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Legal Protection of Cooperation Between Domestic Investors and Foreign Investment Companies in Accommodation Investment

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ABSTRACT: The legal protection of cooperation between domestic investors and foreign investment companies in accommodation investment revolves around the issue of how accommodation investment regulations apply to foreign direct investment (FDI) and how legal protection is provided for domestic investors collaborating with foreign investment companies in this sector. This issue is examined using a normative legal research method with a descriptive-analytical approach, utilizing statutory legal materials and academic papers. The legal material collection technique involves document study, while legal material analysis is conducted by examining normative ambiguities. The findings indicate that investment regulations governing foreign direct investment (FDI) in Indonesia focus on the objectives and fundamental principles underlying this policy. These regulations aim to create legal certainty, enhance investment competitiveness, and protect national interests. Law Number 25 of 2007 on Investment serves as the primary legal framework governing investor rights and obligations. Legal protection for domestic investors collaborating with foreign investment companies in accommodation investment encompasses safeguards against business risks, including legal, economic, ownership, political, and reputational risks.

KEYWORDS: Accommodation Investment, Foreign Investment Company (PT PMA), Investor, Accommodation

I. INTRODUCTION

Increasing investment in the tourism sector can be achieved through accommodation investment. Accommodation investment is a type of property investment focused on providing temporary housing for tourists, workers, or the general public. One of the main reasons for this investment is its high-profit potential, especially in countries with a rapidly growing tourism industry, such as Indonesia, Thailand, and Dubai. The large number of tourists creates a stable demand for hotels, villas, and rental apartments, making this investment an attractive source of passive income. The scope of cooperation between local investors and foreign investment companies (PT PMA) in the accommodation sector includes ownership, operations, finance, legal matters, and property management. This cooperation requires clear contracts, regulatory compliance, and risk mitigation strategies. In terms of ownership and investment, cooperation can take the form of joint ventures, share acquisitions, or capital participation, which must comply with Law Number 25 of 2007 on Investment. From an operational and management perspective, local investors and foreign investment companies can share responsibilities in managing accommodation businesses, such as hotel operations, marketing, technology transfer, and employee training to enhance service standards. (Untung, H. B., & SH, C, 2024)

Cooperation between local investors and foreign investment companies in Indonesia is supported by regulations that provide legal certainty, such as Law Number 25 of 2007 on Investment and Law Number 6 of 2023 on Job Creation. Law Number 25 of 2007 serves as the legal foundation for both domestic and foreign investment, emphasizing equal treatment, legal certainty, and the rights and obligations of investors. This regulation also includes fiscal and non-fiscal incentives and dispute resolution mechanisms through arbitration or courts. (Rosmayanti, M., & Apriani, R. 2023)

Law Number 6 of 2023 aims to simplify investment regulations and improve economic competitiveness. This law amends several provisions of the Investment Law, such as Article 12, which regulates business sectors closed to foreign investment to provide legal certainty and open more sectors to foreign investors. Additionally, Article 13(3), which previously protected cooperatives and MSMEs, was removed to provide greater flexibility in investment. The regulation also simplifies risk-based business licensing, facilitates investment permits for foreign investment companies (PT PMA) in priority sectors, and provides flexibility in the use of foreign labor. With these regulations, local investors collaborating with foreign investment companies benefit from legal certainty regarding permits, investment incentives, and legal protection. These changes reflect the government's efforts to improve Indonesia's investment climate by ensuring certainty and convenience for investors. (Brahmisiwi, S., Ayu, I., Retno Murni, R. A., & Udiana, I. M. 2015)

One case example in accommodation investment is Supreme Court Decision Number 634 K/Pdt/2022, which involved a foreign company in the tourism sector, PT Pengembangan Pariwisata Indonesia (Persero) / Indonesia Tourism Development Corporation (PT PMA), operating in Pujut District, Central Lombok Regency. In this case, Gema Lazuardi, as the petitioner for judicial review and landowner, claimed that he had only transferred part of his land to PT Pengembangan Pariwisata Indonesia (Persero) / ITDC, which became the respondent in the judicial review. The core issue involved a 60,000 m² (60 are) plot of land located in the Mandalika Special Economic Zone (KEK Mandalika), Ujung Hamlet, Kuta Village, Pujut District, Central Lombok Regency. Supreme Court Decision Number 1226 PK/Pdt/2022 ruled that PT Pengembangan Pariwisata Indonesia (Persero) / ITDC's ownership of the disputed land was legally valid based on Management Rights Certificate Number 8 issued on July 16, 2012, and Measurement Letter Number 39/Kuta/2012 dated July 25, 2012. PT Pengembangan Pariwisata Indonesia (Persero) / ITDC is a world-class tourism destination developer investing in accommodation such as hotels and luxury villas on three islands: Bali, Lombok, and Golo Mori. In its development process, this company heavily relies on domestic investors to sell or invest in land for tourism destination development.

