

Legal Protection for Local Communities against Dominance of Foreign Investors in Project Capital investment

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Article Info	ABSTRACT
<p>Keywords: Legal Protection, Local Communities, Foreign Investors, Investment, Social Justice.</p>	<p>The phenomenon of increasing foreign investment often creates unequal legal relations between investors and local communities, particularly regarding land ownership, economic rights, and environmental sustainability. This study aims to analyze the form and effectiveness of legal protection for local communities against foreign investor domination in investment projects in Indonesia. The research method used is normative juridical with a statutory and conceptual approach, supported by case studies in several regions that are foreign investment locations. Data were obtained through a literature review of laws and regulations, legal literature, and relevant court decisions. The results of this study indicate that legal protection for local communities against foreign investor domination in investment projects in Indonesia is still not optimal, despite the existence of an adequate legal framework. The implementation of Law Number 25 of 2007 concerning Investment and Law Number 32 of 2009 concerning Environmental Protection and Management has not fully been able to ensure a balance between economic interests and community rights. The study found that various violations still occur, such as environmental pollution, eviction of customary land, and social marginalization, which are consequences of weak supervision and law enforcement. Furthermore, foreign investor dominance is reinforced by imbalances in economic and political power, a lack of information transparency, and limited public participation in the investment licensing and oversight process. However, there are opportunities to strengthen legal protection through capacity building of supervisory institutions, strengthening inter-agency coordination, implementing strict sanctions for violations, and active public involvement in every investment stage.</p>
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INTRODUCTION

The presence of foreign companies in investment activities in Indonesia is essentially aimed at strengthening national economic growth, creating jobs, and increasing the competitiveness of domestic industry (Rosmayanti & Apriani, 2023). However, the arrival of these companies requires further study, particularly regarding their capacity and impact on local communities and the surrounding environment. The government, as regulator, is obliged to ensure that investing companies are truly committed to the principles of sustainability, social justice, and community protection rights (Abdullah, 2014). Assessment of a company's capacity

encompasses not only financial and technological aspects, but also social responsibility, compliance with national laws, and the ability to adapt to local socio-cultural conditions (Simbolon et al., 2020).

Furthermore, multinational companies investing in Indonesia often import and import labor from their home countries for reasons of efficiency and work standardization. This practice can create inequality between local and foreign workers and foster social jealousy if not regulated proportionally (Masitah et al., 2022). Furthermore, the dominance of foreign labor can also hinder the transfer of knowledge and skills to local workers, which is actually one of the main benefits of foreign investment. Therefore, strict and selective legal policies are needed to evaluate the capacity of multinational companies before granting investment permits, so that the presence of foreign investors does not erode the economic and social rights of local communities, but rather becomes an instrument of inclusive and equitable development (Simatupang, 2010).

In practice, foreign investment projects in various regions in Indonesia often give rise to conflicts of interest between investors and local communities. Cases such as land disputes, environmental damage, and the neglect of community socioeconomic rights demonstrate the unequal position between the two parties (Abidin, 2017). The enormous dominance of foreign capital leaves local communities in a weak position, both economically and legally. This indicates that existing regulations are not fully capable of providing effective protection for communities in the face of the power of foreign investors who possess strong resources and political influence (Zesa & Samderubun, 2024).

From a legal perspective, Indonesia already has a number of regulatory instruments governing investment and public protection, including Law Number 25 of 2007 concerning Investment and various implementing regulations in the fields of employment, the environment, and land (Harjono, 2012). However, weaknesses often emerge during the implementation phase, particularly in the areas of oversight and law enforcement. A lack of transparency in the licensing process, weak coordination between the central and regional governments, and low public participation in decision-making result in these regulations not being implemented optimally. Consequently, the goal of balancing economic interests with public protection rights becomes difficult to achieve (Hursepunny, 2019; Ansari, 2020).

