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## Evolution of Property Law in Indonesia

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### Abstract

This study examines the evolution of property law in Indonesia, from the colonial period to the modern era, with a focus on the influence of customary law and colonial law on the national legal system. Property law in Indonesia has gone through a long journey, influenced by the legal dualism between customary law which is communal in nature and Dutch colonial law which emphasizes individual ownership. After independence, efforts to integrate the two legal systems were made through the enactment of the Basic Agrarian Law (UUPA) Number 5 of 1960. However, although UUPA attempts to end legal dualism, its implementation still faces various challenges, including agrarian conflicts, legal uncertainty, and the influence of economic and political policies that are often inconsistent. This study also discusses the challenges in recognizing and protecting the rights of indigenous peoples, as well as reform efforts to strengthen the property legal system in Indonesia. The results of this study are expected to provide in-depth insight into the dynamics of property law in Indonesia and recommendations for future improvements.

**Keywords:** *Property Law, Customary Law, Colonial Law, Agrarian Conflict, Basic Agrarian Law.*

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### INTRODUCTION

Property law in Indonesia has undergone significant evolution since the colonial period to the modern era today. These changes not only reflect the development of the national legal system, but also the response to the social, economic, and political dynamics that occurred in Indonesia. During the colonial period, property law in Indonesia was dominated by customary law and Dutch colonial law which was enforced through a legal dualism system. After independence, Indonesia began to develop a property law system that was more in line with national values, although the influence of colonial law is still strongly felt.

One of the important milestones in the evolution of property law in Indonesia was the enactment of the Basic Agrarian Law (UUPA) Number 5 of 1960. UUPA is considered a monumental effort to end legal dualism in agrarian law and integrate the pluralistic land law system into one unit. UUPA not only recognizes the existence of customary law as a source of law, but also establishes the legal basis for land ownership, land use, and legal relations between the community and the state in the management of agrarian resources. However, although UUPA is intended to strengthen community rights to land, its implementation often faces various obstacles, especially in terms of recognizing and protecting the rights of indigenous peoples (Sumardjono, 2017).

In its development, property law in Indonesia is also influenced by changes in economic and development policies. One example is the program to convert customary land rights into land rights regulated in the national legal system. Although this step is intended to provide legal certainty and encourage investment, this conversion process often causes conflict between indigenous peoples and

the government or investors, especially when land grabbing or transfer of land rights occurs without the consent of the community concerned (Lubis, 2019).

Globalization and economic liberalization also bring new challenges to property law in Indonesia. As Indonesia becomes more open to foreign investment, there is an increasing demand for property, both for commercial and residential purposes. However, on the other hand, this also raises concerns about land control by foreign parties and its impact on national sovereignty. Therefore, the Indonesian government has implemented various regulations that limit property ownership by foreign citizens, while still trying to attract the investment needed for national development (Sutedi, 2020).

Another problem that has emerged in the evolution of property law in Indonesia is agrarian conflict. Since the colonial era until now, agrarian conflict has continued to be a difficult issue to resolve. This conflict often involves the government, companies, and local or indigenous communities, and is usually related to land control and use. Agrarian conflicts not only have an impact on legal uncertainty over land, but also have broad social impacts, including impoverishment of local communities and human rights violations (Afiff, 2021).

At present, efforts to reform property law in Indonesia are ongoing. One important aspect of this reform is the development of legal instruments that are more responsive to the needs of society and the dynamics of the global economy. In addition, there are also efforts to strengthen the recognition and protection of the rights of indigenous and local communities in the management of natural resources, and to ensure that economic development does not sacrifice the interests of the wider community (Sumardjono, 2017).

However, property law reform in Indonesia cannot be separated from existing challenges, such as corruption, complex bureaucracy, and limited capacity and resources at the government level. In addition, legal pluralism that still exists in Indonesia, where customary law and national law often intersect, also adds to the complexity of implementing property law. Therefore, it is important to conduct an in-depth study of the evolution of property law in Indonesia, to understand how the existing legal system can be strengthened and adjusted to the needs of a dynamic society (Afiff, 2021).

This research will focus on two main issues in the evolution of property law in Indonesia. First, this research will explore how property law in Indonesia has developed from the colonial period to the present, with a focus on the influence of customary law and colonial law on the national legal system. Second, this research will examine the main challenges in the implementation of property law in Indonesia, including agrarian conflicts, land ownership by foreign nationals, and recognition of indigenous peoples' rights.