The case decided by the Supreme Court demonstrates that PT Pengembangan Pariwisata Indonesia (Persero) / ITDC's land ownership was legally recognized through a registered sale and purchase agreement at the Kuta Village Office. This means that PT Pengembangan Pariwisata Indonesia (Persero) / ITDC, as a foreign company, successfully defeated Gema Lazuardi's claim as a domestic investor. The occurrence of such cases highlights the importance of examining legal protection in the cooperation between domestic investors and foreign companies to ensure that, in the event of future disputes, legal protection is available and legal certainty is achieved for all parties involved. Land disputes between local investors and foreign companies fall under Article 6 of Law Number 25 of 2007 on Investment, which states that the government guarantees legal certainty in investment. However, this law does not explicitly define how legal certainty applies in land disputes, creating confusion regarding the resolution mechanism—whether it should follow Indonesian land law, investment law, or international arbitration.

The Job Creation Law, in Article 12, regulates licensing simplification through the Online Single Submission (OSS) system. However, in practice, there are still overlaps with regional regulations and traditional land ownership rights. This creates confusion, for example, when a foreign investor obtains a permit through OSS, but the land is under dispute with a local investor—raising questions about which party has the stronger legal standing.

Based on these issues and the existing normative ambiguities, it is essential to analyze the regulations governing accommodation investment in foreign direct investment (FDI) and the legal protection of domestic investors collaborating with foreign investment companies.

II. RESEARCH PROBLEM

Based on the issues and cases arising from accommodation investment, it can be concluded that Law Number 25 of 2007 on Investment does not specifically regulate accommodation investment within its clauses, leading to normative ambiguities within the law. Given these normative uncertainties, it is necessary to examine the provisions governing accommodation investment in foreign direct investment (FDI) and the legal protection of domestic investors collaborating with foreign investment companies.(I Made Pasek Diantha, Ni Ketut Supasti Dharmawan dan I Gede Artha, 2021)

Therefore, the research questions to be analyzed are: What are the regulations governing accommodation investment in foreign direct investment (FDI)? and how is legal protection provided for domestic investors collaborating with foreign investment companies in accommodation investment?

III. RESEARCH METHODS

Research methodology serves as a tool to identify and analyze issues under study, whether in social sciences, law, or other fields. Therefore, the objectives of a study are determined by the subject and type of research conducted.The research method used in this study is the normative legal research method, where law is conceptualized as what is stated in legislation (law in books) or as a standard or norm considered an adequate benchmark for human behavior. Normative legal research focuses on literature study, which includes legal materials such as legislation, legal theories, court decisions, doctrines, legal principles, legal theories, journals, and articles. (I Made Pasek Diantha, Ni Ketut Supasti Dharmawan dan I Gede Artha, 2021)

IV. RESULT AND DISCUSSION

A. Investment Regulations in Foreign Direct Investment (FDI)

Regulations on foreign direct investment (FDI) in Indonesia are based on various legal frameworks aimed at ensuring legal certainty, enhancing investment competitiveness, and protecting national interests. One of the primary regulations is Law Number 25 of 2007 on Investment, which establishes the fundamental principles of investment in Indonesia for both local and foreign investors. (Wicaksono, R. M. T. A. D. 2021)

This law outlines the rights and obligations of investors, investment incentives, and dispute resolution mechanisms.

