RENEWAL OF THE NATIONAL CONTRACT LAW

Dian Latifiani

Faculty of Law, Universitas Negeri Semarang
Building K campus UNNES Sekaran Gunungpati Semarang, 50229
dianlatif@mail.unnes.ac.id

Abstract

The development of transactions/contracts in Indonesia and the world is developing very rapidly. Meanwhile, Indonesian contract law is sourced from the Civil Code Book III. The Dutch colonial-made Burgerlijk Wetboek did not yet regulate national and international contracts which had undergone development. Indonesian values also do not exist in book III. So it is necessary to have contract law renewal based on the values of Pancasila. The problem discussed in this paper is how to reform the national contract law. The urgency for renewal is carried out to support the 2005-2025 National RPJP, namely “The development of legal materials/substances is directed to continue the renewal of legal products to replace colonial legacy laws to reflect the social values and interests of the Indonesian people”. The juridical normative writing method is used to assess the value of the renewal of the national contract law. Renewal begins with the preparation of an academic paper. Updates are carried out with open partial codification, not closed. The reforms contain Pancasila values, are designed as a sub-codification of engagement law, and are designed to lay the foundation for contract law in Indonesia.

Keywords: Renewal; Contract; Value.

A. Introduction

In line with the development of legal relations in the increasingly modern life of society, legal norms are needed that provide legal protection which is expected to guarantee certainty and
justice for the parties in the implementation of the rights and obligations of the parties. As we know that in general the developments that occur in social life are faster than the development of applicable contract law. Contract law develops following the development of society. Contracts are human freedom as the implementation of human rights. Contracts are often called agreements.

Mohammad Saleh said that the Civil Code which was drawn up in the colonial era regulated the binding law needed to be examined whether the Burgerlijke Wetboek concept was following Pancasila and the 1945 Constitution as the main source and constitutional foundations in Indonesia. Matters that are different from the principles of Pancasila in the norms regulated in the BW must be overhauled or amended according to Pancasila if a civil law code is desired, including those that regulate national binding law. Renewal of contract law not only prioritizes legal certainty but also considers the value of justice.

The VIII National Law Development Seminar, with the theme “Law Enforcement in the Era of National Law Development”, was organized by the National Law Development Agency, Ministry of Justice and Human Rights of the Republic of Indonesia, based on the Decree of the Minister of Justice of the Republic of Indonesia Number: G - 118 DL.04.04 dated May 21, 2003, the VIII National Law Development Seminar aims to obtain idea, both theoretical and practical in nature, which is needed to enhance national legal development in general and in particular to accelerate the implementation of legal reform by preparing the formulation of government policies in the field of national legislation, which regulates the fields of Politics and Security, Financial and Industrial Economics, People's Welfare and Human Rights.

The economic sector (buying and selling - trade law, leasing, lending, and borrowing) is experiencing dynamism, which was originally done traditionally, but along with the modernization era, transaction forms have developed. What was originally only at the local level, in this borderless era, trade between countries has become commonplace. Legal subjects (buyers and sellers) need each other. In line with the increasingly complex development of social life in

---

4 Mohammad Saleh, “Pembentukan Undang-Undang Perikatan Nasional Dalam Perspektif Hakim” (Surabaya: Seminar Pembentukan Undang-Undang Hukum Perikatan Nasional, 2019).
this modern era, various risks have developed which have the potential to become a threat to the
parties to realize the hopes of the transactions they are holding. This fact is what raises the
parties' need for legal protection against the expectations of the transaction being carried out\(^7\).
However, national contract law legislation has not been able to accommodate the principles and
standards of contract law that are developed and accepted in international trade practice. At the
same time, it also maintains consistency and harmony with the principles of contract law that
already exist in various sources of the Indonesian legal system.

When viewed from a theoretical/conceptual point of view of the "legal system", the
National Law System can be said to be a unity of various national sub-systems, namely "national
legal substance", "national legal structure", and "national legal culture". limited to reforming the
national legal system with a focus on the sub: the substance of national law. "Substance the law is
norms, regulations or laws should not conflict with each other\(^8\). Neni Sri Imaniyati said
Law must be dynamic and oriented towards the future (farword looking). (RPJP) Nasional 2005-
2025 "Development of legal materials/substances is directed to continue reforming legal
products to replace laws and regulations inherited from colonialism that reflect social values and
interests of the Indonesian people\(^9\). Based on the description above, the problem of this paper is
how to renewal the national contract law.