## METHOD

This study uses a normative legal method, which aims to analyze the development of property law in Indonesia through a study of relevant laws and regulations, jurisprudence, and legal literature. The normative legal approach was chosen because this study focuses on the evolution of the legal framework for property and how it has been implemented and developed in Indonesia from the colonial period to the present. This method will involve an in-depth analysis of the Basic Agrarian Law Number 5 of 1960, its implementing regulations, and various regulations related to land ownership, property rights, and other agrarian laws.

In addition, this study will also use historical methods to examine the development of property law from a historical perspective. By analyzing historical sources, such as colonial documents, government archives, and previous research reports, researchers will identify patterns and trends in the evolution of property law in Indonesia. This historical approach is important to understand how the colonial legal system and customary law have influenced and shaped the property law that applies in Indonesia today (Lubis, 2019).

To complement the normative and historical analysis, this study will also use a comparative approach by comparing the property law system in Indonesia with several other countries, such as Malaysia and the Philippines, which have similar agrarian law characteristics. Through this comparative analysis, researchers will try to identify best practices that can be adopted by Indonesia to improve and strengthen its property law system (Sutedi, 2020).

Data collected from document studies, historical and comparative analyses will be qualitatively analyzed to identify key themes in the evolution of property law in Indonesia. The analysis will focus on two main issues: the influence of customary law and colonial law on the national legal system, and challenges in the implementation of property law, including agrarian conflicts and land ownership by foreign nationals. The results of this study are expected to provide significant contributions to the development of property law policies and reforms in Indonesia.

## **RESULTS AND DISCUSSION**

### **The Influence of Customary Law and Colonial Law on the National Legal System**

The property law system in Indonesia is the result of a long process influenced by various historical, social, and political factors. One of the most significant factors in the formation of the property law system in Indonesia is the influence of customary law and Dutch colonial law. These two legal systems have made different but interrelated contributions to the formation of property law that applies today. In this discussion, we will explore how customary law and colonial law have influenced the evolution of property law in Indonesia, and how this influence is still visible in current legal practice.

Customary law is a native legal system that developed in various regions in Indonesia before the arrival of the Dutch colonialists. Customary law is local and diverse, reflecting the values, norms, and traditions adopted by various ethnic groups in Indonesia. In the context of property law, customary law has a very important role because it regulates various aspects of ownership, use, and transfer of land rights. Land in customary law is often considered a very valuable resource, not only because of its economic value, but also because of the social and spiritual values attached to it (Soetandyo, 2007).

Customary law regulates land rights within a collective framework, where land is considered communal property managed by the community for the common good. Individual rights to land, if any, are usually temporary and subject to community consent. In some indigenous communities, land is even considered an entity that cannot be separated from the cultural and spiritual identity of the community, so that the transfer of land rights is often regulated very strictly to prevent alienation of land from the community (Sumardjono, 2017).

However, when the Dutch began to colonize Indonesia, the customary law system began to undergo significant changes. The Dutch colonizers introduced a more centralized and organized colonial legal system, with the aim of controlling natural resources and integrating the Indonesian

economy into the global economy dominated by colonial powers. One of the biggest impacts of this process was the marginalization of customary law, especially in terms of land control and management (Lubis, 2019).

With the arrival of the Dutch, colonial law began to be introduced as the official legal system applicable in Indonesia. Dutch colonial law, which was based on the Roman-Dutch legal system, emphasized individual ownership and personal rights to land. This was very different from the more collective and communal customary legal system. Colonial law also introduced the concept of land certificates as proof of legal ownership, which was previously unknown in the customary legal system (Afiff, 2021).

One of the most influential colonial legal instruments was the Agrarische Wet (Agrarian Law) of 1870. This law provided the legal basis for land exploitation in Indonesia by European plantation companies, by recognizing individual land ownership rights and allowing land to be bought and sold. Although customary law was still recognized in some aspects, the Agrarische Wet effectively transformed much customary land into land that could be controlled and exploited by foreigners, especially by Dutch plantation companies (Lubis, 2019).

Agrarische Wet also introduced a dualism system of land law in Indonesia, where customary law applies to indigenous people, while colonial law applies to Dutch citizens and other foreign nationals. This dualism system created inequality in access and control over land, where indigenous people often lost their land because they did not have ownership certificates recognized by colonial law. This inequality gave rise to prolonged agrarian conflicts and affected socio-economic dynamics in various regions in Indonesia (Sumardjono, 2017).