Investment in Perseroan Terbatas (PT), or Limited Liability Companies (LLCs), is governed by Law Number 40 of 2007 on Limited Liability Companies. This law regulates various aspects, including establishment, capitalization, management, and dissolution of PTs. Several key provisions related to investment are outlined in Article 7, paragraphs (1) to (7) of Law Number 40 of 2007, which state: (Jason, F., & Tan, D. 2022)

1. A company must be established by at least two persons through a notarial deed drafted in Indonesian.
2. Each founder is required to take part in the company's shares at the time of establishment.
3. This requirement does not apply in the case of a merger.
4. A company obtains legal entity status upon the issuance of the Minister's decision on its approval as a legal entity.
5. If, after obtaining legal status, the number of shareholders falls below two, the remaining shareholder must transfer shares to another party or the company must issue new shares within six months.
6. If the six-month period expires and the number of shareholders remains below two, the sole shareholder becomes personally liable for all company obligations and losses. Additionally, the district court may dissolve the company at the request of an interested party.
7. The requirement for a minimum of two founders does not apply to:
   a. State-owned enterprises where all shares are held by the government.
   b. Companies managing stock exchanges, clearing and guarantee institutions, depository and settlement institutions, or other entities as regulated under the Capital Market Law.

The provisions of Article 7, paragraphs (1) to (7) of Law Number 40 of 2007 on Limited Liability Companies (PT) indicate that this law provides a crucial legal framework for investment, including in the accommodation sector. It establishes a clear foundation for investors in this sector, ensuring legal certainty and regulatory clarity, which in turn enhances investor confidence when engaging in investments.

Law Number 6 of 2023 on the Establishment of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation as Law has also reduced the number of sectors closed to foreign investment by revising the Negative Investment List (DNI). This reform opens up more sectors to foreign capital to enhance national economic competitiveness. Through these changes, the government aims to attract more investment, create job opportunities, and boost economic growth in Indonesia.

The President issues the Negative Investment List (DNI), which determines business sectors that are open or closed to foreign investment, as well as those requiring partnerships with local investors. This policy is intended to protect strategic industries and ensure the involvement of local businesses in foreign investments.In addition to general regulations, specific sectors have special rules governing foreign investment, such as mining, banking, telecommunications, and energy, which are regulated under their respective laws and technical regulations. For example, in the banking sector, foreign ownership is limited to maintain national economic stability, while in the mining sector, foreign companies are required to divest a portion of their shares to the government or national entities after a certain period.

B. Cooperation Between Domestic Investors and Foreign Investors

The cooperation between domestic investors and foreign investors in the investment sector, including accommodation investment, is a commonly used strategy to accelerate business growth and enhance competitiveness in the global market. This cooperation is generally carried out through joint ventures, strategic partnerships, or share ownership schemes in a Foreign Investment Limited Liability Company (PT PMA). Domestic investors typically play a role in providing land, business permits, and local business networks, while foreign investors contribute capital, technology, and international management expertise.

Law Number 25 of 2007 on Investment and Law Number 40 of 2007 on Limited Liability Companies regulate the mechanisms of this cooperation to ensure that national interests remain protected, especially in strategic sectors. Several business sectors are governed by the Negative Investment List (DNI), which sets restrictions on foreign share ownership in companies operating in Indonesia.

Legal Protection of Cooperation Between Domestic Investors and Foreign Investment Companies in Accommodation Investment

Cooperation between domestic and foreign investors is carried out in various ways, depending on the agreed form of partnership and applicable regulations. The main methods of implementation include : (Harahap, Y, 2021)

1. Establishment of a Foreign Investment Limited Liability Company (PT PMA)
   Foreign investors are generally required to establish a Foreign Investment Limited Liability Company (PT PMA) in Indonesia if they wish to invest. For example, a foreign and local investor may collaborate to develop a hotel by forming a PT PMA, where the local investor holds 40% of the shares and the foreign investor 60%, in accordance with ownership limits in the accommodation sector.
2. Cooperation Agreement or Memorandum of Understanding (MoU**)**
   Before the partnership begins, both parties usually sign a cooperation agreement or MoU, which outlines their rights and obligations, profit-sharing arrangements, and dispute resolution mechanisms.
3. Management Contract
   The domestic investor retains ownership of the property or business assets, but management is handled by the foreign investor, who has more experience in the industry.

Cooperation between domestic and foreign investors occurs due to the need for capital, technology, and regulatory compliance. By collaborating, both parties can leverage their respective strengths to create a more competitive and sustainable business. While openness to foreign investment is essential, regulations remain necessary to ensure fairness and protection for domestic investors, so that the established partnership can provide optimal benefits for the national economy.

