JLPH: Journal of Law, Politic and Humanities
E-ISSN: 2962-2816
P-ISSN: 2747-1985
https://dinastires.org/JLPH dinasti.info@gmail.com +62 811 7404 455
DOI: https://doi.org/10.38035/jlph.v5i4

The Purpose of Implementing the Negative Investment List is to Control Foreign Ownership Domination

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Abstract: The Negative Investment List (DNI) is a strategic policy of the Indonesian government to regulate foreign ownership limits in certain sectors to protect national economic interests. This policy aims to create a balance between foreign investment and strengthening domestic investors so that strategic sectors remain under national control. To maintain the objectives of the DNI, the government has taken various steps, such as strengthening regulations, providing incentives for local investors, and strict supervision of the implementation of this policy. In addition, the government also encourages the competitiveness of domestic investors through training programs, improving workforce quality, and strategic partnerships with foreign companies in technology transfer and innovation. Periodic evaluation of the effectiveness of the DNI is a key factor in ensuring that this policy remains relevant and can support sustainable national economic growth. With a combination of flexible policies, targeted incentives, and transparency in its implementation, Indonesia can create a conducive investment environment for inclusive and highly competitive economic growth.

Keyword: Negative Investment List, Foreign Investment, Domestic Investors, Investment Regulation.

INTRODUCTION

One of the main strategies in increasing national economic growth is by strengthening the value of the currency, which ultimately allows a country's economic potential to be converted into high-value assets that can be traded domestically and in the international market (Situmorang, 2011). To achieve this, various countries, including developed and developing countries, implement special policies and programs to attract investment and venture capital. In Indonesia, creating a conducive, safe, and fair investment climate is part of the strategy to maintain national economic benefits, especially in facing the dynamics of the global economy and Indonesia's participation in various international cooperation. Sustainable investment requires clear and supportive regulations, one of which is realized through the Investment Law. The law passed on May 25, 2007, provides a legal basis for investment in Indonesia, including investment mechanisms from both domestic and foreign sources. Based on Article 1 Paragraph 1 of the regulation, capital investment includes all types of financing provided by domestic and foreign lenders to support business activities in Indonesia, so that it can contribute to national economic growth.

Foreign investment is crucial in accelerating economic expansion in developing countries like Indonesia (Syahyu, 2003). In economic law, high interest rates can be a serious obstacle to economic growth because they increase the cost of borrowing for business actors and hinder investment expansion. Therefore, economic policies must be designed to create stability in the financial sector and encourage broader investment. Mochtar Kusumaatmadja, an Indonesian legal expert, emphasized that the law does not only function to prevent injustice, but also as a tool to encourage social change amid the dynamics of modern society (Kusumaatmadja, 1976). This shows that investment regulations not only aim to protect the country's economic interests, but must also be adaptive to global developments to remain relevant and effective in attracting investors. With a clear investment policy, economic stability can be maintained, while investors, both domestic and foreign, obtain legal certainty in running their businesses in Indonesia.

To fulfill the development capital and encourage national economic growth, Indonesia is highly dependent on foreign investment. However, to ensure that foreign involvement in the domestic business sector does not harm the welfare of the people, the government has implemented regulations governing foreign investment. The legal framework governing Foreign Direct Investment (FDI) is the main instrument in directing capital inflows into Indonesia, while still considering the social, political, and economic aspects that continue to develop (Efrimol, 2011). Therefore, FDI regulations must be formulated dynamically to adapt to changing times, accelerate economic growth, and support national development goals. One of the main regulations in the investment sector is Law Number 25 of 2007 concerning Investment, which is based on the principles of transparency, non-discrimination, and legal certainty for investors. This law aims to create a conducive and competitive investment environment, both for domestic and foreign investors, without ignoring national interests in maintaining economic stability and state sovereignty. (Litaay, 2007)

To revitalize business transaction law, Law No. 25 of 2007 also reorganizes various provisions related to business agreements and regulates the limitations of foreign investor participation in certain sectors. It reflects the need for a balance between attracting foreign investment, and protecting strategic sectors related to national interests. Based on Article 12 of the law, all business categories can be used as investment objects, except those explicitly categorized as closed or have certain restrictions. Several sectors in the category of closed to foreign investors include the arms industry, machinery and explosives manufacturing, and industries related to national defense interests. To increase transparency in the investment process, the government also implements the Negative Investment List (DNI) serves as a guide for investors regarding which sectors are open or closed to foreign capital. The DNI not only aims to protect the Indonesian economy from foreign domination but also to create more opportunities for local business actors to remain competitive. (Moscogliato, 2007)

