

**LAW OF THE REPUBLIC OF INDONESIA  
NUMBER 30 OF 1999  
OF  
ARBITRATION AND ALTERNATIVE DISPUTE SETTLEMENTS**

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering:

- a. that based on the prevailing laws and regulations, civil dispute settlement, besides may be filed to general judiciary, there is also possibility for such dispute to be filed through arbitration and alternative dispute settlements;
- b. that the laws and regulations which are currently prevail for dispute settlement through arbitration have no longer compatible with business development and laws in general;
- c. that based on considerations as referred to in letters a and b, it has been deemed necessary to enact the Law on Arbitration and Alternative Dispute Settlements.

Observing:

1. Article 5 paragraph (1) and Article 20 paragraph (1) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 14 of 1970 on Principal Provisions on Judiciary Power (State Gazette of the Republic of Indonesia of 1970 Number 74, Supplement to the State Gazette of the Republic of Indonesia Number 2951).

With the Consent of:

THE HOUSE OF REPRESENTATIVES OF THE REPUBLIC OF INDONESIA,

HAS DECIDED:

To enact:

**LAW ON ARBITRATION AND ALTERNATIVE DISPUTE SETTLEMENTS**

**CHAPTER I  
GENERAL PROVISIONS**

**Article 1**

Under this Law, the following definitions are employed:

1. Arbitration refers to a method for civil dispute settlement outside of general judiciary, which is based on arbitration agreement that is made in writing by both disputing parties.
2. Both parties refer to legal subjects, both according to civil law and public law.
3. Arbitration agreement refers to an agreement in form of arbitration clause which is included in a written

agreement that is made by both parties before the dispute occurs, or a separate arbitration agreement which is made by both parties after the dispute has occurred.

4. District Court refers to District Court, of which the jurisdiction covers the defendant's residence.
5. Claimant refers to party who file a dispute settlement petition through arbitration.
6. Defendant refers to the opposing party of the Claimant within the dispute settlement through arbitration.
7. Arbitrator refers to one or more persons who are chosen by both disputing parties or who are appointed by the District Court or by arbitral institution, to render an award concerning certain dispute which is submitted to be settled through arbitration.
8. Arbitral Institution refers to institution which is chosen by both disputing parties to render an award concerning certain dispute; such institution may also provide legally binding argument concerning a specific legal relationship in case dispute has not yet occurred.
9. International Arbitral Award refers to an award which is rendered by an arbitral institution or individual arbitrator outside the jurisdiction of the Republic of Indonesia, or an award which is rendered by an arbitral institution or individual arbitrator, of which, according to legal provisions of the Republic of Indonesia, it shall be deemed as an international arbitral award.
10. Alternative Dispute Settlement refers to institution for the settlement of dispute or contention, through a rule which is agreed by both parties, that is settled outside of the court through methods such as consultation, negotiation, mediation, conciliation, or expert's assessment.

## **Article 2**

This Law addresses settlement of dispute or contention between both parties within a certain legal relationship, who has arranged an explicit arbitral agreement stating that all disputes or contentions which are occurred or may be occurred from such legal relationship will be settled through arbitration or alternative dispute settlements.

## **Article 3**

District Court shall not have competence to adjudicate dispute of both parties who have been bounded through arbitration agreement.

## **Article 4**

- (1) In the event that both parties have agreed that the dispute between them will be settled through arbitration and both parties have delegated the authority, then the competent arbitrator shall determine in the award, the rights and obligations of both parties, in case such matters were not addressed in their agreement.
- (2) Agreement to settle the dispute through arbitration as referred to in paragraph (1) is included in a document which is signed by both parties.
- (3) In the event that it has been concluded that the dispute settlement through arbitration shall be organized in form of document exchanges, then the transmission of telex, telegram, facsimile, e-mail or in other communication means must be attached with a receipt from both parties.

## **Article 5**

- (1) Disputes which may be settled through arbitration are only disputes in trade sector and concerning rights, of which according to the Law and laws and regulations, such rights are fully controlled by the disputing parties.

- (2) Disputes which cannot be settled through arbitration are disputes, of which according to laws and regulations, cannot be reached an amicable settlement.

## **CHAPTER II**

### **ALTERNATIVE DISPUTE SETTLEMENTS**

#### **Article 6**

- (1) Civil dispute or contention may be settled by both parties through alternative dispute settlements which are based on good faith by superseding the settlement through litigation process at District Court.
- (2) Settlement of dispute or contention through alternative dispute settlements as referred to in paragraph (1) shall be settled through direct meeting of both parties within 14 (fourteen) days at the latest and the result shall be made in a written agreement.
- (3) In case the dispute or contention as referred to in paragraph (2) cannot be settled, then, based on written agreement of both parties, the dispute or contention shall be settled either through assistance of one or more expert counsels or through a mediator.
- (4) If both parties, within 14 (fourteen) days at the latest, either with assistance of one or more expert counsels or through a mediator, fail to reach an agreement, or the mediator fails to accommodate both parties, then both parties may contact an arbitral institution or alternative dispute settlement institution to designate a mediator.
- (5) After the designation of mediator by the arbitral institution or alternative dispute settlement institution, within 7 (seven) days at the latest, the mediation process should have been ready to be commenced.
- (6) Process for the settlement of dispute or contention through media as referred to in paragraph (5), by holding firmly to the confidentiality, within 30 (thirty) days at the latest, a written agreement which is signed by every relevant parties has to be concluded.
- (7) The written agreement for the settlement of dispute or contention is final and binding for both parties to be executed in good faith and furthermore, it must be registered at the District Court within 30 (thirty) days since the signing day at the latest.
- (8) Agreement for the settlement of dispute or contention as referred to in paragraph (7) must be fully executed within 30 (thirty) days since the registration day at the latest.
- (9) If the amicable processes as referred to in paragraph (1) up to paragraph (6) cannot be reached, then both parties, based on a written agreement, may file the settlement process through arbitral institution or ad-hoc arbitration.

## **CHAPTER III**

### **REQUIREMENTS FOR ARBITRATION, APPOINTMENT OF ARBITRATOR, AND RIGHT TO CHALLENGE**

#### **Division One**

#### **Arbitration Requirements**

#### **Article 7**

Both parties may agree that a dispute which has been occurred or will occur between them to be settled through arbitration

### Article 8

- (1) In case a dispute occurs, claimant must deliver notification through an official note, telegram, telex, facsimile, e-mail or expedition book to the defendant describing that the prerequisite for arbitration which was arranged by the claimant or defendant has prevail.
- (2) Notice to arrange arbitration as referred to in paragraph (1) shall explicitly contain:
  - a. names and addresses of both parties;
  - b. designation toward the prevailing arbitration clause or agreement;
  - c. agreement or issue which becomes the dispute;
  - d. grounds of claims and amounts that are claimed, if any;
  - e. the desired settlement method; and
  - f. agreement which was arranged by both parties regarding the number of arbitrators or if such kind of agreement has never been arranged, the claimant may propose the desired number of arbitrators in odd numbers.