B. Discussion

The form/form of reforms/reforms towards better quality can vary, among others, by
reorienting (adjusting, reassessing), reformulation (reformulating), restructuring (restructuring),
reconstruction (rebuilding)\(^10\). Moh. Mahfud MD said, in its position as the basis of the state and
state ideology, Pancasila must be used as a paradigm (frame of mind, source of values, and
direction) in legal development, including all efforts to reform the law, because it contains four
guiding principles, namely\(^11\):

1. The law must protect the entire nation and guarantee the integrity of the nation, and
therefore laws are not allowed tisintegration;

\(^7\) “Naskah Akademik RUU Hukum Kontrak,” *BPHN*, 2013.
\(^9\) Neni Sri Imaniyati, “Prinsip-Prinsip Hukum Dalam Perikatan Syariah” (Bandung: Seminar Pembentukan Undang-Undang Hukum Perikatan Nasional, 2019).
2. The law must be able to guarantee social justice by providing special protection for the weak so that they are not exploited in free competition against the strong; 
3. The law must be developed democratically while building democracy in line with the nomocracy (rule of law); and 
4. Laws cannot be discriminatory based on any promotional ties and must encourage the creation of religious tolerance based on humanity and civility.

The national legal system when viewed from the substance of the law, is based on Pancasila as a legal ideal. The Pancasila national legal system is based on three pillars/values of the balance of Pancasila, that is:
1. oriented to divine values (moral religious) 
2. oriented to human values (humanistic); and 
3. oriented to social values (nationalistic; democratic; social justice).

The legal system/system in Indonesia that is not oriented towards the 3 pillars/values of approach/soul (spirit) cannot be said to be a National Legal System, even though it was made by the Indonesian legislature.

Various types of new agreements with different civil characteristics and characteristics are emerging. Today's business transactions and legal issues are increasingly complex. This situation is of course difficult to reach by conventional contract law rules which have been guided by the rules inherited from the Dutch East Indies colonial government, namely the Civil Code (KUHPerd) or the Burgerlijk Wetboek (BW), especially Book III on contract because some have been already out of date in line with the increasingly heavy flow of globalization. Peaking a contract is a system of legal action in civil relations. Contract is a legal relationship between two or more people that bind themselves and have legal consequences. The legal consequences are in the form of rights and obligations between parties. Contracts are laws that apply to the 

---

12 Barda Nawawi Arief, Pembangunan Sistem Hukum Nasional (Semarang: Putaka Magistra, 2002).
13 Arief.
parties who make them. In customary law, the contract becomes binding at the time of acceptance, whether it is done only orally or in writing without adjunct as a sign of acceptance.

Preparation of academic papers on the draft Law on Contract Law implemented by a team formed based on the Decree of the Minister of Law and Human Rights of the Republic of Indonesia Number: PHN.17.HN 01.03 of 2012 concerning the Formation of the Academic Manuscript Preparation Team for the 2012 Draft Law, dated 1 February 2012. The Academic Manuscript Team worked for 9 months from February to October 2012. The points of the academic text of the Contract Law Bill (2013) include; development problems. Issue of Actualization of the Civil Code, related laws and regulations, international law, and customary law in national contract law.

1. Making Stages

Indonesia's BPHN (Indonesian Legal Development Agency) makes an Academic Paper on contract law or agreements to answer issues regarding contract law renewal. In the academic paper, it describes the process of making in stages:

a. short-term to medium-term (year one to year three), in the form of a philosophical review of the National Treaty Law to find a basic value system to formulate or give meaning to general principles and rules of contract law. Thereafter, new attention can be focused on the formulation of general principles. Agreement law and contract law which are more or less equivalent to the substance stipulated in Chapter I, Chapter II, and Chapter IV of the third book of the Civil Code. The development of national law with a philosophical content is included in the philosophy of law, which according to Meuwissen's theory, philosophy of law is at the lowest position which underlies legal theory (in the narrow sense) of legal science, the mother of all juridical disciplines.