The Negative Investment List (DNI) is an integral part of investment regulations in Indonesia set by the Investment Coordinating Board (BKPM). This policy regulates business sectors based on their level of accessibility to foreign investors, which can be completely open, open with the condition of share ownership by local partners, or completely closed to foreign investment. (Kevin Darmawan, 2024) Strategic sectors that have a major impact on national interests, such as the defense and telecommunications industries, are often subject to strict restrictions on foreign ownership to protect state sovereignty and avoid excessive foreign influence. In its development, the government continues to strive to improve the DNI system to make it more accurate and relevant to current economic conditions, so that it can strengthen business relationships that support improvements in macroeconomic stability. This list groups business sector into several categories based on their investment characteristics, including (1) businesses that are open to all types of loan applicants and funding sources; (2) sectors that can accept investment proposals from third parties; (3) businesses that are mostly intended for small, medium, and cooperative businesses to encourage inclusive economic growth; and (4) sectors that are more dominantly controlled by large businesses, which generally require high capital and technology (Allagan, 2023). With this grouping, the DNI not only functions as a regulatory instrument but also as a government strategy in creating a balance between foreign investment and national interests, ensuring that incoming investment truly benefits Indonesia's economic growth.

One concrete example of the impact of the Negative Investment List (DNI) regulation can be seen in the retail sector in Indonesia. A foreign investor named Alex, who has large capital and wants to enter the rapidly growing Indonesian retail market, faces various obstacles when trying to open a network of retail stores in several major cities. When applying for a business license, Alex found that the retail sector was included in the list of sectors that were closed or had certain restrictions on foreign ownership, as regulated in the DNI. Despite having good intentions to invest and contribute to Indonesia's economic growth, Alex had to face regulations that limited his expansion (Dahlia Andriani, 2020). This shows how the DNI policy, which is designed to protect local businesses, can be a challenge for foreign investors who want to invest their capital. This kind of constraint is not only experienced by Alex but also by many other foreign investors who are interested in financing limited sector or categorized as closed in Indonesian investment regulations.

The conditions experienced by Alex illustrate the dilemma that often occurs between protecting national economic interests and the need to attract foreign investment that can accelerate economic growth. DNI tries to uphold domestic financial stability and support local businesses to remain competitive amidst global competition. However, on the other hand, the restrictions imposed by this policy can also hinder the entry of foreign capital which has the potential to create jobs, increase industrial competitiveness, and accelerate innovation in various economic sectors. Therefore, it is necessary for the government to continue to evaluate and improve this regulation so that it remains in line with the needs of the national economy without hindering the entry of constructive investment. One approach that can be taken is to implement a strategic partnership mechanism between foreign investors and local business actors so that retail businesses can develop while still providing benefits to domestic industries. Thus, Indonesia can maintain its economic sovereignty while optimally utilizing foreign investment potential.

Besides the investment regulations, free trade also faces challenges from various factors, especially in the rapidly growing industrial, agricultural, mining, export, and import sectors. Developed and wealthy countries often try to increase their exports to developing countries, including Indonesia, through various strategies that can affect the balance of the domestic economy. One real example in Indonesia is the rapid growth of the retail industry, which is a strategic sector in national economic development. The entry of large quantities of imported goods into the domestic market is one of the impacts of globalization and free trade, where foreign products increasingly dominate various business sectors, including modern retail. Currently, minimarkets, supermarkets, and hypermarkets can be easily found in almost every major city in Indonesia, indicating the increasing interest of foreign investors in developing their businesses in the country. Therefore, DNI is an important instrument in regulating the balance between the protection of local businesses and openness to foreign investment, so that free trade continues to provide benefits to the Indonesian economy in a sustainable manner (Diah, 2015).