Furthermore, Law Number 32 of 2009 concerning Environmental Protection and Management serves as an important foundation for guaranteeing the community's right to a good and healthy environment. In the context of foreign investment, this Law emphasizes the obligation of investors, including multinational companies, to maintain environmental sustainability through the application of sustainable development principles (Anisah, 2020). Local communities also have the right to participate in the decision-making process, particularly through environmental impact assessments (EIA) and mechanisms for access to environmental information. However, implementation is often suboptimal due to weak oversight and limited community participation. Therefore, strengthening the implementation of this Law is crucial to truly protect local communities from the negative impacts of foreign investor dominance (Darmawan, 2025).

In addition to regulatory issues, social and political factors also influence the effectiveness of the Local Community Protection Law. Local governments often face a dilemma between attracting investment to increase local revenue and maintaining the interests of local communities (Permana et al., 2024). In such circumstances, foreign investor dominance is often allowed to continue under the pretext of promoting economic development. However, without strong legal controls, foreign investment can create economic dependency and widen social disparities (Simanjuntak, 2017). Therefore, it is crucial for the government to apply the principle of due diligence in every investment licensing process, including evaluating social, economic, and environmental impacts before a project is approved (Siddiq & Sumaragatha, 2025).

Based on the background above, it can be identified that legal protection for local communities in the context of foreign investment still faces various problems, both in terms of regulation and implementation. The dominance of foreign investors with significant economic power often places local communities in an unequal position, potentially neglecting their rights to land, the environment, and social welfare. Therefore, the problems to be examined in this study can be formulated as follows: 1) What forms of legal protection exist for local communities against foreign investor dominance in investment projects in Indonesia? 2) What challenges and efforts can be made to strengthen the role of law in creating a balance between investor and community interests?

This study aims to identify and explain the forms of legal protection stipulated in laws and regulations related to foreign investment and the challenges in implementing legal protection for local communities, as well as how efforts can be made to strengthen the role of law in creating a balance between the interests of investors and the community. In general practice, the results of this study are expected to provide input for the central and regional governments in formulating more effective policies to supervise and regulate foreign investment activities. This study can also serve as a reference for civil society and non-governmental organizations in fighting for the rights of local communities affected by foreign investment. Theoretically, this study is expected to enrich knowledge of treasury law, particularly in the fields of economic law and international investment law.

METHOD

This research uses a normative juridical method, namely a legal research method that focuses on the study of applicable positive legal norms (Soekanto, 2007). This research is used to examine various laws and regulations governing foreign investment, legal protection for local communities, and the principle of social justice in the context of economic development. The approaches used include a legislative approach to examine laws and regulations related to foreign investment, a conceptual approach to understand draft laws on investor dominance and legal protection for local communities, and a case approach to examine the application of law through relevant case examples in Indonesia (Soekanto, 2007).

The data used in this research are secondary data obtained through literature studies, including primary legal materials such as Law Number 25 of 2007 concerning Investment, Law Number 32 of 2009 concerning Environmental Protection and Management, and their

derivative regulations. In addition, secondary legal materials in the form of books, scientific journals, previous research results, and academic articles were used to strengthen the analysis. Data analysis was conducted using a descriptive-qualitative analysis method, which systematically describes and interprets the material law obtained to answer the research questions. The results of this analysis were then used to provide a comprehensive understanding of the effectiveness of local community protection laws in dealing with foreign investor dominance in Indonesia.

RESULTS AND DISCUSSION

Form Legal Protection for Local Communities against Dominance of Foreign Investors

Legal protection for domestic communities against the domination of foreign investors is realized through two main forms, namely preventive legal protection and repressive legal protection.

Preventive Legal Protection

a. Issuing Relevant Laws and Regulations

Legal protection against foreign investor dominance begins with the establishment and implementation of a strong and primary national legal framework in Indonesia, namely Law Number 25 of 2007 concerning Investment Law (UUPM), which serves as the basis for regulating all investment activities, both domestic and international. The UUPM emphasizes that foreign investment must be conducted with due regard for national interests, public welfare, and environmental sustainability. Articles 15 and 16 of the UUPM regulate investors' obligations to implement the principles of Corporate Social Responsibility (CSR), respect local culture, and maintain environmental balance. Thus, this Law not only provides legal certainty for investors but also serves as an instrument to protect local communities from potential economic and social exploitation.

