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Joint Venture

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Abstract

Investment becomes an arena for an entrepreneur who has capital and has an entrepreneurial spirit. With a passion for profit, investors do everything they can to obtain abundant profits. One way to develop the company is through collaboration with several parties or companies to run a joint business within a certain period, namely by building a new company or commonly called a Joint Venture. The purpose of this research is to find out a juridical study about the information on joint ventures, and to find examples of cases against illegal actions (PMH) in joint ventures and solutions. Arrangements regarding joint ventures themselves are specifically listed in Law No. 1 of 1967 concerning Foreign Investment (PMA). To find out juridical studies of joint ventures and resolve cases of legal battles against joint ventures with this type of research is a type of normative research. In a joint venture contract governed the distribution of national and foreign shares (capital). Foreign parties can have a maximum capital of 95% and a minimum of 5% domestic capital. From this cooperation will form a new legal entity, which is a combination of foreign legal entities and domestic legal entities. Legal protection against shareholders has been outlined in Law No. 1 of 1967 concerning foreign investment. However, this protection is less clear because it does not clearly provide legal protection for minority majority shareholders or shareholders who have a balanced ownership.

Keywords: *Stock Investment; Disputes; Profits; Legal Protection.*

A. Introduction

One way to make money and become a livelihood is through investment or often referred to as investing. Investment becomes an arena for an entrepreneur who has capital and has an entrepreneurial spirit. With so many risks to be accepted by investors, it does not dampen their enthusiasm to continue to develop through investment. With a passion for profit, investors do everything they can to get abundant profits. But, you don't have to underestimate ethics in doing business as a reference for acting for investors. With ethics, they can gain the trust of other investors, the wider community, and their partners in investing. Thus providing progress in the investment process for an entrepreneur who is in the business world.

In addition, to make a profit not a few investors through the company they lead continue to make improvements or innovations in order to continue to attract the interests of customers. One way to develop the company is through collaboration with several parties or companies to run a joint business within a certain period, namely by building a new company or commonly called a Joint Venture. In Indonesia alone, a joint venture is only limited to a company from within the country with a company from abroad (foreign). The main purpose of establishing a joint venture is for companies that provide economic power to the parent company to gain mutual benefit.

Regulations regarding the joint venture itself are specifically listed in Act Number 1 of 1967 concerning Foreign Investment (PMA). One form of foreign investment in Indonesia is a joint venture. According to Ismail Suny, this form is a collaboration between foreign capital owners and national capital owners, based solely on a mere agreement. This cooperation does not form a new legal entity, so this cooperation is contractual (cooperative). In this cooperation the nature is not merely seeking profit, but also to provide work experience for national parties.

The existence of investment is not only enjoyed by investors who will invest, but investors must also pay attention to the interests of the people who are around the investment area. In seeking profit, in the implementation of joint venture it is not impossible that one of the parties in a company that has committed itself to do a Law Breaking Act (PMH) that has been determined previously. Resulting in irregularities in law enforcement and stretching harmony between the various parties involved. In this paper, one of the Acts Against the Law (PMH) will be presented in the implementation of joint venture in Indonesia in particular and an analysis of its enforcement in Indonesian law.

B. Research Methods

This study uses an empirical or sociological juridical approach to law, which is to deepen and broaden the object under study, because in this study will be seen how the operation of law in society and how law interacts with society. In this research, it will be studied in theory (law in book), and also studied how it happens in the community (law in action). Law is not only seen as a normative entity that is independent or isoteric, but rather must be seen as a real part of the social system relating to other social variables,¹ so that the function of the power of attorney imposes a mortgage right in terms of the provisions of article 15 of Law Number 14 of 1996, in addition to the need to be examined from its legal aspects as well as its empirical reality in society.

The specification of this study uses descriptive analytical research, which seeks to describe in detail how the implementation of regulations relating to the policy regarding the function of the power of attorney imposes a mortgage right in accordance with the provisions of article 15 of Law Number 4 of 1996, without making hypotheses and statistical calculations.

