage capacity and potential leakage from storage sites must be addressed. Ensuring that these resources are viable, safe, and efficient requires detailed geological studies and careful implementation of monitoring systems. Moreover, the role of governments and international collaborations cannot be understated. Investments in CCUS technologies are essential for scaling up these solutions globally. Countries like Indonesia, with significant fossil fuel-based industries, are well-positioned to benefit from these advancements, especially if appropriate policies, financial incentives, and global partnerships are put in place.

CONCLUSION

The study reveals that ASEAN's carbon trading potential remains underutilized due to fragmented regulatory frameworks across member states. While Indonesia leads in nature-based solutions (NBS) for carbon trading, the absence of a cohesive ASEAN-wide legal framework limits regional cooperation and market efficiency. Lessons from the European Emissions Trading System (EU ETS) demonstrate the need for ASEAN to implement standardized regulations, a centralized carbon registry, and robust

enforcement mechanisms. Without these measures, ASEAN risks an ineffective carbon market that fails to support climate mitigation goals.

To address these challenges, ASEAN must prioritize legal harmonization, transparent governance, and economic incentives to encourage compliance. Establishing a regional emissions cap-and-trade system, alongside investments in green technologies and carbon sequestration projects, can strengthen ASEAN's carbon trading ecosystem. Furthermore, international collaboration, particularly in carbon credit verification and cross-border emissions trading, will enhance market credibility. With strategic regulatory alignment and institutional cooperation, ASEAN can transform carbon trading into a sustainable mechanism for climate action, balancing economic growth with environmental responsibility.

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THE ROLE OF LAW IN SUPPORTING THE DIGITAL ECONOMY ECOSYSTEM IN INDONESIA: OPPORTUNITIES AND CHALLENGES

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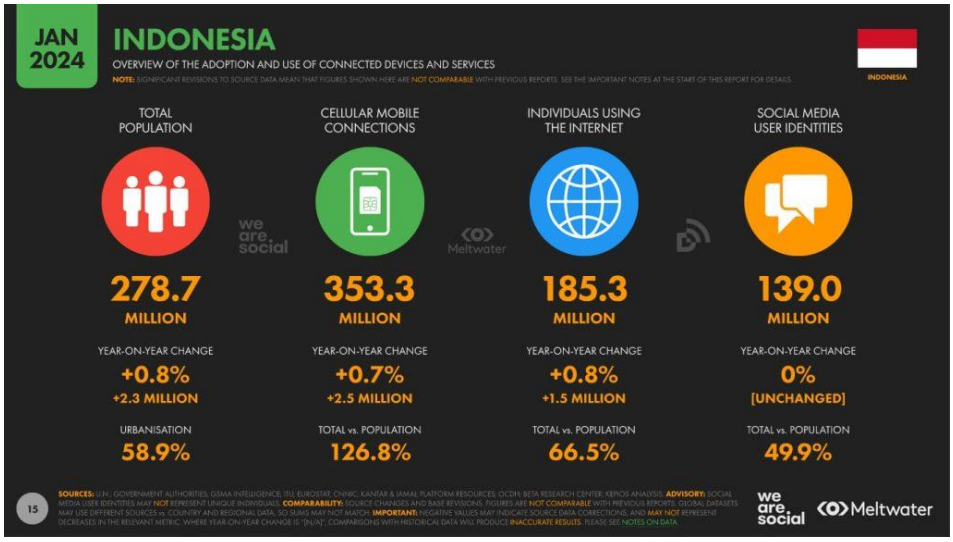
Abstract:

The rapid development of the digital economy has significantly transformed the global business landscape, creating new opportunities for direct investment and reshaping business operations. The rise of digital platforms, e-commerce, and financial technology (FinTech) has enabled businesses, particularly small and medium enterprises (SMEs), to expand their market reach while reducing operational costs. Additionally, the utilization of digital marketing strategies through social media platforms has provided entrepreneurs with efficient ways to engage with consumers and enhance business growth. The government has responded to this transformation by implementing various legal frameworks, including consumer protection laws, personal data protection laws, and regulations governing electronic transactions. These legal provisions aim to ensure the security and stability of digital business activities while fostering trust among consumers and businesses. However, despite its benefits, the digital economy presents several legal challenges that require continuous adaptation. Issues related to personal data protection, cybersecurity, intellectual property rights, taxation, and transaction authenticity pose significant risks to digital business operations. Furthermore, the complexity of regulating financial technology services and cross-border e-commerce transactions necessitates a comprehensive legal approach to maintain compliance and fairness in the digital marketplace. Strengthening the legal framework through clear and enforceable regulations is essential to ensuring the sustainability of the digital economy. By balancing technological advancements with legal protections, Indonesia can create an inclusive and secure digital ecosystem that fosters innovation, supports economic growth, and enhances consumer confidence. In the long term, the development of a well-regulated digital economy will contribute to the country's overall economic resilience and competitiveness in the global market.

Keywords: Digital Economy, Role of Law, Opportunities, Challenges.

INTRODUCTION

As proof of technological progress, blockchain is also a focus in the field of economic law. It helps to lower the risk of fraud and asset theft by allowing its users to trace transactions and asset ownership with a high degree of security (Syaputri, et al., 2023). This begs the question of how Indonesia's digital economy environment is supported by the legal system. The problem of growing cybercrime that jeopardizes consumer and commercial data is inextricably linked to the function of law in addressing the growth of the digital economy. In order to create more efficient and flexible strategies for the sustainability and security of the digital environment, this study attempts to comprehend how the law addresses issues and capitalizes on opportunities within the digital economy.



Picture 1: Indonesia's Internet User Population in 2024

The ease of using digital platforms can be felt with the simplification of transaction processes such as tax payments, business permits, product purchases, and other administrative processes. One of the main impacts of digitalization is the acceleration of business processes to support sustainable economic development, such as the growth of the digital economy, which includes various forms of electronic retail trade, online auctions, service offerings, and so on. The digital economy is an economic activity based on digital technology such as the Internet, smart devices, and artificial intelligence (Putra & Yadi, 2025). Electronic transactions have become integral in the context of global trade. Electronic Commerce (E-commerce) is where business transactions are no longer limited to conventional methods, with the concept of transactions involving buyers interacting with systems online through the internet (Rosmayati, 2023).

Blockchain, as evidence of technological advancement, is also a focus in the economic legal sector, enabling its users to track transactions and asset ownership with a high level of security, helping to reduce the potential for fraud and asset embezzlement (Syaputri, et al., 2023). This raises the question of how the law plays a role in supporting the digital economy ecosystem in Indonesia. The role of law in facing the development of the digital economy is inseparable from the challenge of increasing cybercrime that threatens business and consumer data. This research aims to understand the role of law in addressing challenges and leveraging opportunities within the digital economy in order to develop more effective and adaptive approaches for the sustainability and security of the digital environment in the future.

RESEARCH METHODS

The method in this research uses normative juridical research method. Normative legal research, also known as library research or document study, is a document study that uses legal materials such as court decisions, regulations, contracts, or agreements, legal theories, and scholarly opinions (Muhaimin, 2020). Normative legal research has several advantages, namely: a. determining the status and legal relationship between the parties involved in a legal event; b. providing a legal assessment (justification) of the legal event. whether the law is right or wrong; c. correcting and maintaining the consistency of the normative system with principles, doctrines, and regulations (Muhaimin, 2020).

The data collection method in this research uses secondary data as the main data. The method of collecting secondary data includes the collection and documentation of books, journals, scientific papers, dictionaries, encyclopedias, and documents related to the research subject that originates from libraries or primary, secondary, and tertiary legal materials (Muhaimin, 2020). Legislation, official records or minutes used to create legislation, and judicial decisions are examples of primary legal materials (Ali, 2019). Secondary legal materials are all unofficial documents about the law, such as books, theses, and legal dissertations, journals (Ali, 2019).

ANALYSIS AND DISCUSSION

1. Opportunities for the Role of Law in Supporting the Digital Economy Ecosystem in Indonesia

The digital economy has rapidly developed, which has transformed the business landscape worldwide. New opportunities for direct investment in new digital-based sectors have emerged as a result of advancements in the field of information and communication. The digital economy has changed the way businesses operate, conduct transactions, and deliver goods and services to customers. New business models such as the sharing economy, digital platforms, and the massive utilization of data as valuable assets have emerged. Direct investment now includes digital assets such as applications, intellectual property, and data, rather than physical assets like factories or infrastructure. With this change, direct investment in fields such as information technology, e-commerce, fintech, and other digital economies has increased (Suhanti, 2024).

The development of e-commerce platforms and social media as effective marketing tools is one of the drivers that can accelerate digital transformation in entrepreneurship. These platforms allow SMEs to reach a wider market with lower operational costs. Utilizing technology for promotions that are usually done on social media platforms like Instagram, Facebook, and TikTok is also becoming increasingly popular as a marketing tool, allowing entrepreneurs to interact with consumers and expand their business reach. Digital entrepreneurship is also driven by FinTech. Many small and medium enterprises (SMEs) have gained easier access to financial services through FinTech platforms, which have helped them manage cash flow, receive digital payments, and obtain access to capital more quickly (Maimuna, Roroa, Misrah, Oktavianty, & Agit, 2024).

Another driving force is the role of legislation and other regulations that serve as the legal umbrella for digital economic transformation activities. In Law Number 07 of 2014 on Trade (hereinafter referred to as Law 07/2014), the definition of a market is explained in Article 1 Number 12, which states, "A market is an economic institution where buyers and sellers meet, either directly or indirectly, to conduct trade transactions." The definition clearly states that economic activities can be conducted

directly, such as direct transactions in traditional markets, and indirectly through online platforms. In line with that, the law affects business in the digital era. According to Article 1(2) of Government Regulation of the Republic of Indonesia No. 80 of 2019, "Electronic System Trade (PMSE) is a business activity where the transaction process can be conducted using a series of electronic devices and procedures." Furthermore, Article 1 Number 10 of the Electronic Information and Transactions Law (ITE Law) states that electronic transactions are legal actions carried out using computers, computer networks, or other electronic media (Kaffah & Badriyah, 2024).

In line with that, digital business opportunities are broader because there is Law Number 8 of 1999 on Consumer Protection. The Consumer Protection Law contains provisions regarding the rights and obligations of consumers and businesses, actions prohibited by businesses to protect consumers from goods or services that may harm them. The government has also enacted the Personal Data Protection Law, namely Law Number 27 of 2022 on Personal Data Protection. The presence of the personal data protection law makes personal data used in digital transactions much safer in order to encourage secure transactions and customer privacy. This policy regulates how SMEs must manage and protect customer data obtained from their digital operations, building consumer trust when interacting with SMEs online. The government has also taken steps to simplify the licensing and regulations applicable to MSMEs, which enhances the security of online transactions (Prasetiasari, et al., 2023). These regulations create opportunities for the digital economy to continue advancing and playing a role in society.