After Indonesia's independence in 1945, the new Indonesian government faced a major challenge in establishing a legal system that reflected national values and the needs of the Indonesian people. One of the main efforts in this regard was the ratification of the Basic Agrarian Law (UUPA) Number 5 of 1960. UUPA was an important milestone in the history of property law in Indonesia because it attempted to end the dualism of land law and integrate customary law into the national legal system (Soetandyo, 2007).

UUPA recognizes the existence of customary law as one of the sources of land law in Indonesia, but also stipulates that all land rights must be recognized by the state and officially registered. UUPA also introduces various types of land rights, such as Ownership Rights, Cultivation Rights, Building Rights, and Use Rights, which are intended to provide legal certainty for land owners and encourage productive land use. Although UUPA seeks to integrate customary law and national law, in practice, the implementation of UUPA often faces various obstacles, especially in terms of recognizing the rights of indigenous peoples (Lubis, 2019).

One of the main issues that arise is the conflict between customary law and national law. In many areas in Indonesia, indigenous peoples still maintain their customary legal systems, which often conflict with national legal provisions. For example, in some cases, indigenous peoples refuse to register their land in accordance with the provisions of the UUPA, because they consider the land to be communal property that cannot be separated from the community. This kind of conflict often creates legal uncertainty and becomes a source of tension between indigenous peoples, the government, and investors (Afiff, 2021).

The legal dualism created by the influence of colonial law and customary law also contributed to the emergence of agrarian conflicts in Indonesia. Agrarian conflicts often occur when land rights recognized by customary law conflict with rights recognized by national law. Such conflicts often involve the government, companies, and local or indigenous communities, and are usually related to

land control and use. In many cases, indigenous or local communities feel that their land rights have been ignored or seized by the government or companies operating in their area (Sumardjono, 2017).

One example that is often cited is the agrarian conflict that occurs in plantation and mining areas, where customary land or land owned by local communities is often taken over by companies without going through a fair process or without the consent of the communities concerned. Such conflicts are often exacerbated by legal ambiguity or uncertainty regarding the status of the land, especially when there is an overlap between claims based on customary law and claims based on national law (Lubis, 2019).

To address this issue, greater efforts are needed to harmonize customary law with national law, and to strengthen the recognition and protection of indigenous peoples' rights within the national legal framework. This includes clarifying procedures for recognizing customary land rights, improving dispute resolution mechanisms, and ensuring that development and investment policies do not harm indigenous or local communities (Afiff, 2021).

### **Challenges in Implementing Property Law in Indonesia**

The implementation of property law in Indonesia has faced various challenges that hamper the government's efforts to ensure legal certainty, justice, and equal access to land ownership and use. These challenges cover a variety of aspects, ranging from agrarian conflicts, legal uncertainty, to the influence of often inconsistent economic and political policies. In this discussion, we will explore some of the main challenges faced in the implementation of property law in Indonesia, as well as their impact on society and the economy.

One of the biggest challenges in implementing property law in Indonesia is agrarian conflict. Agrarian conflict refers to disputes or conflicts that occur regarding the control, use, and management of land. These conflicts often involve various parties, including indigenous peoples, farmers, companies, and the government. Agrarian conflicts in Indonesia have been going on for years and are often rooted in unclear laws, overlapping claims to land, and injustice in land distribution (Afiff, 2021).

In many cases, land conflicts occur due to overlapping land rights recognized by customary law and rights recognized by national law. For example, in some areas, indigenous peoples claim land based on their customary law, while companies or the government claim the same land based on certificates issued by the state. This ambiguity often causes tension and violence, especially when communities feel that their rights have been ignored or taken away without a fair process (Lubis, 2019).

In addition, land conflicts are often exacerbated by the inability or unwillingness of the government to enforce the law fairly. Corruption, slow bureaucracy, and lack of capacity at the local level often hinder effective resolution of land disputes. As a result, many land conflicts have been going on for years without resolution, causing legal uncertainty and social instability in various regions (Sumardjono, 2017).