The type of data used is primary data, i.e. the data obtained in the field as the main data.² In addition, the use of secondary data is also used, which is obtained through library research, documentary studies and legal rules in the legislation that serves to support the completeness of primary data.³

C. Results and Discussion

1. Definition of Joint Venture

¹ Soekanto, *Pendekatan Sosiologi Terhadap Hukum*, Jakarta: Bina Aksara 1988, hlm.9

² Ronny Hanitijo Soemitro, *Metodologi Penelitian Dan Jurimetri*, Ghalia, Jakarta, 1992, hal.52

³ *Op.Cit.*, hlm.9

Cooperation between foreign capital and national capital is regulated in Article 23 and Article 24 of Law Number 1 of 1967 concerning Foreign Investment. In Article 23 paragraph (1) it is determined that in the fields open to foreign capital cooperation can be established between foreign capital and national capital. In the legal literature, this cooperation is called a joint venture agreement or joint venture contract.⁴

The term joint venture in an economic context is an agreement between two or more parties to conduct cooperation in an activity in the business field. This understanding is then confirmed in detail by Smith et. al. that cooperation can occur on the basis of a contract, it can also be a partner, or it could be through shares.

Joint venture is the cooperation of several parties to run a joint business within a certain period. Usually the collaboration ends after the goal is reached or the work is completed. The difference between a joint venture and a firm partnership (CV) is that the life of a joint venture is shorter than the age of a regular partnership.

Based on the above understanding, then in the implementation given limits according to the rules. In Indonesia, the term joint venture is only limited to the cooperation of foreign parties with national parties relating to venture capital. For this reason, according to Sunaryati Hartono the term "joint venture is used for various forms of cooperation between national investors and (business partners) foreign investors." Concretely cooperation between foreign capital owners and national capital owners is solely based on an agreement.

From the above understanding, if it is related to business that occurs in this globalization era, it can be interpreted as an activity in the economy that combines two parties, one party is a national entrepreneur and another party is a foreign entrepreneur, with the aim of attracting foreign capital into the the country, bringing in foreign technology to improve human resources, and improve management in the business sector through the presence of foreign resources that already exist.

Joint venture in terms of understanding according to Friedman can be distinguished in two kinds of forms, namely (1) done by not implementing a pool of capital so that the cooperation is limited to mere know how. The know how includes technical service agreements, franchise and brand use agreements, construction and other job performance contracts, management contract and rental agreements, and (2) is done with capital participation. In distinguishing the two forms, Friedman mentions the first type with a joint venture and the second type with an equity joint venture.

Joint ventures which are usually expressed also by the term Foreign Collaboration, or International Interprise, according to Amiruddin Ilmar in response to Friedman's opinion by expressing some of the characteristics of a joint venture are as follows:

- a. A new company or new legal entity established by both individuals and foreign private legal entities with national capital.
- b. Joint venture company capital consists of know how in the share capital provided by the parties, with both management and decision making power according to the number of shares invested.
- c. The parties who founded the company still have their existence and independence.

⁴Salim HS dan Budi Sutrisno, *Hukum Investasi di Indonesia*, 2012, PT. Raja Grafindo Persada, Jakarta, hlm. 206.

d. Especially for Indonesia as it is known today is a collaboration between foreign capital and national capital.

It is said joint venture through shares according to Abdurrachman is a part in ownership of an enterprise (company) or a capital invested in a company as represented by parts of that capital owned by each individual in the form of share certificates.

Experts' thoughts about the joint venture are always different, but this difference does not come out of its substance, meaning that whatever the difference is, it still falls within the scope of cooperation between foreign companies and national companies.

Based on the similarity of the center above, according to Emmy Pangaribuan Simanjuntak, a matter that has something in common is one form of cooperation known in the business world. The cooperation can be partial or partial among companies that are legally and economically still standing alone. Concretely, according to Emmy Pangaribuan Simanjuntak, a joint venture is one form of cooperation known in the business world.⁵

2. Definition of Joint Venture Contract

Joint venture contract is a term taken from the English term "joint venture contract" or "joint venture agreement". Which was then interpreted as a Joint Contract between a foreign party and national enterprises to conduct business activities in the territory of the Republic of Indonesia.

