
The role of multinational corporations in Indonesian economic development through foreign direct investment and international trade

An An Chandrawulan

Faculty of Law,
Universitas Padjadjaran Bandung,
Indonesia
Email: ananchandrawulan@yahoo.com

Abstract: This paper looks into the role of the multinational corporations in Indonesia from a historical perspective. There are a number of examples with regard to the role played by these companies and also the steps taken by the Government of Indonesia to regulate them. This paper concludes that the presence of multinational companies among others can improve the living standards of most of the local economy and provide income for the state with nearly 50% of Indonesia's exports by multinational companies, although on the other hand, the presence of multinational companies has changed the political and legal order of Indonesia.

Keywords: multinational; Indonesia; foreign direct investment; FDI; exports.

Reference to this paper should be made as follows: Chandrawulan, A.A. (2015) 'The role of multinational corporations in Indonesian economic development through foreign direct investment and international trade', *Int. J. Private Law*, Vol. 8, No. 1, pp.1–13.

Biographical notes: An An Chandrawulan received her Master of Laws degree from Faculty of Law, Khatolieke University of Leuven Belgium on International Business Law and Doctor of Laws degree from Faculty of Law University of Padjadjaran on Multinational Corporation on Liberalitation in Foreign Direct Investment and International Trade Law. She is a Senior Lecturer in Investment Law, Contract Law (national and international), Economic Law, International Trade Law and Carriage of Goods by Sea. Currently, she is the Head of the Private Law Department and Center of Economic Law and Public Policy at Faculty of Law, University of Padjadjaran, Bandung, Indonesia.

This paper is a revised and expanded version of a paper entitled 'The role of multinational corporations in Indonesian economic development through foreign direct investment and international trade' presented at 4th International Private Law Conference, Bangkok, November 14, 2013.

1 Introduction

Activities of foreign investment from developed to developing countries are mostly conducted by multinational corporations (MNCs). In conducting its activities, MNCs