The advancement of the digital economy, supported by various regulations for both consumers and businesses, has numerous benefits. One of the benefits of the digital economy is the increased market access for businesses, especially for SMEs. Traditional business operators can now expand their markets far beyond geographical boundaries with the presence of e-commerce platforms. They can sell their goods online to customers in various locations, even worldwide, without having to spend a lot of money to open a physical store. This allows them to increase the visibility of their products, reach a wider audience, and take advantage of the continuously growing trend of online shopping. Access to a wider market also gives businesses the opportunity to develop their brand and increase customer loyalty as customers increasingly appreciate unique local products (Maulana, Putra, Saputra, Citra, & Riko, 2024).

One of the main benefits that consumers obtain in the digital ecosystem is the ease of accessing information without having to travel to traditional markets. Through the development of technology and digitalization, consumers can obtain various information related to products and services simply by using mobile devices, making the process of searching and selecting goods more efficient. This convenience is inseparable from the role of law, which functions as a regulatory and protective instrument in digital transactions. The law plays an important role in ensuring the security and protection of consumer personal data, as well as providing legal certainty in the mechanisms of online buying and selling transactions. With clear regulations in place, consumers can transact with a sense of security, while business operators also have certainty in conducting digital economic activities responsibly.

2. The Challenges of the Role of Law in Supporting the Digital Economy Ecosystem in Indonesia

A Digital economy laws need to adapt to the challenges faced by businesses and individuals regarding data protection and privacy. Although the digital economy offers

many benefits, there are also challenges that need to be addressed. Activities in cyberspace require a different legal approach because they are virtual but have real-world impacts. Therefore, the role of law becomes important to protect its citizens and ensure legal certainty in e-commerce transactions.

E-commerce regulations cover various aspects ranging from consumer protection and electronic transactions to cybersecurity. The Electronic Information and Transactions Law (ITE Law) has become the main legal foundation regulating electronic transactions in Indonesia. There are also more specific regulations that provide more detailed guidance on e-commerce, such as the Government Regulation on Electronic System Trade (PP PMSE). However, in the context of utilizing digital economy technology, there are also challenges in the following aspects:

a. Use and Protection of Personal Data

Along with the rapid development of economic digitalization, many businesses and organizations collect and process consumer personal data for various purposes, such as marketing, behavioral analysis, and service enhancement. Thus, it raises questions about the use, storage, and protection of personal data (Syaputri, et al., 2023). Individuals have the right to privacy and control over their personal data. This includes knowing how their data is used, the right to delete their data, and the right to refuse the use of their data for certain purposes. Regulations in this context have been regulated in Law (UU) Number 27 of 2022 concerning Personal Data Protection. The PDP Law has a framework that regulates the collection and processing of personal data and guarantees individuals the right to control their own data.

b. Technología Financiera (Fintech)

Financial technology has transformed the concept of financial services by introducing innovations such as digital payments, online loans, and platform-based investments. Fintech regulations in Indonesia are governed by the Financial Services Authority (OJK) and Bank Indonesia (BI), covering aspects such as consumer protection, transaction security, and financial system stability.

c. Business and Consumer

For business operators, data protection regulations provide consumers with the assurance that their data will be protected and used ethically. Regulations are found in the Civil Code (KUHPerdata), which governs conventional buying and selling transactions, but more specific regulations are needed for transactions in cyberspace. Meanwhile, the use of information and communication technology in general is regulated by Law Number 19 of 2016 concerning Electronic Information and Transactions (ITE Law). However, legal challenges in the field of e-commerce are also beginning to emerge and develop, including legal entities for e-commerce in Indonesia, licensing, legal aspects, and legal protection (Kaffah & Badriyah, 2024). These challenges can be minimized by the presence of Indonesian Government Regulation No. 82 of 2012 concerning the implementation of electronic systems and transactions (PSTE), which provides more detailed guidelines on the technical aspects related to electronic transactions, including data security, consumer protection, and procedures for conducting electronic transactions (Rosmayati, 2023).

d. Intellectual Property Rights (IPR)

Protection of intellectual property rights includes copyrights, patents, trademarks, and industrial designs. In the digital era, IP violations such as piracy and counterfeiting have become significant challenges. The role of effective law enforcement is crucial to protect the rights of IP owners and encourage innovation (Wahyuningsih, et al., 2025).

e. Taxes and Fiscal Compliance

The use of taxes in e-commerce becomes complicated because transactions can cross national borders without being easily detected. This requires international cooperation and clear regulations regarding oversight and ensuring that e-commerce operators comply with tax obligations.

f. Authenticity of Electronic Transactions

In the e-commerce environment, concrete actions are needed to ensure transaction authenticity and prevent online fraud. Advanced security systems such as two-factor authentication, as well as the use of blockchain technology for transaction tracking, can help reduce the risk of fraud. Meanwhile, in Indonesia, there is also Bank Indonesia Regulation No. 11/12/PBI/2009 concerning electronic money, which regulates value limits, issuance procedures, and the use of electronic money. Bank Indonesia provides security standards and regulations that electronic money must adhere to.

E-commerce must continue to develop an appropriate legal framework and adhere to privacy security standards in the face of legal and technological challenges. These regulations aim to provide consumer protection, regulate financial aspects, and encourage sustainable digital economic growth, as well as ensure transaction security and build trust among business actors and consumers.

CONCLUSION

The rapid advancement of the digital economy has significantly transformed the global business landscape, creating new opportunities for direct investment and reshaping the way businesses operate. The emergence of digital platforms, e-commerce, and fintech has enabled businesses, particularly SMEs, to expand their market reach while reducing operational costs. Government regulations, such as consumer protection laws, personal data protection laws, and e-commerce regulations, play a crucial role in ensuring legal certainty and security for both consumers and businesses in the digital ecosystem.

However, despite its benefits, the digital economy presents several legal challenges that require continuous adaptation. Issues related to personal data protection, financial technology regulation, consumer rights, intellectual property rights, taxation, and transaction authenticity must be addressed to ensure a secure and sustainable digital environment. Strengthening the legal framework through clear and enforceable regulations is essential to fostering trust among digital economy participants, promoting innovation, and supporting long-term economic growth. By balancing legal protections with technological advancements, Indonesia can create a robust digital economy ecosystem that benefits all stakeholders.

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SETTLEMENT OF INTERNATIONAL TRADE DISPUTES

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Abstract:

The globalization of trade has led to the emergence of various complex legal issues and disputes between countries and trading entities. Effective dispute resolution mechanisms are essential to maintain stability and fairness in international trade. This article discusses the mechanisms available for resolving international trade disputes, emphasizing the role of the World Trade Organization (WTO) Dispute Settlement Body, arbitration and mediation. This study highlights the legal framework, procedures and challenges associated with each mechanism and proposes improvements to increase their effectiveness.

Keywords: International Trade, Dispute Settlement, WTO, Arbitration, Mediation.

INTRODUCTION

International trade is an important component in supporting increasingly integrated global economic growth. Through cross-border trade, countries can exchange goods and services, exploit comparative advantages, and strengthen diplomatic and economic relations. However, behind the benefits presented, international trade also carries the potential for disputes that can arise due to various factors, such as breach of contract, application of tariffs that are not in accordance with international agreements, and trade practices that are considered unfair.

In this context, international trade dispute resolution mechanisms are very important to maintain stability and justice in the global trade system. Effective dispute resolution not only provides legal certainty for trade actors, but also supports the sustainability of trade relations between countries. Various mechanisms are available to resolve international trade disputes, including litigation under the World Trade Organization (WTO), arbitration, as well as alternative methods such as mediation and negotiation.

According to Jackson (2000), the existence of formal forums such as the Dispute Settlement Body (DSB) under the WTO is very important in maintaining the stability of the international trade system. This forum provides global legitimacy and an internationally recognized enforcement mechanism. Meanwhile, Born (2014) highlights arbitration as an increasingly popular method for resolving international trade disputes, especially in the private sector, due to the flexibility of its procedures and the final and binding nature of decisions.

In addition, alternative methods such as mediation and negotiation also play an important role in resolving international trade disputes. Moore (2014) explains that mediation can create mutually beneficial solutions and maintain business relationships between disputing parties. However, the limitations of this method in producing binding decisions often pose a challenge in itself.

This research aims to explore and analyze various mechanisms for resolving international trade disputes, highlighting the advantages, disadvantages and relevance of each method in the context of dynamic global trade. By using a qualitative approach through literature study, it is hoped that this research can provide practical contributions for stakeholders in choosing the most effective and adaptive dispute resolution methods.

By understanding the characteristics of each dispute resolution mechanism, it is hoped that international trade actors can manage conflicts more efficiently and maintain harmonious trade relations. This research also provides recommendations for improving the dispute resolution system to be more responsive to the ever-growing dynamics of international trade.

RESEARCH METHODS

This research uses a qualitative approach with a library research method. This approach was chosen because the research is focused on conceptual and legal analysis related to international trade dispute resolution mechanisms. The data sources used consist of primary and secondary data.

Primary data includes official documents from the World Trade Organization (WTO), including the Dispute Settlement Understanding (DSU) as well as dispute reports that have been resolved by the Dispute Settlement Body (DSB). In addition, international arbitration decisions from institutions such as the International Chamber of Commerce (ICC) and the London Court of International Arbitration (LCIA) are also analyzed as empirical references..

Secondary data was obtained from various academic literature, such as books, scientific journals, and legal articles that are relevant to this research topic. The opinions of international trade law experts, including the work of Jackson (2000), Lew (2003), and Born (2014), are used to strengthen legal analysis regarding the effectiveness of various dispute resolution methods.

Data collection techniques were carried out through searching scientific literature, analyzing legal documents, and studying documented cases of international trade dispute resolution. This process is carried out by utilizing international legal databases and trusted scientific journals.

The collected data was analyzed descriptively-analytically. The first step is to group the data based on the type of dispute resolution method, such as negotiation, mediation, arbitration and litigation at the WTO. Next, a comparison of the advantages and disadvantages of each method is carried out to identify the characteristics that are most suitable in various international trade contexts. Interpretation is carried out based on international trade law theory and the views of experts, which are then used to formulate recommendations regarding the choice of the most effective and adaptive methods in maintaining harmonious trade relations.

Data was collected through searching scientific literature, analyzing legal documents, and studying documented cases of international trade dispute resolution. This process is carried out by utilizing international legal databases and trusted scientific journals.

The data in this research were analyzed descriptively-analytically through several systematic stages. The first step is to categorize the data by grouping information based on the type of dispute resolution method used, such as negotiation, mediation, arbitration and litigation at the WTO. After that, a comparative analysis was carried out to compare the advantages and disadvantages of each method in the context of international trade.