A joint venture (JV) is a business entity created by two or more parties, generally characterized by joint ownership, various outcomes and risks, and joint governance. Companies usually pursue joint ventures for one of four reasons: to access new markets, especially emerging market ventures; to obtain scale efficiency by combining assets and operations; to share risks for large investments or projects; or to access skills and abilities.

Peter Mahmud Marzuki define a joint venture contract is "A contract between two companies to form a new company. This new company was later called a joint venture company".

Erman Rajagukguk said that the joint venture agreement was "A collaboration between a foreign capital owner and a national capital owner based on a contractual (contractual) agreement.

The essence of both definitions is that a joint venture contract is:

- a. Cooperation between foreign and national capital;
- b. Forming new companies, between foreign entrepreneurs and national businesses;
- c. Based on contractual (agreement).⁶

Both opinions have similarities and differences, the difference lies; Peter Mahmud said that cooperation must form a new business entity (enterprise), while Erman Rajagukguk did not mention to that extent. Even though there are differences, if the differences are examined in depth it can be said that one of them has led to a technical problem, meaning that seen from the similarity has the same substance that

⁵Amin Bendar, "Hukum Penanaman Modal Asing", 2018, UII Press, Yogyakarta, hlm. 83.

⁶Salim HS dan Budi Sutrisno, *Op.Cit*, hlm. 206.

there must be two elements, each a foreign party (foreign investors) and national parties (investors national) and is stated in a contract (agreement).⁷

3. Basis for Joint Venture Contract Arrangements

Increased investment, especially Foreign Investment (PMA) in Indonesia since the enactment of Law Number 1 of 1967 concerning Foreign Investment (PMA) and Law Number 6 of 1968 (PMDN) which subsequently underwent changes and additions with the issuance of Law Number 11 and 12 of 1970 until today has increased quite rapidly compared to the situation before the issuance of the regulation.⁸

Investment regulations in many countries encourage or even require foreign investment companies in the form of joint ventures with local private or government investors. Legally, the joint venture can be a legal entity or not a legal entity. Joint ventures in Indonesia must take the form of a legal entity because they must be a Limited Liability Company (PT).

The basic vision of the birth of Law No. 1 of 1967 concerning Foreign Investment (UUPMA) is:

- a. Potential economic power with the gift of God Almighty there are many in all regions of the country that have not been processed to become real economic provisions, which among others caused by lack of capital, experience and technology;
- b. Pancasila is the real foundation in fostering Indonesia's economic system and must always be reflected in every economic policy;
- c. Economic development means the processing of potential economic forces into real economic forces through investment, use of technology, addition of knowledge, improvement of skills, addition of organization, and management;
- d. Overcoming the economic downturn and further development of economic potential must be based on the capabilities and capabilities of the Indonesian people themselves.
- e. In the meantime, the principle of basing on one's own abilities and abilities should not create a reluctance to utilize the potential of capital, technology and skills available from abroad, as long as everything is enshrined to the economic interests of the people without causing dependence on foreign countries.
- f. The use of foreign capital must be utilized maximally to accelerate Indonesia's economic development, as well as to be used in sectors and sectors which in the near future cannot and cannot be carried out by Indonesian capital itself. In connection with this, it is deemed necessary to establish clear provisions to meet the need for capital for national development, while avoiding doubt from foreign parties.