### Article 9

- (1) In the event that both parties choose the dispute settlement through arbitration after the dispute occurs, the agreement on such matter must be made in a written agreement which is signed by both parties.
- (2) In the event that both parties unable to sign the written agreement as referred to in paragraph (1), such written agreement must be made in form of notarial deed.
- (3) Written agreement as referred to in paragraph (1) must contain:
  - a. the disputed matters;
  - b. full names and addresses of both parties;
  - c. full names and addresses of arbitrator or arbitral tribunal;
  - d. place where the arbitrator or arbitral tribunal will render an award;
  - e. full name of the secretary;
  - f. dispute settlement period;
  - g. statement of willingness from the arbitrator; and
  - h. statement of willingness from the disputing parties to bear any expenses which are necessary for the dispute settlement through arbitration.
- (4) Written agreement which does not contain provisions as referred to in paragraph (3) shall be null and void.

### Article 10

An arbitration agreement shall not be declared annulled based on the following conditions:

- a. death of a party;
- b. bankruptcy of a party;
- c. novation;
- d. insolvency of a party;
- e. inheritance;

- f. if the prerequisites for the nullification of the principal agreement come into effect;
- g. if the performance of such agreement is transferred to third party with agreement of parties who arranged such arbitration agreement; or
- h. expiration or annulment of the principal agreement.

#### **Article 11**

- (1) Existence of a written arbitration agreement shall not prejudice rights of both parties to submit the settlement of the dispute or contention as included in the agreement to the District Court.
- (2) District Court must reject and not be involved in a dispute settlement which has been determined using arbitration, unless for certain conditions which have been established under this Law.

### **Division Two**

#### **Requirements for the Appointment of Arbitrator**

#### **Article 12**

- (1) Those who may be designated or appointed as arbitrator must fulfill the following prerequisites:
  - a. capable to perform legal act;
  - b. at least 35 years old;
  - c. does not have familial relationship by blood or marriage, up to the second degree, with one of the disputing parties;
  - d. does not have any financial interest or other interests over the arbitral award; and
  - e. have experience, as well as actively master his/her sector for at least 15-year period.
- (2) Judge, prosecutor, registrar and other judiciary officials cannot be designated or appointed as arbitrator.

#### **Article 13**

- (1) In the event that both parties cannot reach an agreement regarding the appointment of arbitrator or if there is no provision made regarding the appointment of arbitrator, the Chief of District Court shall designate the arbitrator or arbitral tribunal.
- (2) In an ad-hoc arbitrator, for every contention on the designation of one or several arbitrators, both parties may file a petition to the Chief of District Court to designate an arbitrator or more in order to settle the dispute of both parties.

#### **Article 14**

- (1) In the event that both parties have agreed that the dispute which is occurred will be examined and judged by a sole arbitrator, both parties must reach an agreement on the appointment of the sole arbitrator.
- (2) Claimant, through an official note, telegram, telex, facsimile, e-mail or expedition book, must propose to the defendant, the name of the person who may be appointed as sole arbitrator.
- (3) If within 14 (fourteen) days after the defendant has received the claimant's proposal as referred to in paragraph (2) at the latest, both parties fail to appoint the sole arbitrator, based on petition of a party, the Chief of District Court may appoint the sole arbitrator.

- (4) Chief of District Court will appoint the sole arbitrator based on list of names which is submitted by both parties, or a list which is obtained from the organization or arbitral institution as referred to under Article 34, by considering both recommendation and objection which are submitted by both parties against such person.

#### **Article 15**

- (1) Designation of two arbitrators by both parties gives the authority to those two arbitrators to choose and designate the third arbitrator.
- (2) The third arbitrator as referred to in paragraph (1) shall be appointed as the presiding arbitral tribunal.
- (3) If within 30 (thirty) days after the notification as referred to under Article 8 paragraph (1) has been received by the defendant at the latest, and one of the parties turns out does not designate someone who will be the member of arbitral tribunal, the arbitrator which is designated by the other party will act as the sole arbitrator and the award shall bind both parties.
- (4) In the event that two arbitrators as referred to in paragraph (1) who have been designated by each parties fail to designate the third arbitrator within 14 (fourteen) days after the last arbitrator has been designated at the latest, upon petition of one party, the Chief of District Court may appoint the third arbitrator.
- (5) Upon the appointment of arbitrator which is done by the Chief of District Court, as referred to in paragraph (4), annulment cannot be submitted.

#### **Article 16**

- (1) Arbitrator who is designated or appointed may accept or reject such designation or appointment.
- (2) Acceptance or rejection as referred to in paragraph (1) must provide written notice to both parties within 14 (fourteen) days since the designation or appointment date.

#### **Article 17**

- (1) By the designation of an arbitrator or several arbitrators by both parties in writing and the acceptance of such designation by an arbitrator or several arbitrators in writing, then, between the party who designates and arbitrator who accepts the designation, an agreement in civil law sector has been established.
- (2) Designation as referred to in paragraph (1) causes the arbitrator or arbitrators to render the award in truthful, just, and in accordance with the prevailing provisions and both parties will accept the award in final and binding manners as has been jointly agreed.

#### **Article 18**

- (1) An arbitrator candidate who is asked by a party to sit in the arbitral tribunal must notify to both parties regarding matters which may influent his/her independence or causing the partiality of the rendered award.
- (2) One who has accepted the designation as referred to in paragraph (1) must notify both parties regarding his/her designation.

#### **Article 19**

- (1) In the event that the arbitrator has stated to accept the designation or appointment as referred to under Article 16, then the relevant party cannot resign, unless based on approval from both parties.

- (2) In the event that the arbitrator as referred to in paragraph (1) has accepted the designation or appointment, submits resignation, then the relevant party must submit a written petition to both parties.
- (3) In the event that both parties may approve the resignation proposal as referred to in paragraph (2), then the relevant party may be dismissed from the duty as arbitrator.
- (4) In the event that the resignation proposal fails to secure approval from both parties, then the dismissal of arbitrator's duty shall be determined by the Chief of District Court.

#### **Article 20**

In the event that the arbitrator or arbitral tribunal, without any valid reasons, does not render an award within the determined period, the arbitrator may be punished to compensate the fees and losses which are occurred because of such overdue to both parties.

#### **Article 21**

Arbitrator or arbitral tribunal cannot be imposed with any liabilities over any actions which were taken during the ongoing hearing processes in order to perform the function as arbitrator or arbitral tribunal, unless it may be proven that there is a good faith from such action.