b. In the long term (fourth to the fifth year) and/or improvements to certain agreements

---

19 Noor, “PENERAPAN PRINSIP-PRINSIP HUKUM PERIKATAN DALAM PEMBUATAN KONTRAK.”
20 Benny Riyanto, “Urgensi Pembentukan UU Perikatan Nasional” (Surabaya: Seminar Pembentukan Undang-undang Hukum Perikatan Nasional, 2019).
21 “Naskah Akademik RUU Hukum Kontrak.”
23 the scope of the agreement is wider, the contract is part of the agreement
24 alih bahasa Arief Sidharta J.J. Bruggink, Refleksi Tentang Hukum (Bandung: PT Citra Aditya Bakti, 1999).
(specific contracts) are equivalent to those referred to in Chapter V to Chapter XVII of the Third Book of the Civil Code, but with due observance of specific laws and regulations that have been or will come into effect in the future, and is more or less the lex specialist of general contract law (for example the Manpower Law, the Consumer Protection Law, the Anti-Monopoly and Business Competition Law, the Investment Law, the Limited Liability Company Law, the Banking Law, etc.). Recognizing that the contents of Chapter V to Chapter XVII (concerning Specific Consent Agreements) of the Civil Code contain rules that are particularly relevant concerning the characteristics of the specific contract as well as the specific protections therein.

2. Range and Direction of National Contract Law

Sunaryati Hartono said that national law is the entire philosophy of law, values, principles, and legal norms. The principles that bind various components of national law are grundnorm or the ideals of the Indonesian nation's law as stipulated in Pancasila and the 1945 Constitution. The Draft Law on Indonesian National Treaties Law must be developed by adhering to several main qualities, namely that the Law (or at least the substance of its rules): (a) Must be derived from the values of Pancasila and the Preamble as well as the relevant articles of the 1945 Constitution. Both must become the cornerstones of the Law on National Agreement Law; (b) It must be designed as a sub-codification of the forthcoming codification of the National Agreement Law, so that the drafting of the Law on National Agreement Law must inevitably be prepared in anticipation of the new general principles of Indonesian agreement Law; (c) Must be designed to lay the groundwork for Agreement Law in Indonesia, without having to establish a specific orientation towards civil law, common law, Islamic law or customary law, or other legal traditions. The National Contract law should be developed as a unique Indonesian Agreement Law, because it is in line with the philosophical principles of Pancasila, but it must be able to answer modern treaty law problems both at the national and international levels; (d) It must also contain general principles of Agreement Law in accordance with such principles known in various legal systems in the world, but with a substance colored by the philosophical thoughts of Pancasila, which promote the common interest and the interests of society more than interests of individuals; (e) Must continue to

---


26 “Naskah Akademik RUU Hukum Kontrak.”
depart from the "agreement between the parties" which is formed on the basis of the principle of "Freedom of Contract", but with clear limitations on the parties' freedom of contract; (f) Must, for the most part, contain principles and rules which serve as complementary laws (aanvullendrecht) and remain on the principle of freedom of contract; (g) Must meet internationally recognized and observed standards of quality and completeness of treaty law and reflect good practice in international trade. (h) Must contain as complete as possible general principles and rules covering the entire contract's life-cycle, so that this law can function as a complementary law in the event that the parties do not explicitly regulate their interests in the contract; (i) Different from the Civil Code, it is necessary to clearly distinguish between the concept and arrangement of the "formation of contract" with the concept and arrangement of "Contract Validity". (j) Must be supported by a clear thought and conception of his position as a lex generalis so that the existing corporate regulations and regulating special contractual transactions can be understood as lex specialist; (k) Must contain a set of principles and rules (the development of what is in the Civil Code) regarding the interpretation of the contract or the articles of the contract; (l) Must contain principles and rules which may limit the validity of transactions closed through the use of standard contracts or standard clauses in business, with priority to the protection of users of standard contracts; (m) Must contain general principles and rules that can be applied to electronic transactions and contracts or online transactions / contracts; (n) Must be equipped with general principles that represent the politics of state law in relation to the position, rights and obligations of parties to government contracts which, on the one hand, contain many elements of public interest but, on the other hand, become one of the the main legal media in efforts to privatize the development of public affairs; (o) Can incorporate the principles and rules of international civil law (HPI) in the field of Agreement law which can serve as a reference for the parties and the court, at least in determining the law that must be enforced (the proper law) in contractual disputes. - contracts containing foreign elements; (p) Covers only principles and rules for general aspects of a contractual engagement, so that special arrangements regarding "certain agreements" such as in the Civil Code (exchange, lease, sale, purchase, loan-borrowing, work agreement, etc.) must be regulated specifically and separately; (q) must contain general principles regarding pre-contractual rights and obligations which are increasingly occurring in practice, and often cause problems that must be resolved through the use of principles and rules of unlawful conduct (onrechtmatige daad).
3. Scope of the Content