C. Legal Protection for Domestic Investors Collaborating with Foreign Investment Companies in Accommodation Investment

Investment is one of the key factors in a country's economic growth. To enhance investment, the state provides opportunities for foreign investors to participate in various business sectors through the Foreign Direct Investment (FDI) mechanism. However, in certain cases, the government imposes restrictions on foreign ownership in specific sectors to protect national economic interests. Consequently, domestic investors often collaborate with foreign investment companies to develop businesses in Indonesia.

This cooperation provides benefits for both parties, such as increased capital, access to technology, skill transfer, and expansion into international markets. Additionally, such cooperation is also carried out to comply with investment regulations, as stipulated in Law Number 25 of 2007 on Investment and the Negative Investment List (DNI), which restricts foreign ownership in certain industrial sectors.

Cooperation between domestic investors and foreign investors can take various forms, depending on the investment objectives, applicable regulations, and agreements between both parties. The forms of cooperation between domestic and foreign investors include : (Josafat, D. S. 2024)

1. Joint Venture
   A joint venture is a form of cooperation where domestic and foreign investors establish a new company with agreed share ownership. This type of collaboration is commonly used in manufacturing, hospitality, energy, and infrastructure sectors. In this arrangement, domestic investors gain access to capital and technology from foreign partners, while foreign investors benefit from easier navigation of local regulations and markets.
   Example: A foreign company establishes a Foreign Investment Limited Liability Company (Perseroan Terbatas Penanaman Modal Asing or PT PMA) together with a local partner to develop a hotel or resort in Indonesia.
2. Merger and Acquisition
   Merger and acquisition occur when a foreign investor acquires part or all shares of a domestic company, or when both parties agree to merge into a new entity. Through this arrangement, domestic companies can obtain additional capital and expand their market reach, while foreign investors gain access to local resources and business networks. Example: A foreign hotel group acquires a local hotel to expand its business presence in Indonesia.
3. Strategic Partnership
   Under this scheme, domestic and foreign investors collaborate in specific areas without forming a new entity. The cooperation may involve technology transfer, product distribution, or joint operational management. In this arrangement, each party retains control over their business but leverages the strengths of their partner to improve efficiency and competitiveness.
   Example: A local hotel partners with an international hotel chain to use a global brand and enhance service standards.
4. Build-Operate-Transfer (BOT)
   This type of cooperation is commonly used in infrastructure projects, including the development of hotels, resorts, and other accommodation facilities. A foreign investor builds and operates the business for a certain period before eventually

transferring ownership to a domestic investor or the government. Foreign investors can manage their investment for a sufficient period to generate returns, while domestic investors or the government receive a developed asset that meets international standards.

Example: A foreign company constructs and operates a resort for 30 years before transferring ownership to a local partner.

5. Management Contract

   In this type of cooperation, a domestic investor retains ownership of the business or assets, while foreign investors manage the operations using their industry expertise and experience. Domestic investors benefit from world-class operational standards, while foreign investors earn management fees without making significant investments in asset ownership.

   Example: A local hotel is managed and operated by an international hotel chain, while ownership remains with an Indonesian entrepreneur.

Some forms of cooperation between domestic and foreign investors, as mentioned above, reflect the principles of mutual benefit, risk sharing, resource synergy, and legal certainty in investment. Forms of cooperation such as joint ventures, mergers & acquisitions, franchises, and Build-Operate-Transfer (BOT) illustrate how domestic and foreign investors can optimize their respective advantages in terms of capital, technology, business networks, and understanding of local regulations and markets.

The cooperation also reflects the theory of legal protection in investment, where existing regulations, such as Law Number 25 of 2007 on Investment, provide legal certainty for both domestic and foreign investors to ensure that investments proceed fairly and transparently. In the context of Gustav Radbruch's theory of justice, this form of cooperation also demonstrates that investment not only prioritizes legality but also justice and mutual benefit for both parties as well as the national economy.

In the business world, every investment carries risks, especially when involving cooperation between domestic and foreign investors. These risks may arise from differences in business culture, legal regulations, global economic fluctuations, and political uncertainty in a country. Therefore, legal protection against business risks in such cooperation is a crucial aspect to ensure that both parties can invest safely and sustainably. (Darmawan, K., Diar, E., & Panjaitan, M. A. 2024)

Cooperation with foreign investors is often carried out through various forms, such as joint ventures, acquisitions, management contracts, or franchises. While this cooperation offers significant benefits, such as additional capital, technology transfer, and access to global markets, it also presents various risks that must be properly managed to prevent disadvantages for domestic investors : (Siegfried, I. E. D., Ginting, B., Sunarmi, S., & Siregar, M. 2023)

1. Legal and Regulatory Risks

   Each country has different regulations regarding foreign ownership, taxation, and investment restrictions. If not properly understood, these differences may lead to legal conflicts.