### **Division Three**

#### **Right to Challenge**

#### **Article 22**

- (1) Upon arbitrator, a challenge claim may be submitted if there are sufficient authentic evidences which raise doubt that the arbitrator will perform his/her duties not independently and will take side when rendering an award.
- (2) Challenge claim toward an arbitrator may also be organized if it has been proven that there is a familial, financial or employment relationship with either one of the parties or the attorney.

#### **Article 23**

- (1) Right to challenge against the arbitrator who was appointed by the Chief of District Court shall be submitted to the relevant District Court.
- (2) Right to challenge against sole arbitrator shall be submitted to the relevant arbitrator.
- (3) Right to challenge against member of arbitral tribunal shall be submitted to the relevant arbitral tribunal.

#### **Article 24**

- (1) Arbitrator who is appointed without court's stipulation, may only be challenged based on reasons which are recently known by the party who exhausts his/her right to challenge after the appointment of such arbitrator.
- (2) Arbitrator who is appointed by court's stipulation, may only be challenged based on reasons which are known after the retrieval of such court's stipulation.
- (3) Party who has objection against the designation of an arbitrator by the other party, must submit the challenge claim within 14 (fourteen) days since the appointment.
- (4) In the event that reasons as referred to under Article 22 paragraphs (1) and (2) are known later, the



challenge claim should be submitted within 14 (fourteen) days since the cognizance of such matter.

- (5) Challenge claims must be made in writing, both toward the other party and the relevant arbitrator, by stating the grounds for the claim.
- (6) In the event that the challenge claim is submitted by one of the parties is not approved by the other party, the relevant arbitrator must resign and a replacement arbitrator will be designated in accordance with methods as addressed under this Law.

#### **Article 25**

- (1) In the event that the challenge claim is submitted by one of the parties is not approved by the other party and the relevant arbitrator is unwilling to resign, the relevant parties may submit a claim to the Chief of District Court, of which, the decision shall bind both parties and objection cannot be filed.
- (2) In the event that the Chief of District Court decides that the claim as referred to in paragraph (1) has grounds, a replacement arbitrator must be appointed with method as prevail for the appointment of the replaced arbitrator.
- (3) In the event that the Chief of District Court rejects the challenge claim, arbitrator shall continue his/her duty.

#### **Article 26**

- (1) Competence of the arbitrator cannot be annulled with the death of the arbitrator and such competence shall be presumed by his/her replacement which will later be appointed in accordance with this Law.
- (2) Arbitrator may be dismissed from duty if he/she has been proven to take sides or display disgraceful behavior which must be proven through due process.
- (3) In the event that during the ongoing hearing, the arbitrator passed away, incapable, or resign, so that he/she cannot perform his/her duty, a replacement arbitrator will be appointed using method which prevails for the appointment of the relevant arbitrator.
- (4) In the event that a sole arbitrator or the presiding arbitral tribunal is replaced, every hearings which have been arranged must be repeated.
- (5) In the event that there is a member of the tribunal who is replaced, the hearings should only be orderly repeated between the arbitrators.

### **CHAPTER IV**

#### **PREVAILING PROCEDURAL LAW BEFORE THE ARBITRAL TRIBUNAL**

##### **Division One**

##### **Arbitral Rule**

#### **Article 27**

Every hearings by arbitrator or arbitral tribunal shall be organized in private.

#### **Article 28**

Language which is used in all arbitral processes is Indonesian language, unless based on approval from the arbitrator or arbitral tribunal, both parties may choose other language which will be used.



**Article 29**

- (1) Both disputing parties have equal right and opportunity to present each arguments.
- (2) Both disputing parties may be represented by their attorneys based on specific power of attorney.

**Article 30**

Third party outside the arbitration agreement may be involved and join in the dispute settlement process through arbitration if there is a related element of interest and his/her joinder is approved by both disputing parties, as well as approved by the arbitrators of arbitral tribunal who examine such dispute.

**Article 31**

- (1) Both parties, through an explicit and written agreement, are free to determine the arbitration rule which shall be used in the hearing, as long as it does not in contradiction with provisions under this Law.
- (2) In the event that both parties do not determine the provisions concerning the arbitration rule which will be used in the hearing, and the arbitrator or arbitral tribunal has been composed in accordance with Article 12, Article 13, and Article 14, all disputes, which have been designated to be settled by the arbitrator or arbitral tribunal, shall be examined and judged based on provisions under this Law.
- (3) In the event that both parties have chosen the arbitral rule as referred to in paragraph (1), there should be an agreement concerning the provisions on the period and place for the arbitration and if the period and place for the arbitration are not addressed, the arbitrator or arbitral tribunal who shall determine.

**Article 32**

- (1) Upon petition from one of the parties, the arbitrator or arbitral tribunal may render a provisional award or other interlocutory award to set the order of the hearings, including the establishment of security seizure (sita jaminan), order the deposit of goods to third party, or sell perishable goods.
- (2) Period for the execution of provisional award or other interlocutory award as referred to in paragraph (1) shall not be counted within the period as referred to under Article 48.

**Article 33**

Arbitrator, or arbitral tribunal, has the competent to extend his/her duty period if:

- a. there is a submission of a petition by one of the parties concerning certain special matter;
- b. as a consequence of the establishment of provisional award or other interlocutory award; or
- c. it has been deemed necessary for arbitrator or arbitral tribunal for examination purposes.

**Article 34**

- (1) Dispute settlement through arbitration may be organized by using national or international arbitral institutions based on agreement of both parties.
- (2) Dispute settlement through arbitral institution as referred to in paragraph (1) shall be organized according to rule and procedure of the chosen institution, unless it has been determined otherwise by both parties.

**Article 35**

Arbitrator or arbitral tribunal may order so that all documents or evidences should be accompanied with a translation of the language which is determined by the arbitrator or arbitral tribunal.

#### **Article 36**

- (1) Hearing in the arbitration should be submitted in writing.
- (2) Verbal hearing may be organized if it is approved by both parties or has been deemed necessary by the arbitrator or arbitral tribunal.

#### **Article 37**

- (1) Place of the arbitration shall be determined by the arbitrator or arbitral tribunal, unless has been determined by both parties.
- (2) Arbitrator or arbitral tribunal may hear witness' testimony or arrange necessary meeting at certain places outside the place of arbitration.
- (3) Hearing of witness and expert witness before the arbitrator or arbitral tribunal shall be organized in accordance with provisions under the civil procedural law.
- (4) Arbitrator or arbitral tribunal may arrange local examination over goods which are being disputed or other matters which are related with the dispute which are being examined, and if deemed necessary, both parties shall be duly summoned so that they may also present in such examination.

#### **Article 38**

- (1) Within the period which is determined by the arbitrator or arbitral tribunal, claimant must submit his/her lawsuit to the arbitrator or arbitral tribunal.
- (2) Such lawsuit should at least contain:
  - a. full names and addresses or domiciles of both parties;
  - b. brief description on the dispute, alongside with the attachment of evidences; and
  - c. clear contents of the lawsuit.

