

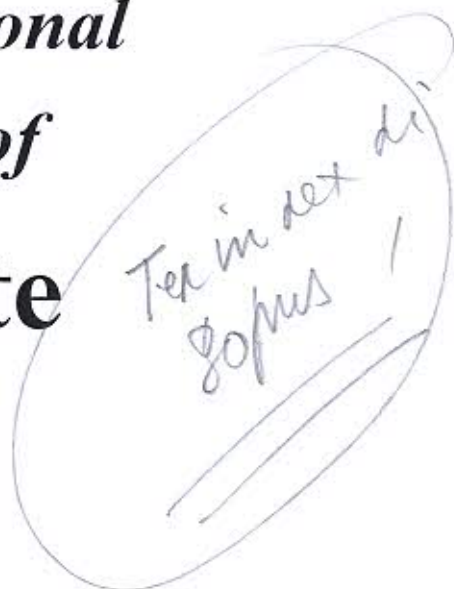
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Liberalisation of Foreign Investment Law in Indonesia

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Abstract: The liberalisation of economy is the existing phenomenon affecting developed and developing countries. They have, to a greater extent, affected the international trade regulation and foreign investment. As a sovereign state, with its own economic system based on Article 33 of the 1945 Constitution and Pancasila, Indonesia must have to adopt itself to the era of globalisation and liberalisation in such a way that it may be able to partake in the global economy through the international trade and foreign investment. The research seeks to demonstrate, firstly, the globalisation and liberalisation of economy have increased the economic dependence through international trade and direct foreign investment. In addition, the economic liberalisation embodied in the WTO has substantial impact upon the investment regulation in Indonesia. The research also demonstrated that the economic globalisation and liberalisation are actually against the principle of economic democracy as contained in the 1945 Constitution of the Republic of Indonesia.

Keywords: liberalisation; World Trade Organization; WTO; Foreign Investment Law; Indonesia; constitution.

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1 Introduction

Capital investment is a major sector for countries in the world to drive the economy. Foreign investment can play a role in economic development, increase production, provide employment opportunities, and cultivate economic potential sources in the country. Foreign investment is also expected to play a role in improving the standard of