The next stage is data interpretation, where the information that has been analyzed is interpreted based on international trade law theory and the views of experts in the field. This process aims to understand the characteristics and effectiveness of each dispute resolution method. In the final stage, recommendations are formulated that present the most effective and adaptive dispute resolution mechanism in accordance with the dynamics of international trade.

ANALYSIS AND DISCUSSION

This study found that arbitration is the most effective mechanism for resolving international trade disputes in the private sector. This is based on the flexibility of procedures, confidentiality of the process, and the binding nature of decisions. Meanwhile, the WTO litigation mechanism is more relevant for resolving disputes between states due to its global legitimacy and internationally recognized enforcement mechanisms.

Furthermore, it was found that mediation and negotiation still play an important role in maintaining business relationships and resolving fewer complex disputes. However, their use tends not to produce final or binding decisions, which may lead to the potential for recurring disputes.

Relationship of Results to Research Objectives

The results of this research support the initial research objective, namely identifying the most effective method in resolving international trade disputes. The findings show that the effectiveness of a method is highly dependent on the nature of the dispute and the characteristics of the disputing parties.

Scientific Interpretation of Findings

The advantages of arbitration found in this research can be explained by the flexible nature of the procedures and the ability of arbitrators to provide decisions that suit the needs of international business. In addition, the confidentiality of the arbitration process protects the reputation of the parties, which is often a concern in the business world. Litigation at the WTO, although long and bureaucratic, is still considered effective because the decisions are binding and internationally recognized.

Negotiation and mediation are more suitable for disputes that require a cooperative and non-confrontational approach. However, its limitations in producing binding decisions are a significant weakness in more complex international trade cases.

Consistency or Differences with Other Research

This finding is consistent with the view of John H. Jackson (2000) who emphasized the importance of formal forums such as the WTO in maintaining global trade stability. Apart from that, this research is in line with the opinion of Gary Born (2014) who emphasizes the superiority of arbitration in resolving international disputes.

However, this research finds that in some cases involving long-term relationships between companies, mediation can be a more effective solution than arbitration, although this is rarely discussed in previous literature.

Significance of Results

The results of this research are important because they provide guidance for business and government actors in choosing dispute resolution methods that suit their needs. A better understanding of the advantages and disadvantages of each method can help prevent conflict escalation and maintain healthy trading relationships.

Table 1: *Comparison of the Effectiveness of International Trade Dispute Resolution Methods*

Method	Evaluation Criteria	Arbitration	WTO Litigation	Mediation	Negotiation
Time	Fast or slow	Moderate	Slow	Fast	Very Fast
Cost	High or low	High	High	Low	Low
Confidentiality	Open or closed	Maintained	Open	Maintained	Open
Decision Strength	Binding or non-binding	Binding	Binding	Non-binding	Non-binding
Flexibility	High or low	High	Low	High	Very High
Suitability	Private Sector or State	Private	Between States	Both	Both

Source:

John H. Jackson, *The World Trading System: Law and Policy of International Economic Relations*, 2000, halaman 312-320.

Gary Born, *International Commercial Arbitration*, 2014, halaman 67-75.

Julian D.M. Lew, *Comparative International Commercial Arbitration*, 2003, halaman 89-95.

Dianalisis dari sumber utama: dokumen resmi WTO terkait Dispute Settlement Body (DSB) dan laporan arbitrase dari *International Chamber of Commerce (ICC)*.

Relationship Between Findings and Theoretical Framework

In the analysis of international trade dispute resolution, the theory of global trade law and international policy plays a crucial role. John H. Jackson (2000) stated that the legitimacy of international dispute resolution mechanisms heavily depends on the involvement of major countries in the trade system. This is reflected in the WTO litigation process, which, despite being lengthy and costly, is still chosen by many countries to maintain the global trade law order.

Alignment with Empirical Findings

In the context of international arbitration, Gary Born (2014) emphasizes that arbitration offers greater flexibility compared to formal litigation because arbitrators can adjust the process to the needs of the parties. This is reinforced by practices showing that the private sector prefers arbitration to maintain the confidentiality of the process and dispute outcomes.

Practical Implications and Recommendations

Based on the analysis results, it can be concluded that a combination of negotiation as the initial step, mediation to maintain business relationships, and arbitration as the final binding solution is the best combination for resolving complex international trade disputes. The choice of method should consider the nature of the dispute, the business relationship to be preserved, and specific legal requirements.

CONCLUSION

This research evaluates various mechanisms for resolving international trade disputes, including arbitration, mediation, and WTO litigation. The findings show that arbitration is the most effective for the private sector due to its flexibility, process confidentiality, and binding decisions. On the other hand, WTO litigation is more suitable for disputes between states due to its global legitimacy and strong enforcement mechanisms.

Mediation and negotiation remain relevant for maintaining business relationships and resolving fewer complex disputes. However, their limitations in producing binding decisions make them less ideal for larger and more complex cases. A combination of negotiation as the initial step, mediation to maintain business relationships, and arbitration as the final solution is recommended as the best approach. By considering the nature of disputes and the relationships to be maintained, business actors can choose the appropriate mechanism to prevent conflicts and maintain harmonious trade relationships.

Suggestions for further research include exploring combinations of dispute resolution methods that are more adaptive to technological advancements and the dynamic needs of global trade.

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INTERNATIONAL TRADE AND REGULATION OF FOREIGN INVESTMENT

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Abstract:

This paper analyzes foreign investment in Indonesia as well as trade regulation, emphasizing efforts to attract foreign investors to Indonesia in various strategic sectors. In this era of globalization, competition for investment is intensifying, and Indonesia seeks to improve its investment attractiveness through a more effective and transparent regulatory framework. This research uses a qualitative approach, including a literature review and interviews with experts in law and economics. The conclusion of this study shows that Indonesia already has a favorable regulation on investment, namely Law No. 25/2007 on Investment, but a number of obstacles still exist. One of them is related to the complex bureaucratic component and the guarantee of legal uncertainty. Efforts that can be made, in facing this challenge, include the government must take steps to reform the policy to be more comprehensive, including the ease and simplification of the licensing process and increased legal protection to ensure investor safety and comfort. This is very necessary to open or offer great opportunities for foreign investment, in line with efforts to increase the need for sustainable solutions and digitalization. With these efforts, Indonesia is expected to attract more foreign investors, in order to accelerate economic growth, and improve global competitiveness.

Keywords: Regulation, Foreign Investment, Investment Attractiveness, Indonesia.

INTRODUCTION

Foreign direct investment (FDI) plays an important role in the economic growth of a country, including Indonesia. With the opening of the global market, Indonesia has become one of the main destinations for foreign investors who want to take advantage of its competitive resource potential and workforce. However, foreign investment also poses challenges, especially in the regulatory aspect that must balance economic openness and protection for domestic entrepreneurs (Rubianti & Prakasa, 2020).

Trade regulations in Indonesia have undergone various changes to adapt to global dynamics. The Indonesian government has adopted various policies, such as preferential tariff schemes within the ASEAN Free Trade Area (AFTA) and other free trade policies to enhance national competitiveness in the international market (Rubianti & Prakasa, 2020). In addition, there are regulations related to the import of certain goods aimed at creating business certainty and maintaining the balance of domestic trade (Kementrian Perdagangan, 2015).

Although trade policies and investment regulations aim to create a healthy business environment, challenges remain, such as global economic uncertainty, competition with imported products, and protection for small and medium enterprises (SMEs). Therefore, adaptive policies are needed to accommodate economic changes while providing legal certainty for foreign investors and domestic entrepreneurs (Rubianti & Prakasa, 2020).

Economic growth in Indonesia heavily relies on foreign direct investment (FDI) and international trade. PMA plays an important role in increasing production, creating jobs, and introducing new technology into the local economy. According to the Investment Law Number 25 of 2007, PMA includes investments made by foreign investors either fully or through joint ventures with domestic capital. (Fuad et al, 2024). In this context, government regulations aim to create a conducive investment climate by eliminating discrimination between domestic and foreign investors, as well as simplifying the licensing process, which is often considered complicated (Silaban et al., 2024).

International trade also plays a vital role in Indonesia's economic growth. Exports and imports not only affect the trade balance but also directly contribute to national income. Data shows that in 2021-2022, Indonesia's export value exceeded imports, reflecting the post-pandemic COVID-19 economic recovery (Silaban et al., 2024). Increased exports can boost national income, while imports help fulfill the need for domestic goods and services that cannot be produced locally (Silaban et al., 2024). Although regulations are in place, there are still various obstacles that hinder investment in Indonesia. Issues such as overlapping regulations, complex licensing processes, and legal uncertainty often become obstacles for foreign investors (Fuad et al, 2024). In this context, the Job Creation Law, which is expected to improve the investment climate by simplifying regulations, still faces challenges in its implementation. Uncertainty regarding workers' rights and the potential for agrarian conflicts are also issues that the government must address to create a more stable investment environment (Fuad et al, 2024).

Thus, to achieve sustainable economic growth, cooperation between the government and business actors is necessary in creating policies that support investment. This includes improving the quality of infrastructure, human resources, and better legal protection for all parties involved in economic activities (Silaban et al., 2024).

Based on the background above, there are several issues that need to be further examined. The trade regulations implemented by the government have a

significant impact on the flow of foreign investment in Indonesia, but the effectiveness of the existing policies remains in question. In addition, foreign investors face various obstacles in investing their capital, including legal uncertainty and overlapping regulations. Therefore, this research seeks to understand how current trade regulations affect foreign investment, identify the obstacles faced by investors, assess the effectiveness of the implemented policies, and formulate strategies that can enhance stability and legal certainty for foreign investors. By addressing these issues, this research is expected to provide deep insights into the challenges and opportunities of foreign investment in Indonesia, as well as offer recommendations for policy improvements in the future (Winata, 2018).

This study aims to analyze the role of trade regulation in attracting foreign investment in Indonesia. Specifically, this study identifies the policies that the government has implemented to increase foreign investment attractiveness, analyzes the main obstacles faced by foreign investors, and explains the impact of trade regulations on economic growth and investment stability in Indonesia. In addition, this study also aims to provide policy recommendations that can improve the effectiveness of foreign investment regulations to be more competitive at the global level. Thus, this research is expected to provide academic contributions in the fields of economics and public policy as well as a reference for policy makers in formulating more inclusive and efficient investment regulations (Fuad et al, 2024).

RESEARCH METHODS

The research method used in this article is a literature study, which focuses on the analysis of documents and legal literature related to foreign investment and trade regulations. This research relies on secondary data from relevant legislative documents, including Law Number 25 of 2007 on Investment and Job Creation Law. Using the literature study method, the research aims to explore how existing regulations affect the investment and trade climate in Indonesia.

ANALYSIS AND DISCUSSION

Foreign Direct Investment (FDI) has become an integral part of Indonesia's economic development, especially after the enactment of Law Number 25 of 2007 on Investment. This regulation provides legal certainty for both foreign and domestic investors and introduces the principle of equal treatment without discrimination between domestic and foreign investors (Lainawa et al, 2021).