The completeness factor of the codification of the agreement law, namely\(^\text{27}\): There is systemic integrity in regulating all the general components in the life cycle of a contract; there is consistency and orderliness of thought between principles, general rules, and more technical rules; there is flexibility in the application of principles and rules to cases in concreto, thus providing adequate space for courts to uphold justice and/or legal certainty; there is the ability to adapt to the development of needs and demands in society, without sacrificing the values of justice and legal certainty that it is trying to uphold. Meanwhile, what is being attempted in Indonesia is to formulate a sub-codification of treaty law which (later) will become part of the Indonesian National Civil Code (which does not yet exist). The team then looked at the systematics and content of the 2010 version of the UNIDROIT\(^\text{28}\) Principles of International Commercial Contracts (UPICC) which was specifically designed as a codification of the principles and rules of contract law (international trade) which covers the entire life cycle of a contract. UPICC has published 3 versions (1994, 2004, and most recently 2010), and each new version is a significant improvement over the previous version. Its nature as an open codification allows efforts to adapt to the development of existing needs but not through an easy process that affects its power to create legal certainty. Systematics and content of the National Treaty Law Law Its nature as an open codification allows efforts to adapt to the development of existing needs but not through an easy process that affects its power to create legal certainty. Systematics and content of the National Treaty Law Law

Chapter I: General Provisions

Contains general principles that must inspire understanding, interpretation, and implementation of principles at a technical level in the following chapters.

\(^{27}\) “Naskah Akademik RUU Hukum Kontrak.”

\(^{28}\) UNIDROIT (formally, the International Institute for the Unification of Private Law; French: Institut international pour l'unification du droit privé-UNIDROIT) is an intergovernmental organization whose objective is to harmonize international private law across countries through uniform rules, international conventions, and the production of model laws, sets of principles, guides and guidelines. Established in 1926 as part of the League of Nations, it was reestablished in 1940 following the League's dissolution through a multilateral agreement, the UNIDROIT Statute. As at 2019 UNIDROIT has 63 member states.

\(^{29}\) “Naskah Akademik RUU Hukum Kontrak.”
Chapter II: Formation of Agreements and Authorities of the Authorized Person
This second chapter is divided into two parts, namely (i) regarding the Formation of Contracts, and (ii) concerning the Authority of the Proxy (agent) in forming the agreement.

Chapter III: Validity of the Agreement
This chapter consists of three parts, namely: - Part One: regarding general provisions regarding the validity of the contract - Part Two: regarding the grounds for the party who is aggrieved due to the invalidation of the agreement to take legal measures; Part Three: The validity of the Agreement is associated with violations of the law's rules which are compelling.

Chapter IV: Interpretation of Contracts
This chapter contains principles and rules regarding the interpretation and meaning of statements, promises, or actions of the parties to the Agreement. In it, it is necessary to define the main principles of interpretation (eg determination of the will of the parties).

Chapter V: Content of the Agreement, Rights of Third Parties, and Conditions in the Agreement
This chapter is divided into 3 parts which are related to each other, namely:

1. Part One: about the contents of the terms of the agreement
2. Part Two: on Third Party Rights
3. Part Three: regarding the conditions in the Agreement

Chapter VI: Execution of Contracts
This chapter should be divided into two major parts, namely:

1. Part One: about the implementation of the agreement in general
2. Part Two: about the Situation of Boiled sic Stantibus / Hardship

This chapter contains various principles and rules regarding the consequences and legal remedies that can be implemented if the parties do not fulfill their contractual promises or obligations.