The implementation of the Negative Investment List (DNI) has a significant impact on foreign investors and domestic companies. For foreign investors, this policy can be an obstacle to expanding their businesses in Indonesia, especially in sectors that are categorized as closed or limited. Limits on foreign ownership in certain sectors reduce investors' flexibility in controlling their business operations, which can make them think twice before investing. In addition, the strict licensing process and continuously updated regulations can add complexity for potential investors who want to invest in Indonesia. Uncertainty in DNI regulations can also reduce Indonesia's attractiveness as an investment destination compared to other countries that offer more flexible rules. On the other hand, DNI regulations can encourage partnerships between foreign investors and local business actors, which allows for technology transfer, improving workforce skills, and strengthening domestic industrial capacity (Tatiara, 2020).

Meanwhile, for domestic companies, DNI acts as a protection tool that protects them from the dominance of foreign companies, especially in strategic sectors for the national economy. Restrictions on foreign investment in certain sectors provide opportunities for local companies to develop without having to face unequal competition with multinational companies that have greater capital and technology. However, on the other hand, this protection can also be a double-edged sword, because limitations on foreign investment can hinder the entry of innovation, capital, and advanced technology that can accelerate the growth of the business sector in Indonesia. Without healthy competition and collaboration with foreign investors, domestic companies can find it difficult to increase their competitiveness in the global market. Therefore, the DNI policy needs to be implemented in a balanced manner, to protect local businesses without hindering the potential for economic growth that can be obtained from foreign investment.

One of the main challenges in implementing DNI is the potential for conflict with free trade policies. In the era of globalization and economic integration, Indonesia has established various international trade agreements and economic cooperation with other countries, such as the ASEAN Free Trade Area (AFTA), Regional Comprehensive Economic Partnership (RCEP), and bilateral agreements with various countries. DNI regulations that limit certain sectors for foreign investment may conflict with the principles of free trade that emphasize market openness and fair competition. If not managed properly, DNI policies can cause diplomatic tensions and reduce the interest of trading partner countries in establishing economic relations with Indonesia. Therefore, the government needs to balance national interests and international commitments so that DNI regulations remain relevant and do not harm Indonesia's position in global trade agreements.

Another challenge is the sustainability of foreign investment in the long term. Indonesia needs foreign investment as a source of economic growth and job creation. If DNI is applied rigidly without considering market dynamics and industry needs, foreign investors may choose to shift their capital to other countries that are more investment-friendly. In addition, the lack of transparency and consistency in the implementation of DNI regulations can create legal uncertainty for investors, which ultimately reduces Indonesia's competitiveness as an investment destination. Therefore, an adaptive policy strategy is needed, in which the government periodically evaluates the sectors included in the DNI list and adjusts them to national economic needs and global developments.

In addition, the government also needs to improve coordination between various related institutions, such as the Investment Coordinating Board (BKPM), the Ministry of Trade, the Ministry of Industry, and the Ministry of Finance, so that the implementation of the DNI is more effective and does not create bureaucratic obstacles for investors. A more transparent and pro-investment approach can assist create a balance between protecting the national economy and openness to foreign investment. Thus, the DNI can continue to function as an economic policy instrument that safeguards national interests, without hampering Indonesia's economic growth and competitiveness in the global market.

METHOD

In this study, a normative legal research method is used, namely an approach that focuses on the investigation of relevant legal norms. The statute approach is applied by examining various regulations related to the Negative Investment List (DNI), such as Law

Number 25 of 2007 concerning Investment issued by the Investment Coordinating Board (BKPM), and other investment policies that regulate restrictions on foreign ownership in Indonesia. In addition, a conceptual approach is also used to understand legal theories related to foreign investment and national economic protection. This approach helps in analyzing the basic concept of DNI, the purpose of its implementation, and its implications for the economy and investment attractiveness in Indonesia. By combining the two approaches, this study not only examines the normative aspects of the DNI policy but also sees how the concept of economic law is applied in practice to create a balance between national interests and foreign investment needs.

The data sources used in this study consist of secondary data, which include primary, secondary, and tertiary legal materials. Primary legal materials include laws and regulations related to investment and DNI regulations. Secondary legal materials include legal literature, scientific journals, and research results that discuss topics related to investment policy. Meanwhile, tertiary legal materials include legal dictionaries and encyclopedias that are used to clarify relevant legal concepts. Data collection techniques are performed through library research by reviewing various legal documents and relevant literature. The data obtained are then analyzed using qualitative analysis techniques, namely by interpreting legal norms and concepts related to DNI and comparing existing regulations with investment practices in Indonesia. Through this approach, research is expected to provide a comprehensive picture of the impacts and challenges of implementing DNI as well as provide recommendations that can support more effective and balanced investment policies.