Furthermore, Law Number 32 of 2009 concerning Environmental Protection and Management (UUPPLH) strengthens community protection by requiring every business activity to undergo an environmental impact analysis (AMDAL). This process is preventative in nature because it aims to identify potential negative impacts before investment activities are implemented. The Environmental Protection and Management Law (UUPPLH) also affirms the community's right to participate, access environmental information, and raise objections to investment plans that could potentially harm them. Its derivative laws and regulations, such as Government Regulation Number 22 of 2021 concerning the Implementation of Environmental Protection and Management, clarify the mechanisms for community involvement and investors' responsibilities in maintaining environmental sustainability. Therefore, the issuance of these various laws and regulations constitutes a concrete form of preventative legal protection aimed at balancing the economic interests of investors with the rights of local communities to a safe, just, and sustainable life within the environment.

b. The State's Right to Reject or Set Conditions

Within the legal framework of preventative protection, the state has full sovereignty to regulate, reject, or set conditions for the entry of foreign investment into its territory. This

sovereignty is based on the principle of sovereign rights recognized in international law and guaranteed in Law Number 25 of 2007 concerning Investment. Through this Constitution, the government has the authority to determine which business sectors are open, closed, or open with certain requirements to foreign investors. These restrictions are outlined in the Negative Investment List (DNI)—now replaced by the Investment Priority List (DPI) under Presidential Regulation No. 10 of 2021—to ensure that foreign investment does not disrupt national interests and the welfare of local communities. Thus, determining these investment requirements serves as a form of oversight and preventative action to prevent foreign capital from dominating strategic sectors or harming local communities. In addition to establishing administrative and business sector requirements, the government also has the right to reject foreign investment that does not meet environmental, social, and national security requirements. This aligns with Law No. 32 of 2009 concerning Environmental Protection and Management, which requires all investment activities to meet AMDAL standards and other technical regulations before granting business permits. The government can delay or reject investment permits if the assessment results indicate the potential for significant negative impacts on communities and the environment. For example, several large mining and plantation projects in Indonesia have been rejected or reviewed due to their potential disruption to ecosystems and the rights of indigenous communities. Thus, the state's right to reject or set conditions for foreign investment not only establishes economic sovereignty, but is also an important legal instrument to ensure that development is sustainable and in the interests of the people.

c. Community Socialization and Participation

Public socialization and participation are important aspects in protection law preventing impact of foreign investment. Local public involvement must be started since the investment planning stage through providing transparent information about goals, benefits, and potential risks from activity investments that will be executed. This is in line with provisions in Constitution Number 32 of 2009 concerning Protection and Management Environment, which guarantees the public's right to get access to information, participate actively, and get a justice environment (access to information, public participation, and access to justice). Good socialization allows the public to understand rights and obligations, including the right to give agreement or rejection to projects that can impact their social, economic, and environmental lives.

Participation society also becomes a mechanism for social control to dominate foreign investors so that investment activities do not proceed unilaterally without noticing local conditions. Government and companies must open dialogue space with the public through a public consultation forum, especially in the process of being drafted Analysis About Impact Environment (AMDAL) and licensing investment. With community involvement, potential social conflict can be minimized, and local aspirations can be accommodated in a proportional way. In addition, active public participation plays an important role in ensuring implementation of not quite enough answer social company (Corporate Social Responsibility/CSR) is truly give real benefits for the public around. Therefore, socialization

and public participation not only become formal obligations, but also substantive instruments to uphold principles of justice and sustainability in foreign investment activity.

d. Regional Investment Regulations

Government area own strategic role in regulating and supervising implementation of foreign investment in their territory through publishing regulation investment area. Regulations This functions as a legal instrument to adapt national investment policy to local conditions, potential and needs. Based on provisions of Constitution Number 23 of 2014 concerning Regional Government, government area owns authority to manage affairs capital investment that becomes part of area autonomy. Therefore, the government area can set rules or guidelines implementation investments aligned with regional spatial planning (RTRW) and sustainable development policies in the area. With the existence of regulatory investment regions, the process of foreign investors entering can be arranged in a more selective way so that it still provides economic benefits without sacrificing local public interest and environmental sustainability.