Legal uncertainty is another significant challenge in the implementation of property law in Indonesia. Although the Basic Agrarian Law (UUPA) Number 5 of 1960 was intended to provide legal certainty over land ownership, in practice, many communities still face uncertainty regarding the legal status of their land. One of the main causes of this uncertainty is the lack of comprehensive and accurate land registration. Much land in Indonesia has not been officially registered, meaning that the rights to the land are not legally recognized, making it vulnerable to claims by other parties (Soetandyo, 2007).

In addition, complicated administrative processes and high costs often become obstacles for communities, especially those in rural or remote areas, to register their land. In some cases, communities are not even aware of the importance of having land certificates or do not have adequate access to land administration services. This legal uncertainty is often exploited by more powerful parties, such as large companies or influential individuals, to take over land illegally or through unfair processes (Afiff, 2021).

Legal uncertainty also arises in the context of land rights transfers. Although the UUPA regulates various types of land rights and procedures for the transfer of these rights, in practice, many land transactions are not properly documented or are carried out without going through the proper legal process. This often occurs in land transactions involving indigenous peoples or small farmers, who may not have adequate legal knowledge or who do not have access to lawyers or legal advisors (Lubis, 2019).

Often inconsistent economic and political policies are also a major challenge in the implementation of property law in Indonesia. The Indonesian government has implemented various policies to encourage economic development and investment, including in the property sector. However, these policies often conflict with the aim of protecting the rights of local or indigenous communities to land. For example, in an effort to attract foreign investment, the government has issued various regulations that make it easier for foreign investors to access and control land in Indonesia (Sutedi, 2020).

Although foreign investment is considered essential for economic development, such policies often raise concerns about foreign land control and its impact on national sovereignty. In addition, policies that facilitate access to land are often not accompanied by adequate mechanisms to protect the rights of local or indigenous communities. As a result, many communities lose access to the land that is their source of livelihood, without receiving adequate compensation or without a fair consultation process (Sumardjono, 2017).

In addition, policy changes that often occur due to changes in government or changes in political priorities also create uncertainty in the implementation of property law. For example, policy changes related to land use, such as changes in zoning or land use conversion, are often made without considering the impact on communities that have long occupied or managed the land. This uncertainty not only affects legal certainty for landowners but can also cause social and economic tensions at the local level (Afiff, 2021).

Corruption and bureaucratic red tape are other significant obstacles to the implementation of property law in Indonesia. Corruption at various levels of government often hampers the land administration process, including registration, certification, and settlement of land disputes. In many cases, people seeking to register their land or resolve land disputes are forced to pay bribes to authorized officials to speed up the process or to obtain favorable decisions (Soetandyo, 2007).

Complicated and inefficient bureaucracy also exacerbates this problem. Long and complicated administrative processes often discourage people from taking care of land certificates or resolving land disputes through legal channels. As a result, many land disputes drag on without resolution, or people choose to resolve their problems outside the formal legal system, which often results in unfair or unlawful resolutions (Lubis, 2019).

To address these challenges, profound reforms are needed in Indonesia's property administration and law enforcement systems. These reforms should include increasing transparency and accountability in land administration processes, as well as strengthening oversight mechanisms to

prevent corruption. In addition, greater efforts need to be made to simplify land administration procedures and improve public access to necessary legal and administrative services (Afiff, 2021).

### CONCLUSION

The evolution of property law in Indonesia reflects a long and complex journey from the colonial period to the modern era, where customary law and Dutch colonial law have contributed significantly to the formation of the prevailing legal system. Although efforts to integrate customary law and national law have been made through the Basic Agrarian Law (UUPA) Number 5 of 1960, its implementation still faces various challenges, especially related to agrarian conflicts and legal uncertainty.

Land conflicts remain one of the main challenges in the implementation of property law in Indonesia, exacerbated by legal dualism and unclear land status. Legal uncertainty also poses a significant obstacle to ensuring certainty of land ownership and transfer of rights, with many communities still facing difficulties in registering their land or resolving land disputes. In addition, the influence of often inconsistent economic and political policies adds complexity to the implementation of property law, which sometimes sacrifices the rights of local or indigenous communities in the interests of investment and development.

To improve the property law system in Indonesia, comprehensive and integrated reforms are needed, including increasing transparency, accountability, and simplifying land administration procedures. In addition, strengthening the recognition and protection of indigenous peoples' rights must also be a priority, so that the property law system can run fairly and sustainably. With these steps, it is hoped that property law in Indonesia can be more effective in responding to existing challenges and provide greater benefits for the entire community.

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