RESULTS AND DISCUSSION

Implementation of the Negative Investment List Enforced for Foreign Investors in Indonesia

In recent years, the Indonesian government has been actively reviewing various aspects related to business, investment, taxation, employment, and other economic policies to create a more competitive and conducive business environment for national economic growth. These steps are taken as part of the government's strategy to attract more investment, both domestically and abroad, by ensuring clearer regulations and supporting business development. Although there are various restrictions in the Negative Investment List (DNI), there are still several industrial sectors that have great potential to attract foreign investment and can provide promising investment returns. However, for foreign investors who want to invest in Indonesia, compliance with all applicable regulations, including the DNI, is a must. The Indonesian government strictly prohibits investment in sectors that are considered illegal or not following national regulations, and regulates restrictions on foreign ownership in certain business fields to protect domestic economic interests. The legal basis for the implementation of DNI includes several main regulations, such as Law Number 6 of 2023 concerning Job Creation (Job Creation Law), which aims to improve the ease of doing business in Indonesia, and Presidential Regulation Number 10 of 2021 concerning Investment Business Sectors which regulates sectors that are open and closed to foreign investment. In addition, further changes to these regulations are regulated in Presidential Regulation Number 49 of 2021, which revises previous provisions to adjust investment policies to global economic dynamics and domestic needs.

In the regulations regulated by Law Number 25 of 2007 concerning Investment Management and Presidential Decree Number 76 of 2007 concerning investment criteria and procedures, business sectors in the Negative Investment List (DNI) are classified into three main categories (Ariwibowo, 2009). Open business sectors include sectors that can fully accept investment, both from domestic and foreign investors, without any strict restrictions. Businesses in this category have high commercial value and are oriented towards economic growth. Examples of sectors included in the open business sector include the tourism industry, hotels, and creative economy such as restaurants, cafes, and sports facilities. In addition, sectors that have the potential to collaborate with Micro, Small, and Medium Enterprises (MSMEs) and cooperatives are also included in this category. The government supports investment in this sector to increase national economic growth, create jobs, and encourage innovation in the business sector which has a broad impact on society.

On the other hand, closed business sectors are sectors that are completely closed to investment, both from domestic and foreign investors. This sector is generally related to national security, national defense, and strategic public services, which can only be managed by the Central Government without the involvement of the private sector. Examples of business sectors included in this category are the firearms industry, the production of explosives, the manufacture of alcoholic beverages, and illegal drugs, and the establishment of casinos. These restrictions are implemented to maintain economic and social stability and to ensure that sectors that have a significant impact on national security and public welfare remain under the full control of the state. In addition, certain arts and culture sectors, such as art studios, are also included in the category of closed to foreign investment in order to maintain cultural heritage and local values.

In addition to open and closed business sectors, there is a category of open business sectors with conditions, which allows investment with certain limitations. In this category, investors who wish to invest their capital must meet various special provisions, such as foreign capital ownership limits, specified business locations, and specific permits that must be met before operating. Several sectors in this category also require national capital to reach 100%, and limit capital ownership in cooperation with the Middle East Association and ASEAN. Examples of business sectors included in this category include the telecommunications, health, and energy sectors, which although open to foreign investment, must still follow strict regulations to ensure that national interests are protected. This classification shows the government's efforts to balance economic and national interests, while still providing opportunities for investors to contribute to Indonesia's economic growth (Efrimol, 2011).

Investment partnership is based on the principle of mutual need, trust, strengthening, and benefit, which allows collaboration between large and small businesses in open business fields. The Negative Investment List (DNI) is implemented with the main objective of protecting the national economy and creating more business opportunities for domestic investors. This regulation is dynamic and can change according to economic conditions and government policies. Investment has a complex impact, including driving economic growth and reducing unemployment through job creation (Gong, 2011). Therefore, investors who plan to invest in Indonesia must understand the latest changes in the DNI, including sectors that are open with conditions or completely closed to foreign investment. One of the latest regulations governing the DNI is Presidential Regulation No. 10 of 2021, which expressly prohibits foreign investment in six sectors, namely the drug industry, gambling, fishing for fish species protected by CITES, utilization of natural coral, the chemical weapons industry, and the ozone-depleting chemical industry. With this regulatory update, investors are expected to better understand the applicable investment policies and adjust their business strategies to remain by the provisions of the Indonesian government.