Chapter VIII: Meeting Achievements / Contractual Obligations
This chapter contains principles and rules regarding the possibility of two parties mutually sharing the obligations that arise from a contract or a claiming right, can confront the obligations of one party with the obligations of the other party to it, and
both receivables are considered to be written off up to the smallest of these receivables.

Chapter IX: Transfer of Rights, Transfer of Obligations, and Transfer of Agreements

This chapter regulates the possibility for the parties to transfer rights and/or obligations that arise from a contract to a third party. Such situations are increasingly being seen as a practical necessity, for example in terms of the possibility of subcontracting. In the practice of international business contracts, the parties almost always stipulate articles regulating such possibilities. Therefore it is deemed necessary to establish the main principles regarding the transfer, which will automatically bind the parties if they do not specifically stipulate in the contract.

Chapter X: About Expiration

As in general, legal systems recognize the impact of time on the existence of rights, including contractual rights. The Law on National Treaties needs to regulate two issues of expiration that are commonly known, namely (i) expiration which eliminates the right and capacity to bring legal action and (ii) expiration as a basis for countering a lawsuit in court. In this set of principles and rules regarding expiration, it is necessary to set the expiry period, change/extension of the expiration period, temporary suspension of the calculation of expiration, etc.

Chapter XI: Concerning Agreements That Involve More Than One Creditor / Debtor.

This chapter deals with situations where more than one debtor/obligor has the same obligation to a creditor/obligee, or where a debtor/obligor grants rights to more than one creditor/obligee. The principles and regulations in it, among others, regulate when the debtor's responsibility becomes joint and several, or the debtor's proportionate responsibility.

Chapter XII: Concerning Provisions for Private International Law

There is a fairly urgent need for provisions on international civil law, given the increasing intensity and extensity of international contracting activities involving the Indonesian side. Indonesia's agreement/contract law is no longer able to
Renewal of the National Contract Law

accommodate the very rapid development of international business and trade. The law is out of date and it will be a problem and an obstacle to performing international commercial contracts in Indonesia. On the other hand, the separation of a set of HPI rules regarding agreements/contracts from a National HPI codification is also felt somewhat odd, because such rules should be part of the Indonesian International Civil Law Law which contains a set of HPI rules for the entire field of civilization.

**Chapter XIII: Concerning Certain Agreements**

As has been agreed by the Team in other parts of this Academic Paper, certain agreement agreements are not specifically mentioned in this Manuscript, although this does not mean that the special chapter which regulates these types of special agreements is considered unimportant.

The academic paper made by the Team is a manifestation that efforts to reform the national contract law system are ongoing. The idea of partial codification in the field of contract law needs to based on Pancasila, the 1945 Constitution, customary law to realize national law reform. Law must function to create an order as a prerequisite to be able to protect the people in obtaining justice, order, and tranquility and not torment it.

The development of the Indonesian legal system should lead to the ideals of the Indonesian state (stateside) which as far as possible should be built distinctively in the sense of not imitating the ideals of other countries. Indonesia has Pancasila as idea and grundnorm as well as a guide (leitzen) in the policy of legal reform in Indonesia.

The development of national law needs to be directed and integrated in law reform the law, among others in the form of codification and unification of certain legal fields. In drafting new laws that are urgently needed to be able to support development in various fields following the demands of development, as well as the level of legal awareness and

---


C. Conclusion
Renewal of the national contract law is carried out regularly partial codification open. One of them is contract law which has reached academic papers. The substance rules of the national contract law are (a) it must be derived from the values of Pancasila, (b) It must be designed as a sub-codification of the forthcoming codification of the National Agreement Law, (c) It must be designed as a foundation for treaty law in Indonesia which has its characteristics without having to determine the orientation of the Civil Law or Common Law system. The government and the legislative institutions as initiators of the formation of the Academic Paper Team need to has accelerate the prosess of academic papers into contract law draft because the development of legislation in the field of contracts/agreements is needed in the economy. In this case the trade sector.

REFERENCES


Saleh, Mohammad. “Pembentukan Undang-Undang Perikatan Nasional Dalam Perspektif Hakim.” Surabaya: Seminar Pembentukan Undang-Undang Hukum Perikatan Nasional,
Renewal of the National Contract Law

2019.