Several key factors that attract foreign investment to Indonesia are macroeconomic stability, regulatory certainty, and government policies in providing incentives for investors. However, several challenges are also faced, including political uncertainty, uneven infrastructure, and licensing constraints that remain the main obstacles in increasing investment flows (Hornick & Nelson, 1987).

The impact of foreign investment on the Indonesian economy is evident from the significant GDP growth. Several studies show that foreign investment contributes to the increase in national output, creates jobs, and enhances the competitiveness of the domestic industry (world Bank, 2022). Moreover, the stability of the rupiah exchange rate is also closely related to the level of foreign investment in Indonesia. A stable exchange rate tends to increase investor confidence, thereby driving capital inflows into the country. (Lainawa et al, 2021).

1. The Influence of Foreign Direct Investment on Economic Growth

Foreign investment plays an important role in driving economic growth in Indonesia. Based on macroeconomic studies, there is a positive correlation between the increase

in foreign investment and national economic growth. Data from the World Bank shows that the sectors receiving the largest foreign investments in Indonesia are manufacturing, infrastructure, and financial services (world Bank, 2022). With the increase in investment in these sectors, national productivity also rises, which ultimately impacts GDP growth.

Foreign investment also contributes to job creation and technology transfer. Multinational companies operating in Indonesia bring new innovations and enhance the skills of the local workforce. Thus, foreign investment not only increases economic output but also contributes to the improvement of the competitiveness of the domestic workforce (Lainawa et al, 2021).

In addition, the increase in foreign investment in the infrastructure sector helps improve the quality of transportation, energy, and communication, which ultimately enhances overall economic efficiency. Access to better infrastructure encourages the growth of other industries, thereby creating a positive ripple effect on the national economy (Winata, 2018).

However, despite having many benefits, foreign investment can also pose challenges, such as dependence on external capital and risks to economic stability if not managed properly. Therefore, government policies must ensure that incoming foreign investments provide a sustainable positive impact on Indonesia's economic growth. (Fuad et al, 2024).

With more effective policies and better coordination between the central and regional governments, Indonesia has a great opportunity to become a more attractive investment destination in the future. These measures are expected to enhance Indonesia's attractiveness as a more competitive and sustainable global investment destination (Purnama et al., 2024).

Year	**FDI (Bilion USD)**	**Dominant Sector**	**Contribution to GDP (%)**
2018	25.3	Manufacture	5.2
2019	27.0	Infrastructure	5.8
2020	23.5	Financial Services	4.9
2021	30.2	Digital Technology	6.3
2022	35.0	Manufacture	7.1

Source: world Bank, 2022.

From the table above, it can be seen that the trend of foreign investment has increased year by year, although it experienced a decline in 2020 due to the COVID-19 pandemic. However, since 2021, foreign investment has increased again, especially in the digital technology sector, which has seen a rapid surge. It appears that the trend of foreign direct investment (FDI) in Indonesia has experienced fluctuations over the past five years. From 2018 to 2019, FDI showed an increase from 25.3 billion USD to 27.0 billion USD, with the dominant sector shifting from manufacturing to infrastructure. However, in 2020, FDI decreased to 23.5 billion USD due to the impact of the COVID-19 pandemic, which caused global economic instability and a decline in investor confidence (World Bank, 2022). Nevertheless, investment began to recover in 2021 with a surge to 30.2 billion USD, driven by rapid growth in the digital technology sector. This increase reflects a shift in global investment patterns towards technology-based and digitalization sectors in response to post-pandemic economic trends (Fuad et al, 2024).

In 2022, FDI continued to increase to 35.0 billion USD, once again dominated by the manufacturing sector, which contributed 7.1% to the national GDP. This

indicates that the manufacturing sector remains a key pillar in Indonesia's economy and is capable of attracting significant investment. The higher contribution of the manufacturing sector to GDP compared to previous years also indicates an increase in productivity and efficiency in this sector (Silaban et al., 2024). This trend aligns with government policies that focus on enhancing the capacity of the manufacturing industry through investment incentives and regulatory simplification (Purnama et al., 2024).

2. The Impact of Trade Regulations on Foreign Investment

The trade regulations implemented by the government have a significant impact on the flow of foreign investment. The implementation of free trade regulations and ease of doing business in Indonesia has encouraged more investors to invest their capital in Indonesia. (Hornick & Nelson, 1987). One of the strategic steps taken by the government is the implementation of the Online Single Submission (OSS) policy, which aims to simplify the investment licensing process and accelerate the flow of capital into Indonesia. The OSS system allows investors to manage permits in an integrated manner through a single digital portal, thereby reducing bureaucratic obstacles and increasing transparency in business licensing (Silaban et al., 2024).

Although the OSS system provides administrative ease, there are still challenges in its implementation. Some of the challenges faced include overlapping authority between the central and regional governments, as well as the lack of readiness of digital infrastructure in several areas (Silaban et al., 2024). This indicates that the reform of the licensing system still requires strengthening in terms of coordination and regulatory adjustments to be more effective in attracting foreign investment.

The Omnibus Law implemented in Indonesia also brings significant changes to the trade and investment sector. This law simplifies various regulations that were previously considered to hinder the entry of foreign investment. Some improvements in the Omnibus Law include increased efficiency in the business licensing process and the simplification of labor regulations that were previously considered rigid and inflexible for foreign investors (Asean Briefing, 2024).

Several regulatory hurdles remain the main obstacles, such as the complex tax system, business licensing that still takes a long time, and regulatory changes that are often unpredictable (world Bank, 2022). And the often unpredictable regulatory changes can reduce foreign investors' confidence in the stability of investments in Indonesia (world Bank, 2022). In addition, legal uncertainty in the implementation of trade policies also contributes to Indonesia's lower competitiveness compared to other countries in the ASEAN region (Purnama et al., 2024). Therefore, to enhance investment attractiveness, the government is expected to continue policy reforms to create a more conducive investment climate.

3. Challenges and Legal Framework for Foreign Investment in Indonesia

Foreign investment in Indonesia still faces several challenges within the legal framework and regulatory implementation. One of the main issues faced by investors is the legal uncertainty related to regulatory changes that often occur without adequate consultation with industry players. In addition, although there are liberalization policies in various sectors, some industries still have foreign ownership restrictions that limit investors' flexibility (suria law, 2025).

Furthermore, despite the liberalization policies in various sectors, some industries still have restrictions on foreign ownership that limit investors' flexibility.

These regulations are implemented to protect sectors deemed strategic for the national economy, such as agriculture, telecommunications, and natural resources (suria law, 2025). Although this measure aims to protect national interests, these restrictions can also reduce the attractiveness of foreign investment in several sectors with high growth potential (Taduri, 2021).

One of the main obstacles in the implementation of investment regulations is the inconsistency of policies between the central and regional governments. In some cases, differing interpretations of investment regulations cause obstacles in the licensing process and the operationalization of foreign investments (Taduri, 2021). Investors often face administrative uncertainty, where policies set at the central level do not always align with implementation at the regional level.

Moreover, although the Job Creation Law aims to simplify investment regulations, challenges in legal implementation and contract certainly remain a major concern. Some investors report that sudden regulatory changes and lengthy bureaucratic processes are the main obstacles to investing in Indonesia (suria law, 2025).

Moreover, although the Job Creation Law aims to simplify investment regulations, challenges in legal implementation and contract certainly remain a major concern. Some investors report that sudden regulatory changes and lengthy bureaucratic processes are the main obstacles to investing in Indonesia (Upoyo & Adi, 2021).

To address this challenge, the government needs to strengthen legal certainty and the stability of investment regulations. Some steps that can be taken include increasing transparency in the formulation of investment policies, improving coordination between the central and regional governments, and ensuring stronger legal protection for foreign investors (Upoyo & Adi, 2021). With more comprehensive reforms, Indonesia can enhance its competitiveness as a global investment destination and attract more foreign capital in the long term.

Foreign Direct Investment (FDI) plays a strategic role in the economic development of a country, especially in Indonesia. FDI makes a significant contribution to increasing production capacity, expanding job opportunities, and driving sustainable economic growth. (Jamil & Hayati, 2020). In general, foreign direct investment in Indonesia experiences fluctuations due to internal and external factors. One of the external factors that influence it is the global economic conditions, such as the economic crisis in 2008 which caused a decline in FDI in 2009 and the United States interest rate policy in 2016 which again impacted capital inflows. (Jamil & Hayati, 2020).

Despite experiencing ups and downs, the Indonesian government continues to strive to create a conducive investment climate through regulatory improvements and incentives for foreign investors. Law Number 25 of 2007 on Investment serves as the legal basis that provides protection for foreign investments, including guarantees on ownership rights and transparent dispute resolution mechanisms (Winata, 2018). This regulation is designed to reduce non-commercial risks often faced by investors, such as legal uncertainty and unexpected government intervention. With clear legal protections in place, Indonesia is striving to enhance its appeal as a stable and secure investment destination (Winata, 2018).

Furthermore, in the context of trade regulation, Indonesia as a member of the World Trade Organization (WTO) is bound by the principle of non-discrimination, which requires all investors to be treated equally regardless of their country of origin (Upoyo & Adi, 2021). However, on the other hand, the government also implements

policies such as the Domestic Content Level (TKDN) to ensure that foreign investments have a positive impact on the local industry. This policy aims to ensure that foreign companies do not only make Indonesia a market but also a center for production and innovation (Upoyo & Adi, 2021). The implementation of this policy has sparked debate because it is considered contrary to the non-discrimination principle outlined in the WTO agreement, although from a national economic perspective, this policy aims to protect the interests of the domestic industry (Situmorang & Permatasari, 2021)

Overall, despite various challenges in the implementation of PMA regulations and trade, Indonesia continues to strive to create a balance between the interests of foreign investors and the development of the domestic industry. The government's efforts to improve infrastructure, provide fiscal incentives, and ensure legal stability are the main factors in enhancing Indonesia's competitiveness as a global investment destination (Purnama et al., 2024).

Indonesia also faces challenges in harmonizing regulations between the central and regional governments. Differences in legal interpretation at the regional level often led to inconsistencies in the implementation of investment policies, which can ultimately reduce the attractiveness of foreign investment in Indonesia. Therefore, better coordination between the central and regional governments is needed to create a more stable and attractive investment environment for foreign investors (Taduri, 2021).

These results indicate that trade regulations in Indonesia still face several obstacles that could potentially hinder the entry of foreign investment. One of the main challenges is the legal uncertainty that arises from regulatory changes that are often unpredictable. Foreign investors often face difficulties in adjusting to suddenly changing policies, resulting in high investment risks (Silaban et al., 2024)

Moreover, the complex bureaucracy in the licensing process remains a major obstacle for foreign investors. Although the government has implemented a technology-based licensing system such as Online Single Submission (OSS), various obstacles in its implementation are still found, such as overlapping authority between the central and regional governments. This causes the investment process to be slower and less efficient compared to competing countries in the Southeast Asian region (Fuad et al, 2024).