The advantages of the Negative Investment List (DNI) are seen in its role in supporting domestic and foreign investment and accelerating national development. This regulation also aims to protect Micro, Small, and Medium Enterprises (MSMEs) and strategic sectors that require special attention. In addition, the DNI is in line with the needs of the ASEAN Economic Community (AEC) which encourages increased investment in order to create stable and inclusive economic growth. As part of the national investment regulation, the DNI is the main reference for investors in understanding investment policies in Indonesia. With this regulation, companies and investors are more aware of policy changes that can impact their business strategies in the future.

However, the DNI implementation also has disadvantages, one of which is the limited investment categories for foreign investors. In the DNI system, investment is divided into two main categories that are completely open business fields and closed business fields to foreign investors. It can reduce the interest of foreign investors to invest in Indonesia, which in turn can have an impact on economic growth and job creation. Nevertheless, foreign investment is still needed to maintain the stability of the rupiah exchange rate and increase the number of workers in various industrial sectors. Therefore, the government needs to find a balance between protecting local industries and continuing to open up opportunities for foreign investment that are beneficial to the national economy.

In addition, the DNI regulation also affects professionalism, corporate image, and tax policy. Companies listed on the stock exchange are expected to improve their professionalism standards to improve operational efficiency, workforce productivity, and their business image in the eyes of investors. Public companies are also more active in conducting market analysis and financial transparency, which contributes to increasing business credibility. Furthermore, based on Government Regulation No. 56 of 2015, companies that meet certain requirements—such as having 40% of shares listed on the Indonesia Stock Exchange and more than 300 shareholders—are entitled to tax incentives in the form of a 5% Income Tax (PPh) rate cut. With the DNI, the dominance of foreign ownership can be controlled, so that domestic investors still have room to invest and compete fairly. This proves that the DNI plays a strategic role in maintaining the balance of national investment and encouraging sustainable economic growth

Impact of the Implementation of the Negative Investment List on Domestic Share Ownership

The Negative Investment List (DNI) aims to ensure equal access to the business sector for all Indonesian citizens, by balancing the participation of foreign and domestic investors. In this case, the Investment Coordinating Board (BKPM) and the Coordinating Ministry for Economic Affairs set a maximum limit on foreign ownership in various business sectors to avoid excessive foreign domination. For example, the limit on foreign participation in a sector can be set at a maximum of 65%, to ensure that domestic investors continue to have a significant role in the national economy. If this limit is exceeded, for example up to 90%, this could conflict with national economic interests and create inequality in the business ownership structure. However, it is important to understand that the level of foreign participation in a business sector can also have an impact on the competitiveness of the domestic industry and attract more capital into the country. Therefore, the DNI policy must be designed in a balanced way to continue to allow for constructive foreign investment without harming domestic interests (Saidi, 2011).

DNI also has implications for investment portfolios in the capital market. This regulation does not directly limit stock transactions on the stock exchange, considering that the capital market is a means for investors to allocate capital freely. Foreign investors are still allowed to participate in Indonesian capital market transactions because one of the main objectives of the capital market is to raise funds to support economic growth. If the DNI limits foreign investment in the capital market, this could reduce market liquidity and narrow companies' access to funding. However, even so, foreign investor participation still needs to be monitored so as not to create excessive dependence on foreign capital which could risk domestic economic stability. In this case, the DNI policy must be implemented by considering the balance between protecting national interests and the attractiveness of investment for foreign investors (Kinda, 2010).

Furthermore, a narrow understanding of the DNI can hurt the creation of effective economic policies. If the DNI regulation only focuses on limiting foreign investment without considering aspects of sustainability, then this policy could hinder the growth of sectors that depend on capital and technology from abroad. Therefore, a broader approach is needed to understand that the DNI is not only an economic protection instrument but also a means to create a conducive and competitive business environment. The DNI policy must be able to balance between restrictions on foreign investment and providing incentives for domestic investors so that the economy continues to grow inclusively and sustainably. In addition, transparency in the implementation of the DNI is very important so that this regulation does not become an obstacle to investment, but rather a tool to create a healthier investment ecosystem (Litaay, 2007).