2. Economic and Financial Risks

   Currency exchange rate fluctuations, changes in monetary policy, or global economic instability can impact joint investments.

3. Ownership and Management Risks

   Domestic investors may face challenges if foreign investors have greater control over business management, leading to decision-making that does not always align with national interests.

4. Political and Government Policy Risks

   Political uncertainty, changes in government policies, or asset nationalization can affect the sustainability of foreign investments in a country.

5. Reputation and Business Ethics Risks

   Foreign investors who fail to adhere to business ethics standards or engage in unfair practices may harm the reputation of local partners.

Regarding the risks mentioned above, differences in regulations between countries can pose significant challenges. Domestic investors must have a deep understanding of applicable laws to avoid potential conflicts. Overall, these risks highlight the importance of careful planning, clear communication, and selecting the right partners in collaborations between domestic and foreign investors.

With the above-mentioned risks that may arise in foreign investment cooperation, various legal and business protection mechanisms are required, including :

1. A Strong and Clear Cooperation Agreement

   A well-designed cooperation agreement should clearly define the rights and obligations of each party in detail, including :

   a. Share distribution and management control.

b. Dispute resolution mechanisms.
c. Terms and conditions for contract termination.

2. Compliance with National and International Regulations
   Domestic investors must understand and comply with applicable regulations, including Law No. 25 of 2007 on Investment and Presidential Regulation on the Negative Investment List (DNI). Additionally, agreements should consider international regulations if cooperation involves multinational companies.
3. Utilization of Dispute Resolution Mechanisms
   In the event of a conflict between local and foreign investors, dispute resolution mechanisms must be clearly established in the contract.

Collaboration between domestic and foreign investors presents significant opportunities for economic growth but also comes with risks that must be properly managed. Strict regulations, clear contracts, dispute resolution mechanisms, and management oversight are essential steps in protecting businesses from potential issues that may arise.

In the world of investment, especially in cooperation between domestic and foreign investors, legal certainty is a crucial factor. Legal certainty ensures that all parties involved in the investment can conduct their business with a sense of security, without concerns about sudden policy changes, regulatory ambiguity, or unfair law enforcement.

The theory of legal certainty emphasizes that laws must be written, clear, consistent, and predictable. In the context of investment, this theory plays a role in ensuring that investment policies and regulations governing the relationship between local and foreign investors remain stable and do not change arbitrarily, thereby protecting the interests of all parties fairly. According to the theory of legal certainty proposed by Soerjono Soekanto, legal certainty ensures the protection of individual rights based on applicable laws, which should not change suddenly or without adequate notice. In this regard, cooperation between domestic and foreign investors will only succeed if there is regulatory clarity, policy stability, and transparent legal protection mechanisms. If legal certainty is not guaranteed, domestic investors will face high risks, such as losing control over their business or suffering losses due to sudden policy changes.

Analysis of the Supreme Court Decision Number 1226/PK/Pdt/2022

The dispute between Gema Lazuardi and PT. Pengembangan Pariwisata Indonesia (Persero) / ITDC over land in the Mandalika Special Economic Zone (KEK Mandalika) may have arisen due to several common factors that often cause land conflicts in tourism development projects in Indonesia, especially in rapidly growing areas like Mandalika. Some of the main reasons behind this dispute include :

1. Dual Claims Over Tourism Development Land Ownership
   Gema Lazuardi claims that 60 ares of land, which is part of Land Management Rights (HPL) No. 88 owned by ITDC, actually belongs to them. However, ITDC holds a legitimate HPL certificate stating that the land falls under their management. In cases like this, it is common for two parties to assert ownership over the same land, but the legal basis of their documents may differ.
2. Land History and Proof of Ownership
   Many land disputes in Indonesia stem from differences in ownership documents, such as :
   a. Customary land or "girik" land that is not officially registered in the national land system but is claimed by individuals or specific groups.
   b. Changes in land status from community-owned to state-owned (through the release of rights or designation as state land), which may be interpreted differently by the involved parties.
      If Gema Lazuardi possesses ownership documents that are not recognized by the state (such as girik or sporadic land certificates), these documents are likely considered legally defective within the national land system.
3. Regional Development and Investment Interests in Tourism Development
   KEK Mandalika is a national strategic project for tourism development, especially after Mandalika became the host of MotoGP and various international events. In large-scale development projects like this, land rights transfers often occur, which can lead to conflicts with local communities or parties who believe they have legitimate claims over the land.
   In this case, ITDC has state support as they are responsible for managing KEK Mandalika. Meanwhile, Gema Lazuardi may feel that the land belonged to them before the project was developed.