#### **Article 39**

After receiving lawsuit from the claimant, the arbitrator or presiding arbitral tribunal shall deliver a copy of such lawsuit to the defendant alongside with an order that the defendant must reply and submit his/her answer in writing within 14 (fourteen) days since such copy of the lawsuit has been received by the defendant at the latest.

#### **Article 40**

- (1) Soon after the retrieval of the defendant's reply, based on order from the arbitrator or presiding arbitral tribunal, the copy of such reply shall be handed-over to the claimant.
- (2) Simultaneously, the arbitrator or presiding arbitral tribunal shall order so that either both parties or their attorneys to be present in the arbitration hearing which is determined 14 (fourteen) days since the issuance of such order at the latest.

#### **Article 41**

In the event that the defendant, after the expiration of 14 (fourteen) days as referred to under Article 39, does

not submit his/her reply, the defendant shall be summoned according to provision as referred to under Article 40 paragraph (2).

#### **Article 42**

- (1) In his/her reply or at least at the first hearing, the defendant may submit rejoinder and upon such rejoinder, the claimant is given the opportunity to reply.
- (2) Rejoinder as referred to in paragraph (1) shall be examined and judged by the arbitrator or arbitral tribunal simultaneously with the merits of the dispute.

#### **Article 43**

If on day which has been determined as referred to under Article 40 paragraph (2), the claimant, without a valid ground, fails to be present even though he/she has been duly summoned, his/her lawsuit shall be declared void and the duty of the arbitrator or arbitral tribunal shall be deemed to be finished.

#### **Article 44**

- (1) If on the day which has been determined as referred to under Article 40 paragraph (2), the defendant, without a valid ground, fails to be present even though the defendant has been duly summoned, the arbitrator or arbitral tribunal shall immediately be summoned for another time.
- (2) Within 10 (ten) days after the second summoning has been received by the defendant at the latest and without any valid ground, the defendant still fails to be present before the trial, the hearing shall be continued without the presence of the defendant and all claims of the claimant shall be granted in a whole, unless if the claim is unreasonable or has no legal reasons.

#### **Article 45**

- (1) In the event that both parties are present at the determined day, the arbitrator or arbitral tribunal shall initially attempt amicable settlement between both disputing parties.
- (2) In the event that the amicable attempt as referred to in paragraph (1) is reached, then the arbitrator or arbitral tribunal shall draw up a deed of settlement which is final and binding for both parties and order both parties to fulfill such amicable provisions.

#### **Article 46**

- (1) Examination on the merits of the dispute shall be continued if the amicable attempt as referred to under Article 45 paragraph (1) is unsuccessful.
- (2) Both parties are given the last opportunity to explain each standpoints in writing and presenting evidences which are deemed necessary to support their standpoints within a period which is determined by the arbitrator or arbitral tribunal.
- (3) Arbitrator or arbitral tribunal is entitled to request both parties to submit additional explanation in writing, documents or other evidences which are deemed necessary in a period which is determined by the arbitrator or arbitral tribunal.

#### **Article 47**

- (1) Before there has been any reply from the defendant, the claimant may revoke the petition document to settle the dispute through arbitration.
- (2) In the event that there has been a reply from the defendant, amendment or addition or lawsuit may

only be organized based on approval from the defendant and as long as the amendment or addition only concerning the matters regarding the facts and do not relate with the legal grounds which become the basis of the petition.

#### **Article 48**

- (1) Examination of a dispute shall be concluded within 180 (one hundred and eighty) days since the day when the arbitrator or arbitral tribunal has been established at the latest.
- (2) By the approval from both parties and if deemed necessary according to provision under Article 33, period as referred to in paragraph (1) may be extended.

### **Division Two**

#### **Witness and Expert Witness**

#### **Article 49**

- (1) Upon order from the arbitrator or arbitral tribunal or based on request of both parties, a witness or more or an expert witness or more may be summoned to be heard.
- (2) Fees for the summoning and travel expenses of the witness or expert witness shall be charged toward the party who requested it.
- (3) Before providing the statement, witnesses or expert witnesses must pronounce an oath

#### **Article 50**

- (1) Arbitrator or arbitral tribunal may request assistance of one or more expert witnesses to provide written statement concerning a specific matter which is related with the merits of the dispute.
- (2) Both parties must provide any statements which are required by expert witnesses.
- (3) Arbitrator or arbitral tribunal shall forward the copy of such expert witness' statement to both parties so that it may be responded in writing by both disputing parties.
- (4) If there is an unclear matter, upon request from both parties who have interest, the relevant expert witness may be heard before the arbitration trial with the presence of both parties or their attorneys.

#### **Article 51**

Upon activities in the arbitral hearing and trial, a minute of examination shall be made by the secretary.

### **CHAPTER V**

#### **ARBITRAL OPINION AND AWARD**

#### **Article 52**

Both parties in an agreement are entitled to invoke a binding opinion from arbitral institution over a certain legal relationship from an agreement.

#### **Article 53**

Upon the binding opinion as referred to under Article 52, there is no objection or legal remedy which may be

filed.

#### **Article 54**

- (1) Arbitral award must contain:
  - a. header of the award which read "FOR THE SAKE OF JUSTICE BASED ON BELIEF IN THE GOD ALMIGHTY ";
  - b. full names and addresses of both parties;
  - c. brief description on the dispute;
  - d. standpoints of both parties;
  - e. full names and addresses of the arbitrators;
  - f. consideration and conclusion of the arbitrator or arbitral tribunal concerning the entirety of the dispute;
  - g. opinions of each arbitrators in the event that there is dissenting opinion within the arbitral tribunal;
  - h. verdict of the award;
  - i. place and date of the award; and
  - j. signature of the arbitrator or arbitral tribunal.
- (2) Arbitral award which is not signed by one of the arbitrators because he/she is ill or passed away shall not affect the validity of the award.
- (3) Reasons on the absence of the signature as referred to in paragraph (2) must be included in the award.
- (4) In the award, it shall be determined the period for such award to be executed.

#### **Article 55**

If the hearing has finished, the proceeding should soon be concluded and the trial day for the reading of the arbitral award shall be determined.

#### **Article 56**

- (1) Arbitrator or arbitral tribunal shall render an award based on legal provisions, or based on justice and appropriateness.
- (2) Both parties are entitled to determine the choice of law which will prevail toward the settlement of dispute that may or has occurred between both parties.

#### **Article 57**

Award shall be read within 30 (thirty) days after the proceeding has been concluded at the latest.

#### **Article 58**

Within a period of 14 (fourteen) days after the award has been received at the latest, both parties may submit a petition to the arbitrator or arbitral tribunal to perform correction against any administrative errors and or add or eliminate a claim from the award.