In practice, the DNI also plays a role in regulating the stability of the financial system and preventing the negative impacts of uncontrolled foreign investment, including in foreign exchange transactions. The government implements certain protection mechanisms so that foreign capital flows do not cause excessive fluctuations in exchange rates that have the potential to harm the national economy. In addition, the DNI is also relevant in preventing money laundering activities that often occur through cross-border financial transactions. By regulating the mechanism of business ownership and financial transactions, the DNI policy can help ensure that capital entering Indonesia is actually used for productive investment purposes, not for illegal financial practices (Magiera, 2011). Thus, this policy functions not only as an instrument of economic protection but also as a tool to maintain the stability of the financial sector and encourage a healthy and competitive business climate in Indonesia.

The implementation of the Negative Investment List (DNI) has a significant impact on domestic share ownership, especially in ensuring that domestic investors still have sufficient space to participate in various business sectors. With the DNI, the government sets a maximum limit on foreign ownership in certain sectors to maintain a balance between foreign and domestic capital. This limitation prevents foreign domination in strategic sectors that can affect national economic sovereignty. In addition, the DNI is also a policy instrument that provides greater opportunities for domestic business actors, including Micro, Small, and Medium Enterprises (MSMEs), so that they can develop without competing with multinational companies that have much larger capital. Thus, DNI helps strengthen the competitiveness of domestic investors and increase national economic independence.

However, on the other hand, the DNI policy can also have an impact on the liquidity of the domestic stock market. With the limitation on foreign ownership, some companies that want to expand their investor base may have difficulty in attracting capital from abroad. This can have an impact on limited funding sources for local companies that need capital injections to develop their businesses. In the long term, if DNI is implemented too strictly, it can reduce the interest of foreign investors to invest in Indonesia, which in turn can slow down economic growth. Therefore, the DNI policy needs to be implemented with a balanced approach so as not to hinder investment that can provide benefits to the national economy.

In addition, the implementation of DNI also has an impact on the dynamics of share ownership in the Indonesian capital market. Foreign investors who are limited in share ownership in certain sectors may seek other ways to remain involved in the capital market, such as through portfolio investments that are not included in the scope of DNI. This can lead to changes in the composition of investors in the capital market, where domestic investors have a greater opportunity to increase their share ownership. However, to ensure that local investors are truly able to fill the gap left by foreign investors, government support is needed in the form of investment incentives and policies that encourage the growth of domestic investors. Without these supporting measures, the DNI policy could be counterproductive by reducing investment flows without any compensation from increased domestic investment.

The impact of the implementation of the DNI on domestic stock ownership depends greatly on how this policy is implemented and how domestic investors respond to it. If this policy is implemented well and supported by incentives that encourage the involvement of domestic investors, then the DNI can be an effective tool to increase the role of domestic investors in the national economy. Conversely, if not balanced with the right strategy, the DNI could limit the growth of the capital market and reduce the attractiveness of investment in

Indonesia. Therefore, a balance is needed in the implementation of this policy so that domestic stock ownership is maintained without sacrificing investment opportunities that can contribute to the country's economic growth.

Government Efforts to Maintain the Objectives of the Negative Investment List

The Indonesian government continues to strive to maintain the main objectives of the Negative Investment List (DNI) by adopting policies that support a balance between foreign investment and the protection of the domestic economic sector. One of the steps taken is through modification of business regulations, especially in sectors that have a strategic impact on the national economy, such as garment manufacturing, fish processing, and the tool and meat industry.

With the implementation of Law Number 25 of 2007 concerning Investment, the government provides opportunities for foreign investors to contribute to these sectors but remains within the specified limits so that foreign domination does not harm national interests. In addition, to strengthen the domestic economy, the government also prioritizes increasing domestic investment by providing support for local business actors in technology development, expertise transfer, and construction of production infrastructure as long-term investments (Sumarsono, 2008). Thus, DNI functions as a regulatory tool that ensures that investment ownership and management remain under control in line with national interests and support stable economic growth.

On the other hand, the government is also actively monitoring the DNI relaxation policy which includes the removal of several business sectors from the list of restrictions in order to encourage exports and increase foreign exchange reserves. Although this step can expand foreign investment opportunities, there are risks related to the protection of small and medium enterprises (SMEs) and the management of foreign capital that must be properly controlled (Velentina, 2009).