In addition, the regulations investment regions also play an important role in providing legal certainty for all parties, both for investors and the local public. For investors, regulations clear area can reduce uncertainty bureaucracy and streamline the licensing process . Meanwhile for society, the existence of regulation ensures that investment activities are carried out with attention to social, cultural and environmental aspects. Some government areas, such as Bali and Yogyakarta, have applied regulations governing ownership limits for foreigners in the property and tourism sectors to protect the local public from economic exploitation. Thus, the regulations investment area become real protection law preventive measures that strengthen public position in face of foreign investor dominance as well as ensure that incoming investment is truly in line with interest development area.

e. Guarantees and Insurance

Investment guarantees and insurance mechanisms are important instruments for maintaining stability and legal certainty in the investment sector. While these instruments are generally intended to protect investors from political risks or economic uncertainty, there is generally no direct mechanism that also contributes to the protection of local communities. Indonesia's membership in the Multilateral Investment Guarantee Agency (BPMIGA)—an institution under the World Bank that provides guarantees against non-commercial risks such as nationalization, war, or breach of contract—creates a safer and more transparent investment climate. With this legal certainty and investment guarantees, the government has a stronger bargaining position in enforcing regulations, including investors' obligations to comply with social and environmental provisions in their operational areas.

Furthermore, sound management of investment guarantees and insurance can be a means of preventing social conflict between investors and local communities. When investment risks can be minimized through international guarantees and national legal mechanisms, investors are encouraged to engage in more responsible business practices that comply with sustainability standards. Local governments can also utilize this guarantee system as a monitoring instrument to ensure companies continue to fulfill their Corporate Social Responsibility (CSR) obligations and prevent harm to surrounding communities. Thus,

guarantee and insurance mechanisms not only function as protection for investors, but can also be an element of legal protection and preventive measures that maintain a balance between global economic interests and social justice for local communities.

Repressive Legal Protection

Protection repressive is effort enforcement or settlement dispute after occurrence violation or loss . This is the mechanism used when rights public local has violated.

a. Dispute Resolution Through District Courts

One form of repressive legal protection for local communities against foreign investor domination is through dispute resolution in Indonesian district courts. This mechanism provides communities with the opportunity to seek compensation or justice when they suffer losses due to foreign investment activities, such as environmental pollution, land grabbing, or violations of customary rights. This legal basis is established in Law Number 48 of 2009 concerning Judicial Power and Law Number 32 of 2009 concerning Environmental Protection and Management, which grant communities the right to file civil lawsuits, state administrative lawsuits, or class action lawsuits against business actors who harm the public interest. Through this mechanism, local communities have a formal space to fight for their rights and demand legal accountability from foreign companies that violate statutory provisions.

In practice, dispute resolution through district courts also serves as a means to uphold the principle of national legal sovereignty amidst today's increasing economic globalization. Local courts play a role in ensuring that foreign investors comply with the Indonesian legal system and do not act arbitrarily against local communities. An example is the case of the pollution of Buyat Bay by PT Newmont Minahasa Raya, where local communities sued the company for the impact of hazardous waste pollution on their health and the environment. Although the legal process was lengthy and the case complex, precedent was crucial in providing local communities with the legal legitimacy to pursue justice through national courts. Therefore, resolving disputes through local courts is not only a form of repressive law enforcement, but also a strategic instrument to strengthen the protection of public rights and affirm that foreign investment activities must be conducted in accordance with the principles of justice, social responsibility, and the rule of law in Indonesia.

b. Alternative Dispute Resolution

In addition to district courts, repressive legal protection for local communities against foreign investor domination can also be achieved through alternative dispute resolution mechanisms, one of which is national arbitration. In Indonesia, the authorized institution to handle investment disputes through this route is the Indonesian National Arbitration Board (BANI). National arbitration provides a faster, more efficient, and more final dispute resolution solution than litigation in general courts. In the context of foreign investment, this mechanism is often used when disputes arise between investors and local governments or communities regarding the implementation of investment agreements. BANI plays a crucial role in maintaining a balance of interests between investors and communities while adhering to national law, particularly the provisions of Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution. Through national arbitration, dispute resolution can be conducted professionally and consistently uphold the principles of justice and legal certainty.