## **CHAPTER VI EXECUTION OF ARBITRAL AWARD**

### **Division One National Arbitration**

#### **Article 59**

- (1) Within a period of 30 (thirty) days since the date when the award was read at the latest, the original document or authentic copy of arbitral award shall be handed-over and registered by the arbitrator or his/her proxy to the Registrar of the District Court.
- (2) Handover and registration as referred to in paragraph (1) shall be undertaken with note and signature attached at the bottom part or the edge of the award by both the Registrar of the District Court and arbitrator or his/her proxy who handed-over, and such note shall be deemed as registration deed.
- (3) Arbitrator or his/her proxy must handover the award and the original document of his/her appointment as arbitrator or its authentic copy to the Registrar of District Court.
- (4) Non-fulfillment of provision as referred to in paragraph (1) shall cause the arbitral award to be non-executable.
- (5) Any fees which are related with the draw up of the registration deed shall be charged to both parties.

#### **Article 60**

Arbitral award shall be final and has permanent legal force and bind both parties.

#### **Article 61**

In the event that both parties do not voluntary execute the arbitral award, the award shall be executed based on an order from the Chief of District Court upon petition of one of the disputing parties.

#### **Article 62**

- (1) Order as referred to under Article 61 shall be given within 30 (thirty) days after the petition for execution was registered at the Registrar of District Court at the latest.
- (2) Chief of District Court as referred to in paragraph (1), prior to the deliverance of execution order, shall initially examine whether the arbitral award has fulfilled provisions under Article 4 and Article 5, as well as not in contradictory with decency and public order.
- (3) In the event that arbitral award does not fulfill the provision as referred to in paragraph (2), the Chief of District Court shall reject the petition for the execution implementation and toward such decision which is rendered by the Chief of District Court, no legal remedy is available.
- (4) Chief of District Court shall not examine the reasons or considerations of the arbitral award.

#### **Article 63**

Order from the Chief of District Court shall be written on the original document and authentic copy of the rendered arbitral award.

#### **Article 64**

Arbitral award which has been attached with order from the Chief of District Court shall be executed in accordance with provisions regarding the execution of civil case which has obtained final and binding judgment.

## **Division Two International Arbitration**

### **Article 65**

The one who is authorized to handle the recognition and execution of International Arbitral Award is Central Jakarta District Court.

### **Article 66**

International Arbitral Award may only be recognized and executed in the territories of the Republic of Indonesia, if it fulfills the following prerequisites:

- a. International Arbitral Award was rendered by arbitrator or arbitral tribunal in a country which is bounded with Indonesia through an agreement, either bilaterally or multilaterally, concerning the recognition and execution of International Arbitral Award;
- b. International Arbitral Award as referred to in letter a is limited only to award, of which according to the provisions under Indonesian law, is covered in the scope of trade law;
- c. International Arbitral Award as referred to in letter a which may only be executed in Indonesia is limited to award that is consistent with the public order;
- d. International Arbitral Award may be executed in Indonesia after securing the exequatur from the Chief of Central Jakarta District Court; and
- e. International Arbitral Award as referred to in letter a which involves the State of the Republic of Indonesia as one of the disputing parties, may only be executed after securing the exequatur from the Supreme Court of the Republic of Indonesia which will be delegated to the Central Jakarta District Court.

### **Article 67**

- (1) Petition for the execution of International Arbitral Award shall be submitted after such award has been handed-over and registered by the arbitrator or his/her proxy to the Registrar of Central Jakarta District Court.
- (2) Submission of briefs for the execution petition as referred to in paragraph (1) must be attached with:
  - a. original document or authentic copy of the International Arbitral Award, in accordance with provisions relating to the authentication of foreign documents, and the official translation document in Indonesian language;
  - b. original document or authentic copy of the agreement which became the basis of the International Arbitral Award in accordance with provisions relating to the authentication of foreign documents, and the official translation document in Indonesian language; and
  - c. statement from the diplomatic representatives of the Republic of Indonesia in the country of origin where the International Arbitral Award was rendered, which states that the claimant's country is bound with an agreement, either bilaterally or multilaterally, with the Republic of Indonesia concerning the recognition and execution of International Arbitral Award.



**Article 68**

- (1) Upon the order from the Chief of Central Jakarta District Court as referred to under Article 66 letter d which recognizes and executes the International Arbitral Award, appeal or cassation cannot be filed.
- (2) Upon the order from the Chief of Central Jakarta District Court as referred to under Article 66 letter d which rejects to recognize and execute an International Arbitral Award, cassation may be filed.
- (3) Supreme Court shall consider and judge any submitted cassations as referred to in paragraph (2) within 90 (ninety) days after the cassation petition has been received by the Supreme Court at the latest.
- (4) Upon the Supreme Court's judgment as referred to under Article 66 letter e, objection cannot be filed.

**Article 69**

- (1) After the Chief of Central Jakarta District Court delivers order for execution as referred to under Article 64, then the execution shall be delegated to the Chief of District Court who has the relative competence to execute it.
- (2) Executorial seizure may be performed over assets and goods owned by the executed defendant.
- (3) Procedures for the seizure, as well as execution of the award, shall follow procedures as addressed under Civil Procedural Law.

**CHAPTER VII****ANNULMENT OF ARBITRAL AWARD****Article 70**

Upon the arbitral award, both parties may submit an annulment petition if such award is alleged to contain the following elements:

- a. letter or document which was submitted in the proceeding, after the award has been rendered, is admitted to be false or declared as false;
- b. after the award has been rendered, it is found that there is a decisive document which was buried by the opposing party; or
- c. the award is rendered based on fraud which was done with one of the parties who is related with the proceeding.

**Article 71**

Petition for the annulment of arbitral award must be submitted in writing within 30 (thirty) days since the deliverance and registration of arbitral award to the Registrar of District Court at the latest.

**Article 72**

- (1) Petition for the annulment of arbitral award must be submitted to the Chief of District Court.
- (2) If the petition as referred to in paragraph (1) is granted, the Chief of District Court shall further determine the effect of whole or partial annulment of the arbitral award.
- (3) Judgment over the annulment petition shall be rendered by the Chief of District Court within 30 (thirty) days since the petition as referred to in paragraph (1) was received at the latest.
- (4) Upon the District Court's judgment, an appeal petition may be filed to the Supreme Court who will

judge on the first and final level.

- (5) Supreme Court shall consider and judge the appeal petition as referred to in paragraph (4) within 30 (thirty) days since such appeal petition was received by the Supreme Court at the latest.

## **CHAPTER VIII THE END OF ARBITRATOR'S DUTY**

### **Article 73**

Arbitrator's duty shall end because:

- a. an award over the dispute has been rendered;
- b. period as determined in the arbitration agreement, or after it has been extended by both parties, has elapsed; or
- c. both parties agree to withdraw the appointment of arbitrator.