Background of the Dispute

Gema Lazuardi claims ownership of 60 ares of land included in Land Management Rights (HPL) No. 88 owned by ITDC in KEK Mandalika. He filed a lawsuit, arguing that ITDC included his land in HPL 88 without a legitimate legal basis. As a result, he demanded that the HPL certificate be declared legally defective and sought Rp 2 billion in compensation.

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Legal Process

In this dispute, several legal proceedings took place :

1. Praya District Court Decision No. 102/Pdt.G/2020/PN Praya (May 6, 2021) :
    a. The Praya District Court rejected Gema Lazuardi's lawsuit.
    b. The counterclaim (reconvention) filed by ITDC was accepted.
    c. The court ruled that Gema Lazuardi had committed an unlawful act.
2. Mataram High Court Decision No. 136/Pdt/2021/PT MTR (July 27, 2021) :
    a. Upheld the decision of the Praya District Court.
    b. Declared that Gema Lazuardi's documents were legally defective and invalid.
3. Supreme Court Decision No. 634 K/Pdt/2022 :
    a. Rejected Gema Lazuardi's cassation appeal.
    b. Reaffirmed the previous rulings, stating that the disputed land was legally under ITDC's management based on HPL 88, issued in 2010.
    c. Ordered Gema Lazuardi to pay legal costs.
4. Judicial Review (PK) Decision No. 1226/PK/Pdt/2022 :
    a. Gema Lazuardi filed a judicial review, seeking to present new evidence (novum) or demonstrate errors in previous legal considerations.
    b. ITDC remained the respondent, assisted by the State Attorney (JPN) from the West Nusa Tenggara High Prosecutor's Office.
    c. The Supreme Court rejected the judicial review, upholding the cassation decision, leaving Gema Lazuardi with no further legal recourse.

Decision Analysis

1. **Legitimacy of HPL 88**
   ITDC, as the holder of **HPL 88**, possesses **legal proof** in the form of an official **certificate and land measurement documents** issued by the state. The **Supreme Court affirmed** that ITDC's ownership of the land is **legally valid** and based on a strong legal foundation.
2. **Unlawful Acts by Gema Lazuardi**
   The court ruled that **Gema Lazuardi's ownership claim lacked sufficient legal grounds**. The documents submitted by Gema Lazuardi were **declared legally defective**, meaning that **his ownership claim was not legally recognized**.
3. **Role of the State Attorney (JPN)**
   The **State Attorney (JPN) of the West Nusa Tenggara High Prosecutor's Office** acted as **ITDC's legal representative**, indicating that **ITDC had state legal support** in defending its land rights. The involvement of **JPN also underscores the public interest** in this case, considering that **KEK Mandalika is a national strategic project**.
4. **Impact of the Decision**
    a. **For ITDC:** This ruling provides **legal certainty** over land ownership and facilitates the development of **KEK Mandalika**.
    b. **For Investors:** Legal certainty **boosts investor confidence** in investing in **Mandalika**.

Legal Implications

The impact on accommodation investments, particularly in tourism development, is significant. The land dispute in KEK Mandalika has drawn attention as it involves a state-owned company (ITDC) collaborating with foreign investors. If the land is legally confirmed as ITDC's property, it will enhance investor confidence in tourism development projects in Mandalika.

In analyzing this case based on Law Number 25 of 2007 on Investment, several legal aspects are relevant, particularly concerning legal certainty for investors and protection of land ownership rights in tourism development, including :

1. Article 3, Paragraph (1) of Law Number 25 of 2007 on Investment states that the fundamental policy of investment in Indonesia is based on the principle of legal certainty. In this case, the land dispute involving the domestic investor (Gema Lazuardi) and the KEK Mandalika management company (ITDC) could impact the tourism investment climate in the region.
2. Article 6 states that the government is obligated to provide legal protection for legitimate investments, including land rights used for investment purposes. In this dispute, ITDC holds HPL Number 88 as valid proof of ownership, while Gema Lazuardi's ownership documents were declared legally defective by the court. This means that the state has provided legal protection to ITDC in accordance with the Investment Law.
3. Article 32 states that investment disputes may be resolved through: deliberation and consensus, arbitration or alternative dispute resolution, and litigation. In this case, the dispute has gone through litigation up to the levels of cassation and judicial

review (PK). This demonstrates that the dispute resolution process has been carried out in accordance with the mechanisms stipulated in the Investment Law.