On the other hand, dispute resolution can also be conducted through international arbitration, such as the International Center for Settlement of Investment Disputes (ICSID) or other international arbitration institutions, if the mechanism is agreed upon in the investment agreement. While this forum is generally used by foreign investors for government claims, it does not preclude the Indonesian government or local communities with legal interests from filing claims for compensation in cases of serious violations of their rights. International arbitration can be a strategic tool in pursuing justice across borders, particularly when violations committed by investors significantly impact the environment and community well-being. However, the effectiveness of this mechanism remains dependent on the strength of the government's legal standing and its courage to champion national interests at the international level. Therefore, alternative dispute resolution through arbitration—whether national or international—is a repressive form of legal protection designed to promote justice, transparency, and balance in the relationship between foreign investors and local communities.

c. Direct Lawsuit

One form of repressive legal protection that can be pursued by local communities or parties harmed by foreign investor dominance is through a direct lawsuit. This lawsuit is filed by parties directly concerned with the actions or decisions of a Foreign Investment (PMA) company that result in losses. In this context, local minority shareholders, employees, or other parties with legal ties to the company can file a lawsuit against company management or the foreign majority shareholder if a violation of the law occurs or if their interests are harmed. The legal basis for this is found in Law Number 40 of 2007 concerning Limited Liability Companies (UUPT), specifically Articles 97 and 98, which grant shareholders the right to sue directors or commissioners personally if they are proven to have committed negligence or abuse of authority that results in losses for the company or other shareholders. This mechanism serves as an important legal tool for maintaining a balance of power between foreign majority shareholders and local shareholders. Furthermore, direct lawsuits also serve as a control instrument to prevent practices detrimental to national business interests, such as the takeover of strategic assets or corporate decisions that ignore corporate social responsibility. In practice, direct lawsuits give local parties the legal authority to demand changes that result in losses or restore their economic rights without having to wait for action from the company as a whole. This is important considering that the dominance of foreign investors in PMA companies often results in unequal decision-making, where the interests of the public or local shareholders are often marginalized. Therefore, the direct lawsuit mechanism not only serves to protect the economic rights of local parties but also strengthens the principles of corporate accountability and transparency, and serves as a concrete form of enforcement of repressive protection laws in the context of foreign investment in Indonesia.

d. Administrative and Criminal Sanctions

The government has the authority to enforce administrative and criminal sanctions against foreign investors who violate the law and cause losses to the local public. Administrative sanctions can be imposed by relevant agencies such as the Investment Coordinating Board (BKPM) or the Ministry of Environment and Forestry (KLHK), in the form

of written warnings, permit suspensions, or business license revocations. The legal basis for imposing these sanctions is regulated in Law Number 25 of 2007 concerning Investment and Law Number 32 of 2009 concerning Environmental Protection and Management, which emphasize that investors are required to comply with all laws and regulations and carry out social and environmental responsibilities. The application of administrative sanctions serves as both a repressive and preventive measure to encourage foreign investors to be more cautious and comply with national legal provisions, especially in operating activities that directly impact local communities and the surrounding environment. In addition to administrative sanctions, the government can also take criminal action if the violation committed by foreign investors is considered serious and causes significant losses or damage to the community. The criminal provisions in the UUPPLH (Law Number 32 of 2009) provide criminal penalties for business actors who intentionally or through negligence cause environmental pollution or damage. For example, perpetrators of criminal acts can be sentenced to up to 10 years in prison and fined up to IDR 10 billion, depending on the severity of the violation. In some cases, law enforcement officials collaborate with local governments and related institutions to take action against foreign companies that violate operational permits, damage the environment, or disregard public rights. Thus, enforcing administrative and criminal sanctions is a crucial component of repressive legal protection, as it not only serves as a deterrent for investors who violate them but also strengthens the legal standing of local governments in addressing the imbalance of economic power caused by foreign capital dominance.