### **Article 74**

- (1) The death of one of the parties shall not cause the duty which has been given to the arbitrator to be ended.
- (2) Period for arbitrator's duty as referred to under Article 48 shall be postponed for 60 (sixty) days since the death of one of the parties at maximum.

### **Article 75**

- (1) In the event that the arbitrator passed away, the challenge claim is granted or dismissal of one or more arbitrators, both parties must appoint the replacement arbitrator.
- (2) If both parties, within 30 (thirty) days at maximum, cannot reach an agreement regarding the appointment of the replacement arbitrator as referred to in paragraph (1), then the Chief of District Court, upon request from the relevant parties, shall appoint one or more replacement arbitrators.
- (3) Replacement arbitrator shall have the duty to presume the relevant dispute settlement based on the last conclusion which has been made.

## **CHAPTER IX ARBITRAL FEES**

### **Article 76**

- (1) Arbitrator shall determine the arbitral fees.
- (2) Fees as referred to in paragraph (1) include:
  - a. arbitrator's honorarium;
  - b. travel expenses and other expenses which are expended by the arbitrator;
  - c. fees relating to witness and or expert witness which are required in the proceeding; and
  - d. administrative fees.

**Article 77**

- (1) Arbitral fees shall be charged to the losing party.
- (2) In the event that the claims are only partially granted, arbitral fees shall be charged equivalently to both parties.

**CHAPTER X  
TRANSITIONAL PROVISIONS****Article 78**

For disputes which have been submitted to arbitrator or arbitral institution when this Law prevails, but the proceeding has not yet been commenced, the settlement process should be undertaken based on this Law.

**Article 79**

For disputes which have been examined but not yet judged when this Law prevails, they will still be examined and judge based on provisions under the former laws and regulations.

**Article 80**

For disputes which have been judged and the award has been final and binding when this Law prevails, the execution shall be undertaken based on this Law.

**CHAPTER XI  
CLOSING PROVISIONS****Article 81**

When this Law prevails, provisions concerning arbitration as referred to under Article 615 up to Article 651 of Civil Procedural Regulation (Reglement of de Rechrsvordering, Staatsblad 1847.52) and Article 377 of Updated Indonesian Regulation (Het Herziene Indonesisch Reglement, Staatsblad 1941.44) and Article 705 of Procedural Regulation for Territories Outside of Java and Madura (Rechtsregement Buitengewesten, Staatsblad 1927:227), shall be declared invalid.

**Article 82**

This Law comes into force from the date of its promulgation.

For the purposes of public cognizance, it has been ordered that the promulgation of this Law should be achieved through its publication in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta,

On 12 August 1999

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Signed.

BACHARUDDIN JUSUF HABIBIE

Promulgated in Jakarta,

On 12 August 1999

STATE MINISTER/STATE SECRETARY OF THE REPUBLIC OF INDONESIA,

Signed.

MULADI

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 1999 NUMBER 138



**ELUDICATION OF LAW OF THE REPUBLIC OF INDONESIA  
NUMBER 30 OF 1999  
ON  
ARBITRATION AND ALTERNATIVE DISPUTE SETTLEMENTS**

## **GENERAL**

The organization of judiciary power is given to judiciary bodies which is based on Law Number 14 of 1970 on Principal Provisions of Judiciary Power. Such matter is the main and general framework which puts the foundation and principle of judiciary, as well as guidance within the scope of general judiciary, religious judiciary, military judiciary and administrative judiciary, of which each of them is regulated under separated Law.

In the elucidation of Article 3 paragraph (1) of Law Number 14 of 1970, it is said that the dispute settlement outside of the court based on accord or through arbitration is still allowed, however, the award of the arbitrator will only have executorial power after it has received permit or order to be executed (executoir) from the court.

Up to current condition, provisions which are used as the basis for arbitral proceeding in Indonesia are Article 615 up to Article 651 of Civil Procedural Regulation (Reglement op de Rechtsvordering, Staatsblad 1847. 52) and Article 377 of Updated Indonesian Regulation (Het Herzeiene Indonesisch Reglement, Staatsblad 1941:44) and Article 705 of Procedural Regulation for Territories Outside of Java and Madura (Rechtsreglement Buitengewesten, Staatsblad 1917.127).

In general, arbitral institution has advantages compared to judiciary institution. Those advantages are as follow:

- a. confidentiality of the dispute regarding both parties are assured;
- b. any hindrances which are caused by procedural and administrative matters maybe avoided;
- c. both parties may choose arbitrator according to their beliefs of having sufficient knowledge, experience and background concerning the disputed matter, truthful and just;
- d. both parties may determine their choice of law to settle the dispute, as well as the rule and place for the organization of arbitration; and
- e. arbitrator's award is an award which binds both parties and through simple procedures or direct manner, it may be executed.

In practice, the aforementioned conditions are not entirely accurate because in certain countries, judiciary process may be faster than arbitral process. The only advantage of arbitration compared to the court is the confidentiality because the award shall not be published. Nevertheless, the dispute settlement through arbitration is still preferred than litigation, especially for business contracts with international element.

By the development of business world and development of transportation within trade sector, both nationally and internationally, as well as legal development in general, then the provisions under the Civil Procedural Regulation (Reglementop de Rechtvordering) which are used as the arbitration guideline are no longer compatible, so that they have to be adjusted because the international trading provisions have already been a condition sine qua non needs, while such matters are not regulated under the Civil Procedural Regulation (Reglementop de Rechtvordering). Based on this condition, fundamental amendments against the Civil Procedural Regulation (Reglementop de Rechtvordering), both from philosophical and substantive perspectives, have to be undertaken.

Arbitration which is addressed under this Law is a method for settling dispute outside of general judiciary that is based on written agreement of disputing parties. However, not all disputes may be settled through arbitration, instead only disputes concerning rights, of which according to law such rights are controlled entirely by both disputing parties based on their agreements.

Besides that, provision which prohibits woman as arbitrator as referred to under Article 617 paragraph (2) of

Civil Procedural Regulation (Reglementop de Rechtvordering) has no longer compatible with the current development, and cannot be kept in this independence climate which fully recognizes the equality of rights between woman and man. Thus, under this Law, it has no longer been mentioned that woman cannot be appointed as arbitrator. All of those matters are regulated under Chapter I on General Provisions.

Under Chapter II, amicable alternative dispute settlement of both disputing parties is regulated. Alternative Dispute Settlement (ADR) is an institution for settlement of dispute or contention through a rule which is agreed by both parties, that is settlement outside of court through consultation, negotiation, mediation, conciliation or expert's assessment.

Chapter III provides a specific overview of requirements that should have been fulfilled for arbitration and requirements for the appointment of arbitrator, as well as addressing the right to challenge for both disputing parties.