After various countries began to open themselves up to foreign investment in the framework of the nation's economy, Indonesia also did the same thing through several rules, namely:

- a. Foreign Investment Law Number 1 Year 1967. Article 23 states:

⁷Amin Bendar, *Op. Cit*, hlm. 85

⁸Aminuddin Ilmar, "Hukum Penanaman Modal di Indonesia", 2005, Kencana, Jakarta, hlm. 47

- 1) In the field of business that is open to foreign capital, cooperation can be established between foreign capital and national capital, bearing in mind Article 3.
 - 2) The government will further define business sectors, forms and ways of cooperation between foreign capital and national capital by utilizing foreign capital and expertise in the export sector as well as the production of goods and services.
- b. Government Regulation Number 17 of 1992 jo. Government Regulation Number 7 of 1993 concerning Ownership of Shares of Foreign Investment Companies. In Article 2 PP No. 17 of 1992 it is stated that:
- "Companies established in the context of foreign investment, hereinafter referred to as PMA Companies, basically take the form of joint ventures with the requirement that the share ownership of Indonesian participants in the joint venture be at least 20% of the total value of the capital stock of the company at the time of establishment of the joint venture, and increased to at least 51% within 20 years from the date the company commenced commercial production as stated in its business license".
- In these provisions there are 3 (three) main points, namely:
- 1) Joint venture between a Foreign Investment (PMA) company and Indonesian participants;
 - 2) The composition of shares at the time of establishment of a joint venture company was 80% PMA and 20% domestic companies;
 - 3) The composition of shares at the time of commercial production up to a period of 20 years, namely 49% PMA and 51% domestic companies.
- c. Presidential Decree (Keppres) No. 32, 33, 34 of 1992, which has to do with matters relating to business, investment procedures and land for foreign investment activities. Which regulates 4 (four) main problems, namely:
- 1) Determination of the minimum amount / value of capital invested;
 - 2) Determination of business forms;
 - 3) Exceptions to the minimum amount / value of capital invested and business forms; and
 - 4) Use of company profits.⁹
- d. Government Regulation Number 20 of 1994 concerning Share Ownership in Companies Established in the framework of Foreign Investment. In Article 2 PP No. 20 of 1994 it was determined that PMA can be done in the form of:
- 1) Joint venture between foreign capital and capital owned by Indonesian citizens and or Indonesian legal entities, or
 - 2) Direct, in the sense that all capital is owned by foreign citizens and / or legal entities.

In the provisions of shares in article 2 above, it has been regulated in Article 6 paragraph (1), namely that "Indonesian participant shares in a joint venture company, as referred to in Article 2 paragraph (1) letter a of at least 5% of all paid-up capital of the company at the time of establishment, while for foreign citizens and / or huum bodies by 95%, from here shows that majority share ownership is PMA and the Indonesian side has a minority share, thus the

⁹*Ibid*, hlm. 51.

minority position in this case the Indonesian party is legally in a weak position so it does not have direct power to manage the joint venture company.

- e. Decree of the State Minister for Mobilization of Investment Funds / Chairperson of the Investment Coordinating Board Number: 15 / SK / 1994 concerning Provisions for the Implementation of Share Ownership in Companies Established in the Framework of Foreign Investment (PMA), here emphasizes more about joint ventures between citizens and legal entities foreign capital owned by Indonesian citizens and / or Indonesian legal entities. Indonesian legal entities include BUMN, BUMD, Koperasi, PMA companies, and non-PMA / PMDN companies.

The above provisions show that for regions that have natural resources, they are given the opportunity of Regionally Owned Enterprises (BUMD) to enter into joint venture contracts with Foreign Investment (PMA), especially Regencies and Cities.

This opportunity for the Regional Government is actually a very good opportunity, because in addition to getting royalties and or taxes and other levies, will also receive dividends that are owned by the PMA company.¹⁰

4. Types of Joint Venture Contracts

Joint Venture Contracts in Indonesia can be divided into two types, namely:

- a. Domestic Joint Venture

This joint venture occurs between domestic companies or national (domestic) companies.

- b. International Joint Venture

This Joint Venture is one of the companies (it) that is conducting the cooperation is a foreign company.

Not all business sectors in Indonesia are given the opportunity to do PMA, but only certain businesses. Business fields that are given the opportunity for foreign parties to conduct Joint Ventures with Indonesian legal entities are in accordance with the provisions stipulated in Article 18 paragraph (1) of the Ministerial Letter for the State Minister for Investment Fund Mobilization / Chairperson of the Investment Coordinating Board Number 15 / SK / 1994 concerning Implementation Provisions Share Ownership in Companies Established in the framework of Foreign Investment. Business fields permitted and prohibited by FDI in Indonesia are regulated in Law no. 1 of 1967 concerning Foreign Investment.