Challenges and Efforts to Strengthen the Role of Law in Creating Balance Between Investor and Community Interests

1. Weaknesses in the Implementation of Law and Supervision

The main challenge in providing legal protection against foreign investor dominance lies in weak legal implementation and oversight. Although Indonesia has its own comprehensive legal framework, such as Law No. 25 of 2007 concerning Investment and Law No. 32 of 2009 concerning Environmental Protection and Management, their implementation in practice is often ineffective. Inconsistencies in law enforcement arise from weak coordination between government agencies, a lack of transparency in the oversight process, and corrupt practices that often lead to violations by foreign investors being overlooked. As a result, local communities are often the most disadvantaged parties, both socially, economically, and environmentally. Weak oversight mechanisms also prevent many violations, such as environmental pollution and land grabbing, from being fairly resolved.

To address these challenges, efforts are needed to strengthen the legal system and increase the effectiveness of government oversight. The first step is to strengthen law enforcement and supervisory agencies, such as the Investment Coordinating Board (BKPM), the Ministry of Environment and Forestry, and local governments, so that they have adequate capacity to monitor and evaluate foreign investment activities. Furthermore, the application of good governance principles must be the foundation of every investment policy, including transparency of public information and public involvement in the decision-making process. The government also needs to develop a complaint mechanism that is easily accessible to the

public and impose strict sanctions on officials or investors who violate regulations. This will minimize weaknesses in legal implementation and increase public trust in legal justice in the context of foreign investment.

2. Imbalance of Economic and Political Power

Imbalance of economic and political power is one of the biggest challenges in providing legal protection for local communities against the dominance of foreign investors. Foreign investors typically possess substantial capital, access to technology, and political and diplomatic support from their home countries. This situation creates an imbalance in power relations between investors and local communities, who often lack the economic capacity or legal knowledge to defend their rights. As a result, investment decisions often prioritize financial gain and corporate interests, while neglecting the social, cultural, and environmental aspects of the surrounding community. In such situations, local communities lose their land potential, access to natural resources, and their right to a healthy and sustainable environment.

To address this imbalance, the role of the state must be strengthened as a balance between the interests of investors and the community. Regional governments must ensure that every foreign investment agreement includes clauses that protect community rights, including the investor's obligation to implement social responsibility and care for environmental sustainability. Furthermore, community empowerment through legal education, assistance from community-based institutions, and increased community participation in the investment licensing process are crucial steps to ensure that communities are not merely objects but also subjects of economic development. By strengthening community capacity and emphasizing the role of the law, it is hoped that a balance between economic growth and social justice can be achieved.

3. Lack of Access to Information and Public Participation

Lack of access to information and public participation poses a crucial challenge in providing legal protection for local communities against the dominance of foreign investors. In many cases, investment permitting and environmental impact assessment (AMDAL) processes are conducted without the direct involvement of affected communities. This lack of transparency prevents the public from having the opportunity to understand, assess, or provide input on projects that could impact their lives. As a result, communities often only learn about investment projects after negative impacts have occurred, such as environmental pollution, land clearing, or detrimental changes to ecosystem conditions. This reflects the weak implementation of the principles of transparency and public participation, which should be part of good governance.

To address these issues, strengthening transparency and public participation mechanisms at every stage of investment is necessary. The government must ensure that local communities have full access to public information, particularly documents related to permits and environmental assessments, and the inadequate implementation of corporate social responsibility. Furthermore, public consultations must be conducted in an open, representative, and inclusive manner, in accordance with the mandate of Law Number 14 of 2008 concerning Public Information Disclosure and Law Number 32 of 2009 concerning

Environmental Management and Management. By involving the public from the planning stage, the government not only strengthens the legitimacy of investment policies but also prevents potential social conflicts that could arise from a lack of information transparency. Active public involvement in the monitoring and decision-making process is key to creating equitable and sustainable investment.