The impact of inconsistent regulations is also evident in the level of foreign direct investment flows in various industrial sectors. Some sectors, such as manufacturing and infrastructure, have shown significant increases in investment, while other sectors like agriculture and fisheries have experienced stagnation. This is due to the imbalance of incentives and regulations that have not yet supported investment evenly across all sectors (Purnama et al., 2024).

However, despite various challenges, the government's tax incentive policies and regulatory reforms are starting to have a positive impact on increasing the attractiveness of foreign investment. Improvements in macroeconomic stability and the transparency of trade regulations also contribute to increased investor confidence. If policy reforms continue to be implemented consistently, it is expected that foreign investment in Indonesia will increase in the coming years (Winata, 2018).

CONCLUSION

Based on the research findings, it can be concluded that trade regulations play an important role in attracting foreign investment to Indonesia. Although several policies have been implemented to enhance investment attractiveness, there are still challenges that need to be addressed, such as regulatory uncertainty and complex

bureaucracy. The success of foreign investment heavily depends on the clarity and consistency of the regulations implemented by the government. Sustainable reforms are necessary to create a more stable and competitive investment environment at the global level. The advice that can be given is:

1. The government needs to continue regulatory reforms to create a more stable and conducive investment climate.
2. The increase in transparency in trade policies can strengthen the trust of foreign investors.
3. The harmonization of regulations between the central and regional governments must be improved to prevent differences in legal interpretation that could hinder investment.
4. Monetary policy that focuses on exchange rate stability must be maintained to ensure the flow of foreign investment remains steady.

With more effective policies and better coordination between the central and regional governments, Indonesia has a great opportunity to become a more attractive investment destination in the future. These measures are expected to enhance Indonesia's attractiveness as a more competitive and sustainable global investment destination.

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BUSINESS PRACTICES AND LEGAL COMPLIANCE IN THE DIGITAL ERA

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Abstract:

Business law in the digital era refers to rules and regulations relating to business transactions carried out through digital media or information technology. Along with the development of technology and the internet, many businesses operate online and carry out transactions electronically. Therefore, business law in the digital era is becoming increasingly important to ensure business transactions are carried out legally and safely. The implications of business law can have both good and bad impacts on business ethics practices in Indonesia. Therefore, it is important to carry out this research to understand the relationship between business law and business ethics in Indonesia and its implications for ethical and responsible business practices. Legal Compliance Theory and Business Ethics regarding contract law is essential in ethical business practices. Business actors in Indonesia must understand and comply with contract provisions carefully in order to build trust and maintain a good reputation among business partners.

Keywords: Business Practices, The Digital Era, Legal Compliance.

INTRODUCTION

In the era of globalization and increasingly fierce business competition, business ethics and business law have become increasingly relevant and important issues in the business world. In Indonesia, as a country with a rapidly developing economy, it is important to understand the implications of business law on ethical business practices in order to achieve sustainable economic development (Muslim, 2017).

In the era of globalization and increasingly fierce business competition, business ethics and business law have become increasingly relevant issues that are important in the business world. Indonesia is a country with a rapidly developing economy, therefore it is important to understand the implications of business law on business ethics practices in order to achieve sustainable economic development, so that in the era of globalization it becomes an important guideline for Indonesia in participating in ASEAN (2023).

Technological advances have brought rapid changes and shift in a borderless life in this era of globalization. Globalization is the process of eliminating various controls that hinder the movement of trade and capital to spread across the globe. In today's world of global trade, electronic transactions are something that cannot be avoided. Electronic Commerce (E-Commerce) is an example of advances in information technology, where business transactions are no longer carried out conventionally, requiring buyers to interact directly with sellers or having to use cash. But the seller is represented by a system that serves buyers online via a computer network. In carrying out a transaction, a buyer faces and communicates with a system that represents the seller.

Statistical data on electronic trading activities (ecommerce) show an increase every year. This is in line with the development of information and communication technology and the improvement of communication infrastructure networks. An electronics-based economy has high potential for Indonesia and is one of the backbones of the national economy. This research tries to analyze the problems of legal challenges in the e-commerce business and the role of the government in supporting the birth of new e-commerce business actors.

Electronic Commerce (E-Commerce) is an example of advances in information technology, where business transactions are no longer carried out conventionally, requiring buyers to interact directly with sellers or the need to use cash. But the seller is represented by a system that serves buyers online via a computer network. In carrying out a transaction, a buyer faces and communicates with a system that represents the seller (Munir, 1994).

Therefore, E-Commerce requires a system infrastructure that is able to guarantee the security of the transaction. The revolutionary changes above in reality do not always have a positive effect, because the results of technological work are known to always have a double face, namely on the one hand providing great benefits for human life, but on the other hand also providing convenience and even expanding crime globally. The development of technology that exists today always has a positive impact directly or indirectly, both in a positive and negative sense and will greatly affect every attitude and mental attitude of every member of society (Makarim, Edmon. 2014).

Based on the data obtained, it shows that the Indonesian Government wants to position Indonesia as the largest Digital Economy Country in Southeast Asia in 2020 (Ahmed, R.R 2023). The current condition is that many novice e-commerce business actors (startups) both online trading and digital startups with fresh and innovative ideas lack access or funding to develop their businesses. The government will encourage

the growth of new technopreneurs, both by collaborating with leading technopreneur mentors, data centers, technoparks, and providing funding. Meanwhile, for SME business actors, it is hoped that they will be able to level up to become large business actors, even spreading internationally. Therefore, based on the description above (Purbo, Onno W. 2000).

RESEARCH METHODS

The research method used in this study is the library research method. This method involves collecting data and information from various literature sources such as books, journals, articles, and other related documents that are relevant to the research topic. The data and information collected will be analyzed and compiled into a research report (Sugiyono, 2012). This study aims to explain the implications of business law on business ethics practices in Indonesia. The implications of business law can have both good and bad impacts on business ethics practices in Indonesia. Therefore, this study is important to understand the relationship between business law and business ethics in Indonesia and its implications for ethical and responsible business practices. (Panggabean, HP 2019).

The library research method was chosen because it allows data collection from various relevant literature sources. In this study, the data and information obtained will be analyzed comprehensively to identify factors that influence the relationship between business law and business ethics in Indonesia. Thus, this method will provide a deep understanding of the implications of business law on business ethics practices in Indonesia. The results of this study are expected to contribute to increasing awareness and understanding of the importance of ethical business practices and legal compliance, especially in the Southeast Asian region.

ANALYSIS AND DISCUSSION

Maintaining business compliance across Southeast Asia can be an enormous challenge, in an ever-growing region with 11 unique countries and multiple jurisdictions, it is important to be aware of changing compliance laws and related initiatives to ensure that you are always one step ahead of compliance requirements. In the business world, business law plays an important role in establishing ethical and responsible business practices. Apart from that, contract law is an important aspect of business law because it regulates the relationships between the parties involved in a business transaction. In this discussion, the implications of business law, especially in the context of contract law, will be analyzed for ethical business practices in Indonesia. The theories and views in his book "Contract Law: Theory and Techniques for Drafting Contracts" will be applied to explore a deeper understanding of the relationship between business law and business ethics in Indonesia (Salim, 2013).

1. Legal Compliance Theory and Business Ethics: Compliance with contract law is essential in ethical business practices. A contract is a legal agreement between parties that is valid and binding, so complying with a contract is a form of good business ethics. The implication is that business actors in Indonesia must understand and comply with the provisions of the contract carefully in order to build trust and maintain a good reputation among business partners.
2. Stakeholder Interest Protection Theory and Transparency: the importance of protecting the interests of all parties involved in a business contract. This principle can be applied in business practices in Indonesia by ensuring that contracts do not only benefit one party but also take into account the interests of all (Juliana, L., Praptiningsih, 2014).

Companies in Indonesia must comply with various regulations and laws that apply to running their business. The implementation of business practices and legal compliance is very important to improve company performance and ensure that the company complies with applicable regulations and laws. According to Soerjono Soekanto, there are 3 (three) indicators that can be applied in companies and society to comply with the law. The 3 (three) factors are compliance, identification, and internalization.

1. Compliance is a form of legal compliance that is caused by sanctions for rule violators. In other words, the aim of legal compliance is solely to avoid existing legal sanctions.
2. Identification is a form of legal compliance carried out to maintain pleasant relationships with other people or groups.
3. Internalization is a form of legal compliance that is caused by knowledge of the purpose and function of these legal rules.

Business trends in the ever-evolving digital era mark major changes in the way society interacts with the economy. The internet has become the main foundation that allows individuals, entrepreneurs and companies to run their businesses online. This phenomenon opens the door to unlimited business opportunities with a much wider market reach, especially in the Southeast Asia region, than has ever existed before. In the midst of societal transformation, we have entered a new era known as digital era-based business practices, in this case every country, especially Southeast Asia, has its own way of complying with the law.

Ethical theories such as deontology, utilitarianism, and virtue ethics, offer different perspectives on whether an action can be judged as right or wrong. For example, the deontological approach emphasizes that all moral obligations and rules are equally universal, while utilitarianism judges' actions based on the outcomes they produce, especially in terms of maximizing the welfare of the greatest number of people, especially users in Southeast Asia. Virtue ethics emphasizes the development of individual moral character and virtues in Southeast Asia as the basis for ethical action. It is necessary to understand that the following are 2 basic approaches that are commonly used to formulate ethical business behavior, namely: (Idayanti Soesi. 2020).

1. **Utilitarian Approach**: every action must be based on its consequences. Therefore, in acting, a person can follow the ways that provide the greatest benefit to society, in a way that is not harmful and at the lowest cost.
2. **Individual Rights Approach**: everyone in their actions and behavior has basic rights that must be respected. However, such actions or behavior must be avoided if it is estimated that it will cause conflict with the rights of others. Justice Approach: decision makers have the same position, and act fairly in providing services to customers both individually and in groups (Alisya, J., Matondang, 2024).

In the context of business in the digital era, especially Southeast Asia, business law treats loyal state regulations, especially the 11 countries that follow, playing an important role in shaping and regulating business ethics practices. The implications of business law include protection of ethical business practices, legal sanctions for violations of business ethics, and supervision and enforcement to ensure compliance with the rule of law.

In this study, a systematic approach will be developed to discuss the implications of business law on business ethics practices, especially in Southeast Asia. Implications of Business Law on Business Ethics Practices:

1. Legal protection for ethical business practices: Business law provides the legal framework that protects ethical business practices. Existing regulations and laws set out the boundaries and responsibilities of companies in conducting business activities ethically, including protection of consumers, the environment, and employee rights.
2. Legal sanctions for violations of business ethics: The legal implications of business also include legal sanctions applied to violations of business ethics. Business actors who commit violations such as fraud, corruption, or human rights violations Jurnal Bisnis & Kewirausahaan may face legal action that can impact the reputation and sustainability of the business.
3. Oversight and enforcement: Business law also involves oversight and enforcement of laws aimed at ensuring ethical and responsible business practices. Legal institutions, such as the judiciary and regulatory authorities, have an important role in ensuring compliance with the rule of law and dealing with violations that occur.