In Law No. 1 of 1967 concerning foreign investment, in article 6 paragraph (1) and (2) concerning the prohibition of full mastery and the prohibition at all, it is stated that:

- a. Business fields that are closed to foreign investment in full exploitation are fields that are important for the State of the people's livelihood, including:
 - 1) Ports;
 - 2) Production, transmission and distribution of electric power to the public;
 - 3) Telecommunication;
 - 4) Cruise;
 - 5) Flight;
 - 6) Drinking water;

¹⁰Amin Bendar, *Op. Cit*, hlm. 88.

- 7) Public train;
 - 8) Atomic power plant;
 - 9) Mass media.
- b. Areas that play an important role in national defense, including weapons, machinery, explosive devices, and war equipment, are completely prohibited for foreign capital.

The law requires foreign companies to enter into joint ventures with specialized domestic business entities in vital business sectors, meaning for the public interest. Whereas the prohibited fields for foreign investment are fields directly related to the sovereignty of the Unitary Republic of Indonesia (defense).¹¹

5. The basis for forming a Joint Venture

Legal provisions stipulated in Law No. 1 of 1967 requires that foreign investment in Indonesia must be carried out with a joint venture, on the basis of these legal provisions many foreign legal entities set up businesses to invest in Indonesia.

According to Emmy Pangaribuan Simanjuntak, the basis for a Joint Venture is the will for cooperation between companies. To turn that collaboration into a successful reality, it is necessary to think about how things are decreases between the lowest possible parties.

The difference in legal basis becomes the parties, because in the business world there is a risk. For this reason it needs to be explicitly regulated through an agreement. For this reason it needs to be explicitly regulated through an agreement. The connection with that according to Emmy Pangaribuan Simanjuntak that "something that does not make sense if it is said that a joint venture was formed between several companies without any explicit agreement between them.

The importance of making an agreement on the formation of a joint venture can be seen from several functions of the agreement there are parties who work together. In this connection Raajimakes said that:

- 1) Serves as a rule regarding legal relations between parties. It concerns the arrangement of the boundaries of the field of cooperation and the fields which are still the authority of each party.
- 2) Serves as a rule regarding legal relations between the parties (both jointly and individually) on the one hand, and joint ventures on the other.
- 3) Functioning as a regulatory basis that allows parties individually have the right to do certain actions, not dependent or separate from the joint venture.

The formulation above according to Emmy Pangaribuan Simanjuntak that "the existence of an agreement or arrangement regarding cooperation is a fundamental right or essence for a joint venture. The absence of this agreement can affect the position of fellow shareholders because there are no permanent holders based on the opportunities that can be implemented in connection with the line of leadership that must be followed respectively as equality and joint company.¹²

6. Joint Venture Agreement

Joint venture agreements are usually made in writing which then on the basis of it creates a new legal entity (PT), which in its entirety according to the main elements.

¹¹*Ibid*, hlm. 91.

¹²*Ibid*, hlm. 92.

According to Raaymakers there are 12 main elements contained in the Joint venture agreement, Namely

1) A description of the parties to the contract

In the joint venture agreement, it must be explicitly and concretely outlined about the boundaries which become the rights and obligations of the parties, so that the parties can understand and carry them out.

2) Consideration or consideration

In the consideration of the agreement for cooperation, consideration can be given to each party, even if the matters under consideration occur prior to the agreement between the parties to cooperate or during the agreement.

3) Description with purpose

In a joint venture agreement, it must describe what the objectives are as agreed by the parties. The description in the Joint venture agreement is very important.

4) Time

As with any agreement, the Joint venture agreement must be formulated whether whether this agreement is held for a specified time or for an indefinite period of time, meaning that if the Joint venture is used to make the project, the deadline for the project implementation must be determined.