4. Conflicts of Interest Between Local Governments and Investors

Conflicts of interest between local governments and investors are a serious obstacle to achieving fair legal protection for the community. Local governments are often more focused on achieving investment targets and increasing Regional Original Revenue (PAD), often neglecting public interests and environmental aspects. In an effort to attract foreign investors, some local governments facilitate permitting without thoroughly assessing the social and ecological impacts of the projects. As a result, local communities often suffer losses due to land loss, economic marginalization, or environmental degradation. This situation reflects the weak commitment of local governments to the principles of social justice and environmental sustainability, as mandated by Article 33 of the 1945 Constitution, which emphasizes that natural resources must be managed optimally for the prosperity of the people.

To address this conflict of interest, stronger oversight and accountability mechanisms for investment policies at the central and regional government levels are needed. Regulations that require local governments to involve the public in investment planning and evaluation processes and ensure a balance between economic interests and social protection are needed. Furthermore, the application of transparency and accountability principles must be the primary standard in regional investment management, by providing public access to permit documents and environmental impact assessment results. It is also necessary to increase the capacity of local officials to understand investment regulations and environmental law, so that policies adopted not only benefit investors but also provide real protection for local communities. With the steps mentioned, it is hoped that local governments can become facilitators of equitable development, rather than simply pursuers of short-term economic interests.

5. Weakness Enforcement Sanctions to Violation

Weak enforcement of sanctions against violations is a major factor exacerbating foreign investors' dominance over local communities. Many cases of environmental and social rights violations, such as water pollution, the plundering of customary land, or business permit violations, end without legal clarity. Investigations and trials are often slow due to political interference, limited law enforcement resources, or even economic interests involving influential parties. Furthermore, the sanctions imposed are often disproportionate to the impact, thus failing to deter perpetrators. This situation leads many foreign investors to feel safe violating regulations, as they perceive the legal risks in Indonesia to be relatively low compared to the potential economic benefits. As a result, legal justice is unequal, and local communities have lost confidence in the national justice system.

To improve this situation, a firm, transparent, and just substantive law enforcement system must be strengthened. The government needs to strengthen coordination between law enforcement agencies such as the Ministry of Environment and Forestry, the Prosecutor's

Office, and the Police, and ensure that the legal process proceeds without political and economic interference. Stricter sanctions—whether administrative, civil, or criminal—must be consistently enforced against foreign investors found guilty of violating the law. Furthermore, public oversight needs to be strengthened by involving independent institutions, academics, and civil society organizations in monitoring law enforcement. These measures are expected to create a deterrent effect for violators and establish a legal system that can fairly protect local communities from the negative impacts of foreign investment.

CONCLUSION

Protection law for public local to foreign investor dominance in project capital investment is an important aspect of things to be guarded to ensure achievement of social justice and sustainable development. Although Indonesia has its own strong base of law through various regulations such as Constitution Number 25 of 2007 concerning Investment and Law Number 32 of 2009 concerning Protection and Management Environment, implementation in the field still faces various constraints. Weakness supervision, imbalanced economic strength, lack of transparency, as well as low enforcement of law make local public often in a vulnerable position to negatively impact foreign investment. Next, the challenges such as conflict of interest of government regions and investors, weakness of legal sanctions, as well as lack of public participation show the need for reform in the investment law and governance system. The state must play a central role as checks and balances between economic interests and community rights. Strengthening efforts law must cover improvement effectiveness of institutional supervisors, transparency in the licensing process, as well as active involvement of the public in making decisions. In addition, empowering law for local public through education, advocacy, and access to dispute settlement mechanisms has become a strategic step to strengthen their position in the middle of domination of foreign investors. Finally, effective protection law can only come true if there is commitment to politics and morals of government, law enforcement, as well as investors to make principles of justice and sustainability as a basis in investment activity. Enforcement strict sanctions, implementation not quite enough answer social consistent corporate (CSR), as well as harmonization of policy between central and regional become key To create balance between economic interests and interests of society. Thus, the presence of foreign investment No Again becomes a threat for local public sovereignty, but precisely becomes an instrument to encourage inclusive, equitable and sustainable development in Indonesia.

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