In order to improve the implementation of business law and ethical and responsible business practices in all those involved in the Southeast Asian region, several solutions and recommendations that can be provided include:

1. Strengthening Regulation: Efforts are needed to strengthen regulations related to business, including business law and business ethics. Clear and comprehensive regulations will provide strong guidelines for responsible business practices.
2. Effective Law Enforcement: It is important to strengthen law enforcement against unethical business violations. Strict and fair sanctions must be applied to ensure accountability and provide a deterrent effect for business actors who violate the law.
3. Education and Awareness: Education and awareness regarding business law and business ethics need to be improved. Businesspeople, managers, and employees should have a good understanding of the principles of ethics and social responsibility in business.
4. Collaboration between Government and Business: It is important to build strong collaboration between government and business. Dialogue forums between the two parties can be used to identify problems, share experiences, and find joint solutions in encouraging ethical and responsible business practices.
5. Transparency and Accountability: Companies must implement transparency and accountability in financial reporting, business practices, and resource management. In this regard, international standards and best practices need to be adopted to ensure integrity in business operations.
6. Establishment of an Independent Supervisory Body: It is necessary to establish an independent supervisory body that has the authority to oversee the implementation of business law and ethical business practices. This body can provide strict supervision and ensure fairness and honesty in the business world. By implementing these solutions, it is hoped that the implementation of business law and ethical and responsible business practices in Indonesia can be improved, creating a fair, transparent and integrity-based business environment, and making a positive contribution to economic development and community welfare.

CONCLUSION

In business in the digital era, it is very necessary and important, because of the introduction of business legal ethics, especially in Southeast Asia. Regulations in business legal ethics Factors such as national development developments, business ethics, internal and external factors, and legal awareness influence business practices in Indonesia. Strong legal regulations, effective law enforcement, education, training and awareness of business ethics are important factors in creating a responsible and ethical business environment.

Based on the description above, it can be concluded that legal challenges in the current digital era are related to many aspects, one of which is the economic aspect. The use of developments in information technology in the economic sector has brought many changes to trading activities today. Trade, which was previously conventional, requiring face-to-face interaction between sellers and buyers, has transformed into electronic commerce, where sellers and buyers do not need to meet in the buying and selling process, but simply use an e-commerce system. Electronic-based commerce currently and in the future has the potential for a high market share and can become an important sector and one of the backbones of the national economy.

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THE IMPORTANCE OF MANDATORY INSURANCE FOR SHIP OWNERS' LIABILITY UNDER LAW NO. 17 OF 2008 ON SHIPPING TO ADDRESS CHALLENGES IN INTERNATIONAL TRADE

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Abstract:

In the era of globalized trade, maritime safety and security are critical concerns. This study examines the significance of mandatory liability insurance for ship owners under Law No. 17 of 2008 on Shipping in Indonesia, focusing on its role in mitigating legal, economic, and social risks. Using a normative juridical approach, the research highlights how this regulation aligns with international standards, protects victims' rights, and enhances Indonesia's position in global maritime trade. The findings underscore the regulation's potential to foster trust in the shipping industry and support Sustainable Development Goals (SDGs).

Keywords: Ship Owner Liability Insurance, Law No. 17 Of 2008, Maritime Safety, International Trade, Risk Mitigation, Victim Protection, Environmental Liability, Legal Harmonization.

INTRODUCTION

Being the biggest archipelagic country in the world, Indonesia has a lot of potential in the shipping and global trade sectors. This potential is not without serious drawbacks, though, such as the possibility of ship mishaps that might result in both tangible and intangible losses for travelers, cargo owners, and the environment. Law No. 17 of 2008 on Shipping governs ship owners' responsibilities to cover their liability for the safety of passengers and cargo in order to foresee these risks.

The significance of this insurance obligation in relation to both domestic and international law is covered in this article. It also looks at how this clause might be used as a useful instrument to address issues with international trade, like international competitiveness, safety regulations, and the rights of ship accident victims.

According to Martinez (2018), "the absence of mandatory insurance in developing countries like Indonesia often exacerbates the consequences of maritime accidents, leading to prolonged litigation and inadequate compensation for victims" (Marine Policy, p. 125). This highlights the critical role of mandatory insurance in ensuring equitable outcomes for all stakeholders.

Theoretical Framework

1. Principles of Civil Liability in Maritime Law According to the marine law principle of civil liability, ship owners are liable for any losses brought on by the operation of their vessels. Losses to travelers, goods, the environment, and port infrastructure are all included in this obligation. In reality, ship owners frequently find it challenging to carry out this duty directly because of the significant costs of compensation. Consequently, insurance becomes a crucial tool to guarantee that this obligation may be fulfilled without endangering the ship owner's financial security. As noted by Smith (2019), "civil liability in maritime law serves as a mechanism to balance the interests of ship owners, victims, and the broader community" (Maritime Law Review, p. 60). This balance is achieved through the use of insurance, which spreads the financial burden across multiple stakeholders.
2. International Regulations on Maritime Safety Minimum requirements for environmental preservation and maritime safety are set by international agreements like the International Convention on Civil Liability for Oil Pollution Damage (CLC) and the International Convention for the Safety of Life at Sea (SOLAS). These requirements must be met by nations that want to engage in international trade. Law No. 17 of 2008's requirement for ship owners' liability insurance is a tangible step toward bringing domestic laws into compliance with global norms. Tanaka (2019) emphasizes that "harmonization with international conventions like SOLAS and CLC is essential for countries seeking to integrate into the global maritime trade network" (Ocean Development & International Law, p. 160). This harmonization ensures that national laws are consistent with the best global practices of the globally.

RESEARCH METHODS

Using a normative juridical method, this study examines secondary sources (academic literature, case reports) as well as primary legal documents (Law No. 17 of 2008, international agreements). To clarify the significance of the insurance duty in light of both domestic and international law, data were descriptively evaluated. Wilson (2020) argues that "a normative juridical approach is particularly effective in analyzing the alignment of national laws with international standards" (World Development, p. 106).

This approach allows for a comprehensive evaluation of the legal framework governing ship owners' liability insurance.

ANALYSIS AND DISCUSSION

1. Protection of Victims' Rights

Both cargo owners and passengers are frequently severely impacted by ship mishaps. The Titanic accident in 1912 and the Sewol ferry disaster in 2014, for instance, serve as stark reminders of how vital it is to defend victims' rights. Ship owners who are required to carry liability insurance guarantee that victims will be fairly compensated without having to go through drawn-out and difficult legal proceedings.

Severe weather caused the KM Lestari Maju to sink in the waters of Selayar, South Sulawesi, in July 2018. Hundreds of vehicles and more than 130 passengers were on board the ship. At least 34 people lost their lives in this disaster, which also resulted in large financial losses. The ship lacked sufficient insurance to cover its liability to passengers and cargo, according to a National Transportation Safety Committee (KNKT) assessment.

According to the KNKT investigation report (2018), the main factors contributing to the accident included:

a. Severe Weather Conditions: The ship operated amidst high waves and strong winds.
b. Weak Risk Management: The ship owner lacked an adequate risk management system.
c. Insufficient Insurance Coverage: The ship was not insured in accordance with Law No. 17 of 2008.

The KNKT recommendations in this investigative report included:

a. Strengthening Regulations: The government is urged to tighten supervision of compliance with mandatory insurance requirements for ship owners.
b. Education for Ship Owners: Educational programs about the importance of insurance and risk management should be expanded.
c. Stricter Law Enforcement: Ship owners who violate mandatory insurance provisions should face strict penalties.

As a result, the ship owner was under a lot of financial strain, and the relatives of many victims did not receive enough compensation. The significance of requiring liability insurance for ship owners is demonstrated by this instance. The ship owner would not have been burdened with excessive financial obligations, and victims would have gotten quicker and more equitable compensation if KM Lestari Maju had met with Law No. 17 of 2008's insurance regulations.

According to Brown (2017), "the lack of insurance coverage in maritime accidents often leaves victims without recourse, exacerbating the human and economic toll of such incidents" (Maritime Policy & Management, p. 615). This underscores the need for mandatory insurance to protect victims' rights.

2. Financial Risk Mitigation for Ship

Owners In the event of an accident, ship owners who do not have insurance run a serious financial risk. In addition to shielding ship owners from significant lawsuits, insurance gives them the financial security they need to continue operating.

More than 400 people perished when the KM Senopati Nusantara crashed in the Java Sea in December 2006. The ship lacked sufficient insurance to cover its liability to passengers, according to a KNKT inquiry. As a result, the ship owner had to deal with protracted legal disputes and significant financial losses.

According to the KNKT report (2007), the key recommendations included:

a. Implementation of International Safety Standards: Ship owners must comply with safety standards set by SOLAS.
b. Mandatory Full Liability Insurance: Ship owners must have insurance covering full liability to passengers and cargo.
c. Increased Vessel Inspections: Routine inspections should be conducted to ensure ships meet safety standards.

This story illustrates that insurance serves as a risk mitigation strategy for ship owners in addition to providing protection for victims.

Gonzalez (2018) notes that "insurance acts as a financial buffer, enabling ship owners to recover from catastrophic events without jeopardizing their long-term viability" (Journal of Maritime Economics and Logistics, p. 115). This highlights the dual role of insurance in protecting both victims and ship owners.

3. Building Trust in International

Trade Establishing trust with global commercial partners requires adherence to international legislation and high safety standards. Indonesia can show its dedication to marine safety and victim rights protection by implementing required insurance, which will increase the competitiveness of its shipping sector on the international stage.

One of the biggest exporters of coal worldwide is Indonesia. However, Indonesia's standing with foreign trading partners has suffered as a result of multiple incidents involving coal-carrying ships in East Kalimantan. For example, a ship transporting coal sank in the Mahakam River in 2015, resulting in substantial material losses and contamination of the environment. This tragedy emphasizes how crucial ship owners' liability insurance is to be safeguarding the interests of all stakeholders, especially global trading partners.

According to the KNKT report (2016), the main recommendations included:

a. Strengthening Environmental Regulations: Ship owners must have environmental insurance to cover losses from pollution.
b. Increased International Collaboration: Indonesia should collaborate with international organizations like the IMO to improve safety standards.
c. Transparent Accident Data: Accident data should be published transparently to build trust with trading partners.

Johnson (2020) states that "trust in international trade is built on transparency, accountability, and adherence to safety standards, all of which are facilitated by mandatory insurance" (International Trade Journal, p. 91). This reinforces the importance of aligning national regulations with international norms.