Under Chapter IV meanwhile, procedures to arrange proceeding before the arbitral tribunal and the possibility of arbitrator to render provisional award or other interlocutory awards, including the establishment of security seizure, ordering the deposit of goods to third party, or selling perishable goods, as well as listening testimonies of witnesses and expert witnesses are regulated.

Similar with the court's judgment, in the arbitral award, the following words should be included as the header of the award "FOR THE SAKE OF JUSTICE BASED ON BELIEF IN THE GOD ALMIGHTY".

Besides that, under Chapter V, other requirements which prevail for the arbitral award are also mentioned.

Furthermore under this Chapter, the possibilities of dispute regarding competence of the arbitrator, execution of both national and international arbitral awards and rejection of petition for execution order of arbitral award by the Chief of District Court on the first and final level are regulated, and the Chief of District Court shall not examine the reasons or considerations of the arbitral award.

This matter is intended to prevent the dispute settlement through arbitration to be dragging. Differs from the process in the district court where against the judgment, both parties may still file appeal and cassation, then in the dispute settlement process through arbitration, legal remedies in forms of appeal, cassation and reconsideration are not available.

In order to formulate an integral formal law, then this Law contains provisions on the implementation of the duties of both national and international arbitration.

Chapter VI explains the provisions on the execution of the award in a single package, so that this Law may be operated up to the execution of the award, relating to issues of both national and international arbitration and this matter is justified based on legal system.

Chapter VII addresses the annulment of arbitral award. This matter is made possible because of several conditions, including:

- a. letter or document which was submitted in the proceeding, after the award has been rendered, is admitted to be false or declared as false;
- b. after the award has been rendered, it is found that there is a decisive document which was buried by the opposing party; or
- c. the award is rendered based on fraud which was done with one of the parties who is related with the proceeding.

Petition for the annulment of arbitral award shall be submitted to the Chief of District Court and against the judgment of such District Court, appeal petition may only be filed to the Supreme Court which judges on the first and final level.

Moreover, under Chapter VIII, the end of arbitrator's duty is regulated, which is stated that the arbitrator's duty ends because the period for arbitrator's duty has elapsed or both parties have agreed to withdraw the designation of arbitrator. The death of one of the parties shall not cause the duty which has been given to the arbitrator to end.

Chapter IX of this Law addresses the arbitral fees which are determined by the arbitrator.

Chapter X of this Law addresses the transitional provisions upon disputes which have been filed but not yet

processed, disputes which are ongoing or have been settled and have a final and binding character.

Under Chapter XI meanwhile, it is stated that by the enactment of this Law, then Article 615 up to Article 651 of Civil Procedural Regulation (Reglement of de Rechtsvordering, Staatsblad 1847.52) and Article 377 of Updated Indonesian Regulation (Het Herziene Indonesisch Reglement, Staatsblad 1941.44) and Article 705 of Procedural Regulation for Territories Outside of Java and Madura (Rechtsregement Buitengewesten, Staatsblad 1927:227) shall be declared invalid.

## ARTICLE BY ARTICLE

### Article 1

Self-explanatory.

### Article 2

Self-explanatory.

### Article 3

Self-explanatory.

### Article 4

Self-explanatory.

### Article 5

Self-explanatory.

### Article 6

Self-explanatory.

### Article 7

Self-explanatory.

### Article 8

Self-explanatory.

### Article 9

Self-explanatory.

### Article 10

letter a

Self-explanatory.



letter c

Self-explanatory.

letter c

“Novation” refers to debt renewal.

letter d

“Insolvency” refers to a condition which resembles the inability to pay.

letter e

Self-explanatory.

letter f

Self-explanatory.

letter g

Self-explanatory.

letter h

Self-explanatory.

#### **Article 11**

Self-explanatory.



#### **Article 12**

Paragraph (1)

Self-explanatory.

Paragraph (2)

Prohibition for officials which are mentioned under this paragraph as arbitrator is intended to ascertain the objectivity in the examination and rendering of award by the arbitrator or arbitral tribunal.

#### **Article 13**

Paragraph (1)

The existence of this provision is intended to avoid dead end in practice if both parties, relating to the arbitral requirements, did not well and carefully address the procedure which may be followed for the appointment of arbitrator.

Paragraph (2)

Self-explanatory.

#### **Article 14**

Self-explanatory.

#### **Article 15**

Self-explanatory.

**Article 16**

Self-explanatory.

**Article 17**

Self-explanatory.

**Article 18**

Self-explanatory.

**Article 19**

Self-explanatory.

**Article 20**

Self-explanatory.

**Article 21**

Self-explanatory.

**Article 22**

Self-explanatory.

**Article 23**

Self-explanatory.

**Article 24****Paragraph (1)**

Before appointing arbitrator, both parties had certainly estimated the possibility of reasons to invoke the right to challenge. However, if such arbitrator is still appointed by both parties, then both parties are considered to have agreed to not invoking the right to challenge based on facts which are known by them when appointing such arbitrator. However, this condition does not close any possibilities of the occurrence of new facts which are not known beforehand, so that such condition entitles the right for both parties to invoke the right to challenge based on such new facts.

**Paragraph (2)**

Self-explanatory.

**Paragraph (3)**

In this paragraph, the submission of right to challenge and the period are addressed.

This period is deemed necessary to prevent the obstruction of proceeding by the existence of challenge claim.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

## **Article 25**

Paragraph (1)

Judgment of the Chief of District Court over the challenge claim binds both parties and such judgment is final and no objection remedy available.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

## **Article 26**

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

If there is only one arbitral member who is replaced, the proceeding may be continued based on the available minutes and documents by the existing arbitrators.

## **Article 27**

Provision that the hearing should be performed in private deviates from the civil procedural provision that prevails at the District Court which in principle, it should be open for public. This matter is intended to emphasize the confidentiality of arbitration settlement.

## **Article 28**

Self-explanatory.

## **Article 29**

Paragraph (1)

Self-explanatory.

Paragraph (2)

In accordance with general provisions concerning civil procedure, it is given the opportunity for both parties to designate attorney using specific power of attorney.

#### **Article 30**

Self-explanatory.

#### **Article 31**

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Both parties may approve for themselves, the place and period which are desired by them. If they did not make any provisions on this matter, then the arbitrator or arbitral tribunal who will determine.

#### **Article 32**

Self-explanatory.

#### **Article 33**

Letter a

“Special matter” refers to, for instance, because there is a lawsuit between or incidental lawsuit outside of the merits of the dispute, such as petition for collateral as referred to under Civil Procedural Law.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

#### **Article 34**

Paragraph (1)

Self-explanatory.

Paragraph (2)

This paragraph provides freedom for both parties to choose the rule and procedure which will be used in dispute settlement between them, without the obligation to use the rule and procedure of the chosen arbitral institution.

#### **Article 35**

Self-explanatory.

**Article 36**

## Paragraph (1)

Self-explanatory.