5) Dispute provisions

Differences of opinion or disputes between the two companies that will work together can be resolved in the preliminary moments before the cooperation is complete and become one of the realities, even though it is all the problems that will and will have been resolved, but do not close the possibility of disputes Joint venture.

6) Organization of cooperation

What is meant here is regarding the structure of the leadership or regarding the management of the field for which cooperation is held.

7) Financing

In the agreement stipulated that each party will assume a funding equivalent to its participation in the Joint venture. It can also be promised that financing in the country where the joint venture resides is borne by parties in that country.

8) Basic assessment

With the capital infusion at the beginning of the collaboration, the basics of the actual assessment can already be described based on the amount of each capital

9) Special relationship between partners and Joint venture companies.

In a joint venture agreement it is necessary to mention the provisions concerning the relationship between partners and joint venture companies that arise in the context of giving or transferring know how (skills) in the fields of management, marketing, licensing, financing, and so on.

10) Transfers of shares

The close cooperation between the parties in the joint venture concerns the personal nature of the parties. In this connection, it needs to be considered in a joint venture agreement, if under certain rights one party will multiply its

shares, whether he is required to bid or not offer his shares first to other partners in the joint venture or to the joint venture itself. However, what needs to be considered here is that there is an obligation to offer such rules as required in the agreement.

11) Legal forms and legal choices

The form of law and choice of law, are elements that really need to be mentioned in the cooperation agreement. The possibility of an agreed legal form can be, for example a limited liability company (PT), but it is not impossible in the form of an alliance with a firm.

12) Income by partners

This concerns the capital or income at the time of giving.¹³

7. Advantages in Joint Venture Contracts

Raaijmakersaid that there was a link between the meaning of a joint venture with a phenomenon contained in a country that was only allowed by the authorities. Here the ruler plays an economic subject. In that case it is possible that the ruler acts as the ruler but can also through an institution become a partner in the joint venture.

The opening of the door of the company's participation with the government through a joint venture is actually a step forward, meaning that the government is taking part in encouraging and becoming involved in a way that increases the enthusiasm of foreign investors in investing their capital motives through a joint venture with a government whose position as an official institution. According to Raaijmaker there are two things that underlie it, namely:

- a. With a good relationship with the authorities, you can get favorable facilities. For example, the authorities may issue tax regulations that ease or stipulate that products from joint venture companies must be marketed domestically and may not be imported.
- b. The joint venture company can obtain facilities in the form of loans or financing facilities in a relatively inexpensive way. Thus, the joint venture company can finance the handling of joint projects that cannot be handled by the partner companies themselves. In certain rights it is easier to obtain a business permit.

It seems that the profit of the joint venture partner with the authority according to Raaijmaker is to gain profits, and to carry out a strong supervision of its own economic system. But the creation of cooperation is actually because there are elements of force ". On the other hand, partners like this include monopolizing in the trade sector, meaning that it does not provide opportunities for other foreign companies to import similar goods domestically.

Even so, but there are some things that can be seen as advantages in the form of joint venture cooperation which, according to Raaijmaker's conclusion, are:

- a. Risk Limitation
Carrying out an activity that is full of risks can lead to cooperation. Together, risks can be spread to the participants.
- b. Financing
With cooperation, efforts to utilize capital can be done simply by bringing together the capital needed.

¹³*Ibid*, hlm. 93

c. Saves energy

If seen from the strength of the workforce needed that with unified management, will reduce the required personnel compared to the activities carried out by each company.

d. Profitability

With a joint venture, profitability (profit or loss) of existing investments from the parties can be improved.

e. Possible optimization of know-how

Joint ventures are able to bring together partners who are not of the same type both domestically and abroad. Companies which are not of the same type of business enter into cooperation so that they can become business diversified.

f. Possible Congestion Limits (Interdependence).

The weaknesses of joint ventures carried out by government partners by Raaijmaker said that "partners are not free to determine or decide things such as profit determination, profitability, price politics, and selection of distribution channels" for that is dominant in determining all that is the government.