4. Harmonization with International Standards

The tenets of international conventions like SOLAS and CLC are in line with Law No. 17 of 2008. This enhances Indonesia's standing as a conscientious participant in the international maritime community.

Through Government Regulation No. 29 of 2012, Indonesia became a signatory to the International Convention for the Prevention of Pollution from Ships (MARPOL). However, there are still obstacles in the way of this convention's implementation, especially in terms of funding. One way to make sure ship owners have enough money to meet international environmental requirements is to make liability insurance mandatory for ship owners.

According to the KNKT report (2020), the key recommendations for strengthening regulations are included:

a. Mandatory Environmental Insurance: Ship owners must have insurance covering environmental liability.
b. Enhanced Port Authority Oversight: Port authorities must ensure that operating ships comply with MARPOL standards.
c. Development of Environmentally Friendly Technologies: The government should encourage the use of environmentally friendly technologies to reduce pollution risks.

Carter (2021) argues that "environmental insurance is a critical tool for ensuring compliance with international conventions like MARPOL, as it incentivizes ship owners to adopt sustainable practices" (Environmental Law Review, p. 80). This highlights the role of insurance in promoting environmental sustainability.

CONCLUSION

Law No. 17 of 2008, which requires ship owners to guarantee their liabilities for the safety of people and cargo, is a calculated move to address issues in global trade. In addition to safeguarding the rights of victims, this clause gives ship owners financial security and builds confidence with foreign business partners.

To guarantee that all ship owners fulfill their responsibilities, it is advised that the government increase oversight of this provision's application. In order for ship owners to comprehend the long-term advantages of this policy, it is also necessary to improve their knowledge of the significance of insurance.

Lee (2016) concludes that "effective risk management, including mandatory insurance, is essential for the sustainable development of the maritime industry" (Journal of Risk Research, p. 350). This underscores the importance of adopting a holistic approach to maritime safety and liability.

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DIGITAL-ERA BUSINESS PROTECTION IN INDONESIA

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Abstract:

Research this aiming for to study role law in protection digital era business in Indonesia. Globalization opens an opportunity economy for get profit big with development business in the digital age. However digital era businesses face challenges in the form of threat cyber or abuse activity digital business that can cause loss. In case of this, the law required striving for protection for the perpetrators in digital business. The law is dynamic that can adapt to the condition society that is faced including digitalization business. Based on matter said, then study This own formulation problem namely " how role law in protection digital era business in Indonesia?". The research method used is normative with approach Constitution that is Constitution About Information and Electronic Transactions (ITE Law), Law Number 8 of 1999 concerning Protection Consumers and Lawmakers Invite Number 19 of 2016 concerning Information and Electronic Transactions. Objects study that is digital business as the phenomenon studied. Data collection was carried out through technique collection studies library originating from books, journals and official websites. Research results show that role law in protection digital era business in Indonesia in general summarized become three thing that consists of from giving legality business, supervision competition digital business and protection to consumer in digital business. Success role law in protection digital era business in Indonesia can achieved through good implementation in accordance applicable laws and regulations as well as needed Work The same as well as good coordination between government, perpetrators businesses and consumers.

Keywords: Digital Business, Law, Business.

INTRODUCTION

Progress technology has become the most obvious impact from development globalization. Sophistication technology is very close the relation with life humans. Because everything aspect of life humans are very dependent on technology to make it easier to do activity every day. In addition to making life easier for humans, the digital era has also an open opportunity for profit economy through activity business.

Competition business in the digital era has requires the perpetrators business for can adapt and innovate in accordance progress existing technology. A digital strategy is necessary to be deployed to remain endured in circle competition business. In its implementation, this strategy can do with access free and paid advertising, social media, business websites and other digital platforms.

Current activity startups or e-commerce have driving digital era business strategies echoed by executors' business for scoop up profit economy as much as possible. However, in the business world No deny faced with many challenges. Likewise with business in the digital era, increasingly rapid progress technology, then the more Lots also obstacles that need to be overcome faced like threat crime cybercrime. According to Andi Hamzah, cybercrime cyber is a crime committed in the field of computers in a general way or can be interpreted as using a computer in a way illegal. In Indonesia itself, there are Lots Of case cybercrime that rampant done like hacking sites, wiretapping, theft, data manipulation and others. Cybercrime become problems that need to be solved get attention special Because concerning security of the perpetrators business running business digitally.

Apart from crime cyber, challenges faced in digital era business also refer to the behavior cheating carried out by certain individuals No responsible answer. The impact can happen inequality that can felt by the perpetrator small so that difficulty for develop his business. Risk the biggest Can just experience losses that can occur make perpetrator business stop marketing its products. Losses from problem This is also felt by consumers as a target market. This is because digital business is very vulnerable with practice fraud that is partly big experienced by consumers. Therefore, that is needed law as umbrella protection for minimize or prevent problemsthe.

Contribution law in digital era business provides protection law for the perpetrators Good from perpetrator business and also consumers. This is because law has a characteristic dynamic where the law can adapt development society that is absolute need change in the basics of law during journey its history for reach justice. The amount activity digital business has given chance for law for participate play a role in it, especially again in Indonesia which is a country of law. Based on matter said, then study This own formulation problem namely " how role law in protection digital era business in Indonesia?". Topic study This own urgency as studies of a nature contemporary Because discuss digitalization with glasses law in the field of business.

RESEARCH METHODS

Research methods used are to type study law normative, namely type study the law that examines law with draft as a norm or the rules applied in scope society and become reference behavior every individual. The subject study refers to digital business as the phenomenon studied. Approach used is approach legislation (statute approach) namely discussion study This referring to the regulations legislation as base study that is Constitution About Information and Electronic Transactions Law (ITE Law), Law Number 8 of 1999 concerning Protection Consumers and Lawmakers Invite Number 19 of 2016 concerning Information and Electronic Transactions. Other approaches are also used in study. This is an approach case approach, namely the

approach taken with presentation studies case. Data collection techniques are carried out using technique studies library or secondary data collecting source literacy that originates from journals, books and websites official. Data analysis techniques obtained from use technique analysis qualitative descriptive that is to describe the phenomenon being studied in a way What existence Good from proportions law both legal and non- legal.

ANALYSIS AND DISCUSSION

1. The Role of Law in Protection Digital Era Business in Indonesia

The role of law in digital business endeavors to create scope competition healthy business. The government has shown its seriousness with the existence of Constitution Information and Electronic Transactions (ITE). The ITE Law aims to protect personal data for abuse information from parties who are not responsible for answering. ITE Law until until moment This Still Keep going do refinement.

On the side of the law company there are a number of regulations in operating its business like Change on Law Number 7 of 1992 concerning Banking, Investment, on Micro, Small, and Medium Enterprises, Financing Institutions Law. While from aspect technology there is about Telecommunications, about Information and Electronic Transactions, and about Implementation Electronic Systems and Transactions.

Constitution Number 11 of 2008, which has changed in Constitution Number 19 of 2016 concerning Information and Electronic Transactions (ITE Law) has an objective for arranging law in the virtual world in all aspects like criminal, aspects civil, aspect state administration, and some aspects other related to action law in the realm cyber. Invite Invite Number 19 of 2016 has become cyber law the first to apply in Indonesia. Digital business in matter This trading through system electronic enter to in aspect civil.

2. Giving Legality to Digital Business

Legality is confession on identity business business acquired based on confession from the country so that can be known and accepted by the public (consumers) as well as condition legalization cooperate with other parties. Legality influence confession society where legality That Alone to validate a company. Legality of the contract digital trading is the same the crucial to conventional trading. Law Number 7 of 2014 Article 24 paragraph (1) has arranged licensing for perpetrator business conventional and digital.

Legality in digital business has in a way special regulated in Article 1320 of the Civil Code which discusses the agreement of the parties. Forget legality, then company need attach appropriate requirements according to Constitution.

Speaking about permission business in the digital era, on October 4, 2023, TikTok social media will be removed feature sale namely TikTok Shop. This is because TikTok is considered to have violation regulation Trading Through Electronic System (PMSE). As a social media platform, it does not TikTok should do transaction sell by Where rule is also listed in Regulation of the Minister of Trade Number 31 of 2023 concerning Licensing Business, Advertising, Coaching, and Supervision Business Actors in Trading through Electronic system that explains that social media platforms forbidden do transaction sell buy or play a role as e-commerce. With thus, TikTok Shop has not pocket clear permission as e-commerce so that its existence is considered illegal and get sanctions revocation permission.

TikTok Shop then partner with Tokopedia as a legal e-commerce platform so that TikTok Shop can return operate in accordance with applicable law. The solution is Then succeeded make TikTok Shop back operational on December 12, 2023, as e-commerce below under the auspices of Tokopedia. Although this law is still carried out by the Ministry of Trade, until March 4, 2024, the Ministry of Trade claims that TikTok Shop has pocketing permission as a sales platform by the legal one because Already comply Regulation of the Minister of Trade (Permendag) Number 31 of 2023.

From the study the case above shows that the rights owned by permission business own related benefits with protection law. The existence of rights owned by permission business as well as form compliance law, activities promotions and projects. In business in a way conventional There is a Trade Business License (SIUP). According to Regulation of the Minister of Trade of the Republic of Indonesia Number 36/M-DAG/PER/9/2007 Concerning Issuance of a Trade Business License, "SIUP is letter permission for can carry out business trade ". In digital business there is a License Uaha Trading Through Electronic System (SIUPMSE). This is supported by Article 24 paragraph (1) of Law no. 7 Yrs. 2014 regarding Trade (Trade Act) which formulates activity trade carried out by the perpetrator business required pocketing permission in field business which is given from the Minister.

Referring to Article 1 number 15 of Permendag 50/2020, "SIUPMSE is licensing effort given to perpetrator business running activity business in the field Trading Through Electronic System (PMSE)". SIUPMSE functions as licensing for perpetrator effort to do PMSE business or e-commerce. SIUPMSE is also strengthened by the implementation of Minister of Trade Regulation 50/2020 then licensing business for perpetrator PMSE business changes from SIUP to SIUPMSE. Based on provisions of Article 10 of Permendag 50/2020, SIUPMSE can it is said effective If perpetrator business e-commerce fulfil commitment. The commitment in question is statement from perpetrator business in do fulfillment condition permission business and also permission commercial or operational. Mandatory commitment filled covering Availability of Registered Certificate Organizer Electronic Systems, website pages along with Name applications, services complaint customers, availability information contact complaint customer DJPKTN consumers in service complaint consumers.

Perpetrator business must submit application through Online Single Submission (OSS) to get this SIUPMSE. OSS is a system that organizes the licensing process business online and provides electronic service to perpetrator business. The presence of OSS now makes it easier for the perpetrator business to get legal permission business, access information, and existing procedures. OSS provides a number of information such as application data business, licensing data, agency data area, licensing data area, and information others. Procedure This in accordance with provisions of Article 19 Paragraph (3) of the Regulation Government Number 24 of 2018 concerning Service Licensing Try Integrated Electronically.