Thus, based on Law Number 25 of 2007 on Investment, the decision in favor of ITDC can be considered a form of legal protection for investors and certainty for the development of tourism in KEK Mandalika as a national strategic project.

Although Law Number 25 of 2007 on Investment aims to provide legal certainty for investors, certain articles still have the potential to create different interpretations or ambiguities, especially in land disputes such as the Gema Lazuardi vs. ITDC case. Some articles that could become a source of debate between investors' interests and local landowners include :

1. Article 6 – Legal Protection for Investors
   This article states that the government is obliged to provide legal protection for legitimate investments. However, it does not specifically regulate what happens in cases of conflict between investors and local landowners who claim rights to the land.
   - In cases like Gema Lazuardi vs. ITDC, the losing party (Gema Lazuardi) may feel that they did not receive fair legal protection.
2. Article 7 – Guarantees of Investor Property Rights
   This article guarantees that the government will not nationalize or seize investment assets, except as provided by law.
   - However, it does not clearly explain how protection is provided if land ownership claims arise from other parties before or after the investment is made.
   - In the KEK Mandalika case, if local communities still have old claims on the land granted to ITDC, they may feel that their rights have been overlooked in favor of investment interests.

The Supreme Court Decision Number 634 K/Pdt/2022 and Decision Number 1226/PK/Pdt/2022 emphasize the importance of clarity and the fulfillment of rights for foreign investors. Law Number 25 of 2007 on Investment has provided a legal framework to regulate this matter; however, certain areas require further elaboration to avoid differing interpretations and potential disputes in the future.

Parties are advised to clearly specify in agreements the status and legality of the land to be developed as a tourism development area in accommodation investments.

The relation between Decision Number 634 K/Pdt/2022 and Decision Number 1226/PK/Pdt/2022 with the Legal Certainty Theory is that legal certainty refers to a state in which the law is applied clearly, logically, and without multiple interpretations, allowing society to understand their rights and obligations explicitly. In relevance to Decision 634 K/Pdt/2022 and Decision 1226/PK/Pdt/2022, both rulings affirm that the disputed land has a clear legal basis (HPL Number 88). The Supreme Court ruled based on established legal documents, providing legal certainty for investors and preventing invalid claims. This decision eliminates uncertainty for landowners, the public, and investors, ensuring legal clarity before engaging in investment or land management.

V. CONCLUSION

Based on the discussion presented in Chapter IV and Chapter V, the following conclusions can be drawn :

1. The regulation of investment in foreign direct investment (FDI) in Indonesia focuses on the objectives and fundamental principles underlying this policy. The regulation aims to establish legal certainty, enhance investment competitiveness, and protect national interests. Law Number 25 of 2007 on Investment serves as the primary legal foundation governing the rights and obligations of investors.
   Decision Number 634 K/Pdt/2022 and Decision Number 1226/PK/Pdt/2022 demonstrate that the law protects investors' rights when they hold valid permits and legal ownership. In the Mandalika case, the Supreme Court's ruling reinforced that PT ITDC’s land management rights were legally valid, rejecting ownership claims that lacked a strong legal basis. However, the ruling also highlights ambiguities in Article 4 of Law Number 25 of 2007 on Investment, which states that domestic and foreign investors should receive equal treatment but does not specify detailed criteria or sectors where differentiated treatment may apply.
2. Legal protection for domestic investors collaborating with foreign direct investment (FDI) companies in the accommodation sector is crucial in mitigating business risks. These risks include legal, economic, ownership, political, and reputational risks. Such challenges emphasize the importance of clear cooperation agreements, regulatory compliance, and effective dispute resolution mechanisms. The Supreme Court's ruling in the Mandalika case demonstrates that the law provides legal certainty to parties with strong legal documentation. Therefore, domestic investors must ensure all legal documents are in order before engaging in partnerships with foreign investors.

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