In Article 1 of Law Number 11 of 1970 concerning Amendment of Law Number 1 of 1967 concerning Foreign Investment, various facilities have been provided by the government for foreign investment companies, or foreign capital companies that enter into joint ventures with Indonesian citizens and / or Indonesian legal entity. facilities such as:

a. Exemption from capital stamp duty;

b. Exemption from transfer of title fees for ship registration deeds for the first time in Indonesia which is carried out in a period of up to two years after starting to produce one another by observing the type of business;

c. Allowances in the field of corporate taxation, such as compensation, losses, compensation for losses suffered during the first six years since establishment;

d. Exemption from dividend tax for two years from the date of commencement of production on the share of profits paid to shareholders, as long as the dividend is not taxed on income or income in the recipient country.¹⁴

Provision of facilities to foreign investment companies is intended so that these companies can invest in and collaborate with domestic companies so that these companies can receive new technology, share ownership, receive dividends, and so on.¹⁵

D. Conclusion

1. A description of the joint venture

a. Joint Venture is an activity in the economy that combines two parties, one party is a national entrepreneur and the other party is a foreign entrepreneur, with the aim of attracting foreign capital into the country, bringing in foreign technology to increase human resources, and improving management in the field of business through the existence of foreign

¹⁴*ibid*, hlm. 96.

¹⁵Salim HS dan Budi Sutrisno, *Op. Cit*, hlm. 208.

resources that already exist. Whereas a Joint Venture Contract is a Joint Contract between a foreign party and national enterprises to conduct business activities in the territory of the Republic of Indonesia.

- b. The basis for joint venture arrangements include: Foreign Investment Law No. 1 of 1967; Government Regulation Number 17 of 1992 jo. Government Regulation Number 7 of 1993 concerning Ownership of Shares of Foreign Investment Companies; Presidential Decree (Keppres) Number 32, 33, 34 of 1992; Government Regulation Number 20 of 1994 concerning Share Ownership in Companies Established in the framework of Foreign Investment; Decree of the State Minister for Mobilization of Investment Funds / Chairperson of the Investment Coordinating Board Number: 15 / SK / 1994 concerning Provisions for the Implementation of Share Ownership in Companies Established in the Framework of Foreign Investment (PMA).
 - c. Joint Venture Contracts in Indonesia are divided into two types, namely: Domestic Joint Ventures and International Joint Ventures
 - d. According to Emmy Pangaribuan Simanjuntak, the basis for a Joint Venture is the will for cooperation between companies. To turn that collaboration into a successful reality, it is necessary to think about how things are decreases between the lowest possible parties.
 - e. According to Raaymakers there are 12 main elements contained in the Joint venture agreement, namely: Description of the parties in the contract, considerations or considerations, a description of the purpose, time, provisions of the dispute, the organization of cooperation, financing, research basis, special relationship between partners and joint venture companies, share transfers, legal forms and legal options, income by partners.
 - f. In Article 1 of Law Number 11 of 1970 concerning Amendment of Law Number 1 of 1967 concerning Foreign Investment, various facilities have been provided by the government for foreign investment companies, or foreign capital companies that enter into joint ventures with Indonesian citizens and / or Indonesian legal entity. facilities such as: Exemption from capital stamp duty; Exemption from transfer of title fees for ship registration deeds for the first time in Indonesia; Levies in the field of corporate taxation; Exemption from dividend tax for two years.
2. Examples of Unlawful Acts in the form of a joint venture:
(PT. Fujisei Metal Indonesia) entered into a partnership with Defendant I (Hanyung Alcobis Co. Ltd), a company domiciled in Korea. The name of the joint venture company, PT. Just Fujisei. The cooperation is in order to produce refrigeration components.
- Acts against the law (Onreht matige daad) ex. Article 1365 of the Civil Code contains the following elements:
- a. Defendant's actions that are contrary to law;
 - b. There is a loss caused by the Defendant;
 - c. Any errors or omissions on party I;

- d. The existence of causality or causation between the Plaintiff's loss and the mistakes or deeds committed by the Defendant.

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