The perpetrators business in practice reluctant or lazy to take care of licensing business. There is a number of factor the causes, among others the complexity bureaucracy licensing, system service bad licensing, fear pay tax, lack of knowledge about licensing efforts and so on. Factors the Then push regulation Presidential Decree No. 91 of 2017 concerning Acceleration Implementation Business, as well as PP No. 24 Yr. 2018 regarding Service Licensing Try Integrated Electronically that helps system service licensing in Indonesia becomes more system simple, fast and easy accessed Because integrated in a way electronic (online).

Apart from licensing business, legal business related with ownership of property rights Intellectual Property (IPR). IPR is right for getting protection law on riches

intellectual based on regulations legislation. Property rights intellectual covering right copyright, patent, trademark trade, design industry, and form riches intellectual others. If a business No own right riches intellectual, then consequences that must be covered is to use riches intellectual without permission so that make business no can developing. Condition This is unfair competition healthy, especially again in the digital era, even risk the heaviest is threat for stop selling a product.

In the digital era business, the most frequent found is brand Trademark. Trademark's own position is important in business, in particular startup and e-commerce. According to Article 1 of Law No. 20 of 2016 concerning Trademarks and Indications Geographic "Trademarks is a brand used on goods traded by a person or some people in particular together or legal entity for differentiate with goods similar others". Law No. 15 of 2001, "A trademark is sign in the form of pictures, names, words, letters, numbers, arrangements color, or combination from elements those who have power differentiator and used in the world of trade or service. Trademark become very important Because as marker identity commercial a business or business ". Forgery brand trade implications for marketing goods false so that harm consumers. Of course, the problem will harm the owner brand original trade. From the problem this, then legal law about brand trade is very necessary.

Rights to brand has been set up in Article 3 of Law no. 14 of 1994 Jo. Law No. 15 of 2001 which states the right brand is right granted by the state to owner brand registered in the General Register of Trademarks for term time certain use brand or give permission to somebody or some people in particular together or legal entity for use it. Protection brands are only applicable for brands that already exist registered in a way official in accordance with applicable regulations. If it happens violation brand trade, then law plays a role for protection brand trade which is part from right riches intellectual.

In Indonesia there are agency in charge supervise competition business namely Commission Supervisor Business Competition (KPPU). KPPU is an institutions that have an obligation to monitor the implementation of Law No. 5 of 1999 concerning Prohibition Monopolistic Practices and Unfair Business Competition. KPPU becomes institution that stands in a way independent Where No There is involvement other parties in it and are responsible answer to president. Although Thus, KPPU does not own authority to drop sanctions criminal or civil law. The authority held by the KPPU is binding on the authority of the administrative so that sanctions that can be given by KPPU are administrative sanctions.

Based on the above duties and authorities, KPPU strives to protect all over perpetrator economy. In the context of digital business, KPPU is trying to prevent competition No Healthy in the form of practice monopoly like action discrimination, behavior exploitation that occurs between platform, agreement exclusive, predatory pricing (practices) sell loss), misuse position dominant, and various form competition No Healthy others. As description small, deep digital business case predatory pricing for example, the perpetrators business good e-commerce and also startups compete market product with low price through discount as well as service maximum. If perpetrator is outside the market, then perpetrator business will set price with very high (monopolistic) as effort for cover loss previously. In addition to predatory pricing, there is also a pre-emptive merger, where the actor's business big will do acquisition of the company small or startup that has potential big become its competitors.

Competition case No Healthy or monopoly in digital business still Lots found in Indonesia. For example, in 2022, the Google company has done monopoly in Indonesia. As has been It is known that Google is A platform big as engine machine

which includes technology search, computing website, device software and digital advertising whose presence give very big benefits for man.

Investigation starts conducted by KPPU in September 2022 on base the KPPU initiative itself. KPPU highlights Google's actions require its user Google Play Billing (GPB) on various applications. GPB is a service originating from Google Play Store For provision sale digital products and content. From services said, Google then install rates by 15-30% of every purchase. Use of GPB is mandatory for do purchase digital products and services that only Can done in applications distributed by Google Play Store. With this, the application is subject to obligation the No can reject obligations. Application the can charged sanctions in the form of deletion application from Google Play Store or No allowed do update if reject for obligation pay. Policy the make the application in question will lose its consumers.

KPPU in general special in supervising competition business in digital business has given birth to regulation Commission No. 1 of 2020 concerning Handling Case Electronically with a purpose give convenience for public If want to make report related competition business No healthy. Handling cases in a way electronics made by KPPU, in the process like submission documents, calls hearings and trials at the KPPU can use facility electronics. At the time carry out hearing electronics, all parties involved in trial must show location and condition moment That to Assembly Commission use prevent the occurrence intervention and maintenance independence of the parties. Although the process carried out can use facility electronics, process tightness remains implemented. As for example, when the reported party and/ or investigator do not give document via electronic media in accordance with the time that has passed set without valid reason, then the Assembly Commission evaluate party the no use his rights for deliver document.

3. Protection to Consumer in Digital Business

The amount Indonesian society that becomes user application e-commerce show Power high consumerism in the digital world. This is because consumers make easy shop without must sacrifice time. Enough through existing applications, consumers Can access it wherever and whenever. However, the perceived convenience is also their issues that must be faced. Here these common problems faced consumers regarding the rights consumer e-commerce :

1. Products that will be purchased by consumers cannot identify in a direct way.
2. Ambiguity information the product you want purchased by consumers so that hinder decision transaction.
3. The perpetrator business does not have subject status clear law.
4. Unavailability guarantees security privacy and transactions specifically in payment in a way electronics.
5. Risks incurred no balance.
6. For activities transactions of nature across national borders, will there is worry about jurisdiction which country's laws apply.

Frequent cases experienced by consumers e-commerce such as defective products, dishonesty information and web advertising, delays shipping and others. Frequent cases experienced make consumers feel no safe in doing transactions on e-commerce. Responding to the conditions said, the law plays a role in protecting consumers who also become perpetrators in digital business. Based on the corner view law in matter implementation on transactions e-commerce there is contract online or condition legitimate the agreement that has been set up in Article 1320 of the Civil

Code (KUHPer). Law covers four condition legitimacy an agreement consisting of from:

1. There is an agreement between the parties and no there is element coercion on base opinion injured party for needs cancellation;
2. Competence of the parties as set up in Article 1330 of the Civil Code (not yet mature and well-off under guardianship).
3. The existence of an object agreement consisting of goods in form physically and can customize its type.
4. There is a lawful cause because non - halal reasons are the opposite with moral norms or order general.

Protection consumer in digital business in Indonesia has regulated by law like Constitution Number 8 of 1999 concerning Protection Consumers (UUPK) and Laws Number 11 of 2008 concerning Information and Electronic Transactions (UU ITE). Second Constitution This gives effort to protection law for consumers who do transactions sell buy through ecommerce. The aspects contained in UUPK and ITE Law include consumer rights, obligation perpetrator business, and systematics Handling dispute.

Protection law for consumers also emphasizes the actor's business for participating in providing protection to consumers. This is loaded in obligation perpetrator efforts that have been set up in Article 7 of the Law Protection Consumer among others:

1. In good faith Good in do activity his efforts.
2. Give correct, clear and honest information about conditions and warranties goods and/ or service as well as give explanation use, repair and maintenance.
3. Treat or serve consumers in a way that is true and honest as well as No discriminatory.
4. Ensure quality goods and / or services produced and / or traded based on provision standard quality goods and/ or applicable services.
5. Give chance to consumers for test , and / or try goods and / or service certain as well as give guarantee and/ or warranty on goods made and / or traded;
6. Give compensation, replace loss and / or replacement on loss consequence use, usage and utilization goods and/ or traded services.
7. Give compensation, replace loss and/ or replacement if goods and / or services received or utilized No in accordance with agreement.

Perpetrator business gets portion pressure taller compared to consumers in effort protection consumers. This is because of position law weak consumer than perpetrator business. In transactions digital business, there is engagement between perpetrator business and consumers. The agreement in question is based on the terms and conditions stated in Article 1233 Jo. Article 1234 of the Civil Code, namely each and every engagement born Because existence agreement or laws, and every engagement is for give something, for do something, or not do something. In a transaction carried out by an engagement will cause agreement Where One party promise for do something thing, then the other party has the right demand implementation promise that. If one of the parties fulfills his promise so party then, can it is said default.

Implementation protection consumer in digital business in Indonesia can see from one of cases experienced by users Grabtoko. Grabtoko is an e-commerce platform under PT Grab Toko Indonesia which was once... become conversation public in 2021. Because Grabshop allegedly has done fraud until billions of rupiah. Fraud This done with give information offer goods electronic with price cheap, but

goods offered no sent to consumers. As a result, incident said, Yudha Manggala Putra as owner Grabshop Finally arrested Because has do fraud against 980 consumers with a total loss of 17 M. The perpetrator ensnared threat criminal in accordance with Article 45 A paragraph (1) Jo Article 28 paragraph (1) Law Number 19 of 2016 about Changes to the Law Number 11 of 2008 concerning Information and Electronic Transactions (ITE).

Problems experienced by consumers also cross-national jurisdictional boundaries considering range the digital era business is very broad, then digital transactions are also increasingly being carried out wide until across state jurisdictional boundaries. In the context of this, protection consumers in digital businesses that cross national jurisdictional boundaries need to reinforce with do the same international in the field security cyber. Work same thing done cross-border field security cyber which is special strive for protection consumer can applied in agreement international. Agreement international in question of course just accommodated international law which then can be implemented by the countries that ratify it.

CONCLUSION

The role of law in protection digital era business in Indonesia can depicted in three role large covering legality business, supervision competition digital business and protection to Consumers. Giving legal business related to licensing business and wealth intellectual like brand trade. Giving legality business own position crucial Because concerning protection law If happen violation trade in digital era business. Supervisory role activity business in its implementation, there is a KPPU which is independent on duty to look after competition digital era business. Next role law in protection to consumers, are protected by the ITE Law and the PK Law even though Still need improvement through regulation law and work the same across countries. However, the success role law in effort protection to this digital era business also depends on the implementation from related parties with coordination and work same good from government, perpetrators business, consumers and stakeholders' interest other.

The role of law in protection digital business becomes topics in research This become study contemporary. This is Of course become phenomenon unique that can under review in a way more continue. So, from that, there is recommendation for study next about role law in digital business. Researchers can study more carry on with replace subject study in a way specific like role Notary Public in digital business, accountability answer law If violation law in the digital business world or discuss urgency existence regulations that are special strive for enforcement law in digital business. Recommendations study the of course will become interesting research for discussion and can add outlook specifically about How glasses law in see phenomenon digital business that always develop rapidly.

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