

UNOFFICIAL TRANSLATION

LAW NO. 30/1999
CONCERNING ON
ARBITRATION AND ALTERNATIVE

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

Considering:

- a. that pursuant to the laws in forces, the settlement of civil disputes, besides being filed to the public court, can also be arranged through arbitration and the dispute settlement alternative;
- b. that the current laws in force for the settlement of disputes through the arbitration is no longer compatible to developments of business entities and laws in general;
- c. that on the basis of the considerations as meant in letters a and b, it is necessary to set forth a law on arbitration and the dispute settlement alternative.

In view of :

1. Article 5 paragraph (1) and Article 20 paragraph (1) of the Constitution of 1945;
2. Law No. 14/1970 on the judicative principle provisions.

With the approval of

THE HOUSE OF REPRESENTATIVES OF THE REPUBLIC OF INDONESIA

DECIDES:

To stipulate :

LAW ON THE DISPUTE SETTLEMENT ARBITRATION AND ALTERNATIVE

CHAPTER I
GENERAL PROVISION
Article 1

Referred to in this law :

1. Arbitration shall be o means of settlement of certain civil disputes out of the court that is based on arbitration agreement made out in writing by parties in dispute.
2. Parties shall be legal subjects, according to both the civil law and the public law.
3. Arbitration agreement shall be an agreement in the form of arbitration clauses, which are mentioned, in a written agreement made out by parties before the onset of disputes, or an arbitration agreement specially made out by parties after the onset of disputes.

4. State Court shall be the state court whose jurisdiction covers domiciles of defendants.
5. Plaintiffs shall parties filing applications for the settlement of disputes through arbitration.
6. Defendants shall be opposites to plaintiffs in the settlement of disputes through arbitration.
7. Arbitrator shall be a person or more chosen by parties in dispute or appointed by the Public Court or arbitration institution, to make a decision on certain disputes whose settlement is entrusted through arbitration.
8. Arbitration institution shall be an agency chosen by parties in dispute to make a decision on certain disputes; the institution can also give binding opinion about a certain legal relation in the case of disputes not yet occurring.
9. International Arbitration Decision shall be a decision imposed on an arbitration institution or individual arbitrator outside the jurisdiction of the Republic of Indonesia, or a decision of an arbitration institution or individual arbitrator which according to provisions of laws of the Republic of Indonesia is deemed an international arbitration decision.
10. Dispute Settlement Alternative shall be an institution for the settlement of disputes or divergent views through the procedure agreed upon by parties, namely the settlement out of the court by means of consultation, negotiation, mediation, conciliation or evaluation of experts.
- 10.

Article 2

This law shall regulate the settlement of disputes or divergent views between parties in a certain legal relation which have already engaged in arbitration agreements clearly stating that all disputes or divergent views which arise or may arise from the legal relation will be settled by means of arbitration or the dispute settlement alternative.

Article 3

Public Courts shall not be authorized to try disputes between parties already bound in an arbitration agreement.

Article 4

- (1) In the case of parties already agreeing that the disputes between them will be settled through arbitration and parties already delegating authority, an arbitrator shall be authorized to stipulate decisions on rights and obligations of parties if the matters are not regulated in their agreement.
- (2) The approval of the settlement of disputes through arbitration as meant in paragraph (1) shall be mentioned in a document signed by parties.
- (3) In the case of the settlement of disputes through arbitration being approved in the form of the exchange of letters, the dispatch of the letters by telex, telegram, facsimile, e-mail or other telecommunication facilities shall be accompanied by a note of receipt by parties.

Article 5

Disputes that can be settled through arbitration shall only be disputes in the field of trade and concerning rights which according to the laws in force are fully controlled by parties in dispute. Disputes that can not be settled through arbitration shall be disputes, which according to the laws in forces can not be reconciled.

Article 6

- (1) Civil disputes or divergent views can be settled by parties through the dispute settlement alternative based on the good intention by ignoring the litigious settlement in the State Court.
- (2) The settlement of disputes or divergent views through the dispute settlement alternative as meant in paragraph (1) shall be settled in direct meetings between parties not later than 14 (fourteen) days and the results are contained in a written agreement.
- (3) In the case of the disputes or divergent views as meant in paragraph (2) failing to be settled, on the basis of the written agreement between parties, the disputes or divergent views can be settled through the assistance of one expert conceal or more or a mediator.
- (4) In the case of the parties failing to reach an agreement with assistance of one expert conceal or more or a mediator for 14 (fourteen) days at the maximum and the mediator failing to meet both parties, the parties can contact an arbitration institution or an alternative institution for the dispute settlement to appoint a mediator.
- (5) Following the appointment of a mediator by the arbitration institution or alternative institution for the dispute settlement, mediation shall start not later than 7 (seven) days.
- (6) Efforts to settle disputes or divergent views through the mediator as meant in paragraph (5) by firmly keeping the secrecy, shall reach an agreement in writing which is signed by all parties concerned not later than 30 (thirty) days.
- (7) The agreement on the settlement of disputes or divergent views in writing shall be final and binding parties for implementing it with good intention and must be registered at the Public Court not later than 30 (thirty) days as from the signing.
- (8) The implementation of the agreement on the settlement of disputes or divergent views as meant in paragraph (7) shall be finished not later than 30 (thirty) days as from the registration.
- (8) In the case of efforts to achieve reconciliation as meant in paragraph (1) up to paragraph (6) meeting with failure, parties on the basis of the written agreement can file settlement through the arbitration institution or ad-hoc arbitration.
- (8)
- (8)

CHAPTER III REQUIREMENTS FOR ARBITRATION, APPOINTMENT OF ARBITRATOR AND THE RIGHT TO DENY

Part One Requirements for Arbitration Article 7

Parties can approve a dispute which occurs or will occur between them to be settled through arbitration.

Article 8

- (1) In the case of the onset of disputes, plaintiffs shall notify through a registered letter, telegram, telex, facsimile, e-mail or dispatch book to defendants that requirements for arbitration already made by the plaintiffs or defendant are effective.

(2) The letter of notification to undertake arbitration as meant in paragraph (1) shall clearly mention the following matters:

- a. names and domiciles of parties;
- b. reference to clauses or arbitration agreement in force;
- c. agreements or problems in dispute;
- d. basis of the suit and amounts which are demanded, if any;
- e. methods of settlement intended; and
- f. agreements made by parties on the number of arbitrators or in the case of such agreements being never made, plaintiffs can propose the arbitrators intended in an even number,

Article 9

(1) In the case of parties choosing the settlement of disputes through arbitration after the onset of disputes, the approval of the matter shall be made in a written agreement signed by parties.

(2) In the case of parties failing to sign the written agreement as meant in paragraph (1), the agreement shall be made in the form of a notarial deed.

(3) The written agreement as meant in paragraph (1) shall contain :

- a. problems in dispute;
- b. full names and domiciles of parties;
- c. full name and domicile of the arbitrator or arbitration council;
- d. places where the arbitrator or arbitration council will make decisions;
- e. full name of the secretary;
- f. period of settlement of disputes;
- g. statement of readiness of the arbitrator; and
- h. statement of readiness of parties in dispute to bear all costs needed for the settlement of disputes through arbitration.

(4) The written agreement which does not contain the matters as meant in paragraph (3) shall be void by virtue of law.

Article 10

An arbitration agreement shall not be void because of the following conditions:

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