## Paragraph (2)

In principle, arbitral procedure shall be performed in writing. If there is approval from both parties, hearing may be organized in verbal.

Statement from expert witness as referred to under Article 50 may also be organized in verbal if it is deemed necessary by the arbitrator or arbitral tribunal.

**Article 37**

## Paragraph (1)

The provision concerning the place of arbitration is important, especially if there is foreign law element and the dispute has become a dispute under the private international law. As usual, the place where the arbitration is organized may also determine the law which should be used to examine such dispute. If both parties do not determine, then the arbitrator may determine the place of arbitration.

## Paragraph (2)

In paragraph (2) of this article, it is given the possibility to hear witness at places other than the place of arbitration, for example when it is related with the residence of the relevant witness.

## Paragraph (3) and Paragraph (4)

Self-explanatory.

**Article 38**

## Paragraph (1) and Paragraph (2)

Self-explanatory.

## Letter a

Self-explanatory.

## Letter b

Copy of arbitration agreement must also be submitted as appendix.

## Letter c

Content of the lawsuit must be clear and if the claim is in form of money, exact amount should be stated.

**Article 39**

Self-explanatory.

**Article 40**

Self-explanatory.

**Article 41**

Self-explanatory.

#### **Article 42**

Paragraph (1)

This article addresses the reconvention claim which is filed by the defendant.

Paragraph (2)

Self-explanatory.

#### **Article 43**

In accordance with civil procedural law, a dispute shall be void if the claimant is not present at the first day of hearing.

#### **Article 44**

Self-explanatory.

#### **Article 45**

Self-explanatory.

#### **Article 46**

Self-explanatory.

#### **Article 47**

Self-explanatory.

#### **Article 48**

Paragraph (1)

The determination of 180 (one hundred and eighty) days period as the period for arbitrator to settle the relevant dispute through arbitration is intended to ascertain the certainty of the timeframe for settlement of arbitral proceeding.

Paragraph (2)

Self-explanatory.

#### **Article 49**

Self-explanatory.

#### **Article 50**

Self-explanatory.

**Article 51**

Self-explanatory.

**Article 52**

Without the existence of a dispute, arbitral institution may accept requests which are submitted by both parties of an agreement, to provide a binding opinion concerning an issue which is related to such agreement. For example, concerning the interpretation of vague provisions; addition or amendment of provisions which are related with new conditions and so-forth. By the provision of opinion by such arbitral institution, both parties shall be bound to it and one of the parties who act in contradiction with the opinion shall be deemed to violate the agreement.

**Article 53**

Self-explanatory.

**Article 454**

Self-explanatory.

**Article 55**

Self-explanatory.

**Article 56****Paragraph (1)**

Basically, both parties may arrange an agreement to decide that the arbitrator when judging a case must be based on legal provisions or in accordance with justice and appropriateness (ex aequo et bono).

In the event that the arbitrator is given the freedom to render an award based on justice and appropriateness, then laws and regulations may be overridden. In certain conditions however, the mandatory law (dwingende regels) must be implemented and cannot be overridden by the arbitrator.

In the event that the arbitrator is not given the competence to render an award based on justice and appropriateness, then arbitrator may only render an award based on material legal norms as performed by a judge.

**Paragraph (2)**

Both disputing parties are given the space to determine which law that will be implemented in the arbitral processes. If both parties do not determine otherwise, then the law which will be implemented is the law where arbitration takes place.

**Article 57**

Self-explanatory.

**Article 58**

"Correction against any administrative errors" refers to corrections against matters such as typo or errors in writing names, addresses of both parties or arbitrators and so-forth, which do not change the substance of



the award.

“Add or eliminate a claim” refers to a condition where one of the parties may express objection against the award if the award:

- a. has granted something which is not claimed by the opposing party;
- b. does not contain one or more matters which are invoked to be judged; or
- c. contains binding provisions which are in contradiction with one another.

#### **Article 59**

**Self-explanatory.**

#### **Article 60**

Arbitral award is a final award and thus, no appeal, cassation or reconsideration that may be filed.

#### **Article 61**

**Self-explanatory.**

#### **Article 62**

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Reasons or considerations of arbitral award are not examined by the Chief of District Court in order to make such arbitral award is truly independent, final, and binding.

#### **Article 63**

Self-explanatory.

#### **Article 64**

Self-explanatory.

#### **Article 65**

Self-explanatory.

#### **Article 66**

Letter a

Self-explanatory.

Letter b

“Scope of trade law” refers to activities in the following sectors:

- commercial;
- banking;
- financial;
- capital investment;
- industrial;
- intellectual property right.

Letter c

Self-explanatory.

Letter d

An International Arbitral Award may be executed based on judgment of the Chief of Central Jakarta District Court in forms of exequatur order.

Letter e

Self-explanatory.

#### **Article 67**

Self-explanatory.

#### **Article 68**

Self-explanatory.

#### **Article 69**

Self-explanatory.

#### **Article 70**

Petition for annulment may only be filed against arbitral award which has been registered at the court. Grounds of the annulment petition which are mentioned under this article must be proven by a court's judgment. If the court has declared that such grounds are proven or not proven, then this court's judgment may be used as the consideration basis for judge to either grant or reject the petition.

#### **Article 71**

Self-explanatory.

#### **Article 72**

Paragraph (1)

Self-explanatory.

Paragraph (2)

Chief of District Court is given the authority to examine the annulment claim if requested by both parties, and address the effect from whole or partial annulment of the relevant arbitral award.

Chief of District Court may decide that after the annulment has been pronounced, the same arbitrator or other arbitrator shall re-examine the relevant dispute or determine that a dispute cannot be settled anymore through arbitration.

Paragraph (3)

Self-explanatory.

Paragraph (4)

“Appeal” refers only to the annulment of arbitral award as referred under Article 70.

Paragraph (5)

Self-explanatory.

**Article 73**

Self-explanatory.

**Article 74**

Self-explanatory.

**Article 75**

Self-explanatory.

**Article 76**

Self-explanatory.

**Article 77**

Self-explanatory.

**Article 78**

Self-explanatory.

**Article 79**

Self-explanatory.

**Article 80**

Self-explanatory.

**Article 81**

Self-explanatory.

## Article 82

Self-explanatory.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 3872



### DISCLAIMER

*"This translation was produced by Hukumonline for the purpose of understanding Indonesian law only and does not constitute an official translation published by the Indonesian Government. Hukumonline has made every effort to ensure the accuracy and completeness of the information that is contained within this translation, however, we are not responsible for any errors, omissions and/or mistakes that occur in the source text. Hukumonline reserves the right to change, modify, add or remove any errors or omissions without any prior notification being given. These services are not intended to be used as legal references, advice and/or opinions and no action should be taken as regards the reliability of any of the information contained herein without first seeking guidance from professional services."*