Therefore, the government needs to balance the policy by encouraging the deepening of the financial market and ensuring that foreign capital is directed to the real sector that contributes to long-term economic growth. Studies conducted by several academics show that the implementation of the DNI policy, as stated in Presidential Regulation Number 44 of 2016, has provided legal certainty for investors and improved the investment climate, especially in the tourism sector. In addition, the DNI policy also functions as an important instrument in managing investment by considering economic, political, social, and cultural aspects. By strengthening cooperation between the government and the private sector and increasing transparency in regulation, Indonesia can create a more conducive, fair, and sustainable business environment for national economic growth.

The Indonesian government continues to adjust the Negative Investment List (DNI) regulations to remain relevant to the ever-changing dynamics of the global and domestic economy. Strengthening investment regulations and policies is carried out by updating the rules regarding foreign ownership limits, especially in strategic sectors that have a major impact on the national economy. This adjustment aims to maintain a balance between foreign investment and the protection of domestic interests so that important sectors such as energy, telecommunications, and transportation remain under national control.

In addition, harmonization between DNI policies and other economic policies is also needed so that the investment climate remains conducive. The government must ensure that DNI regulations do not hinder investment growth, but instead become an instrument that encourages increased domestic investment, in line with the vision of sustainable economic development.

As a form of support for domestic investors, the government also provides various incentives to increase their competitiveness amidst global competition. One concrete step is the provision of tax facilities, such as tax relief for local investors who invest in priority sectors. In addition, for Micro, Small, and Medium Enterprises (MSMEs), the government provides subsidies or capital assistance to encourage local business growth. Ease of access to funding and credit is also expanded so that domestic business actors have greater opportunities to develop. With this incentive, it is expected that more local investors will be able to compete with foreign investors so that the national economy can grow more inclusively and sustainably.

In order to ensure the effectiveness of the DNI policy, supervision and evaluation of its implementation are crucial aspects. The government must strictly monitor foreign investors' obedience with the established share ownership limits. Periodic evaluations must also be performed to assess to the DNI policy can protect the domestic economic sector from excessive foreign domination. If violations are found, the sanction mechanism must be applied firmly to enforce compliance with the applicable regulations. With a transparent and structured supervision system, the DNI can function optimally as an instrument for protecting the national economy without hindering the flow of healthy and productive investment.

To improve the competitiveness of domestic investors, the government must develop programs that can support local entrepreneurs become more competitive. Training and mentoring programs for business actors are essential so that they can improve their business capacity and managerial skills. In addition, improving the quality of the workforce through vocational education and technology training can help domestic industries to be more innovative and efficient. Strategic partnerships between local and foreign companies are also an effective solution for accelerating the transfer of technology and business knowledge. By strengthening the competitiveness of domestic business actors, Indonesia can ensure that domestic investment plays a significant role in national economic development.

Balanced investment promotion efforts are an important factor in maintaining economic stability and attracting foreign investment under the DNI policy. The government needs to develop an effective communication strategy in attracting foreign investors to sectors that are not limited by the DNI so that incoming investment truly provides benefits for national economic growth. Economic diplomacy also plays an important role in maintaining the balance between openness to foreign investment and protection for domestic investors. In addition, increasing transparency and legal certainty in investment policies will provide a sense of security for investors, both domestic and foreign, so that they are more confident in investing their capital in Indonesia. With transparent, structured policies that support national interests, DNI can be an effective instrument in managing investment to create sustainable economic growth.

CONCLUSION

The Negative Investment List (DNI) is a crucial policy instrument in maintaining the balance between foreign investment and protecting national economic interests. This policy aims to ensure that strategic sectors remain under domestic control so that economic sovereignty can be maintained. By strengthening investment regulations and policies, the government is trying to adjust the DNI so that it remains relevant to global economic conditions without hindering investment growth. In addition, providing incentives to domestic investors, such as tax breaks and easy access to funding, is a strategic step to increase the competitiveness of local business actors. With strict supervision of the implementation of the DNI and a transparent evaluation mechanism, this policy can be effective in maintaining economic stability and preventing excessive foreign domination in certain business sectors.

As a recommendation, the government must continue to adjust the DNI policy to remain in line with global economic and investment developments. The policy must remain flexible without sacrificing national interests so that foreign investment can continue to contribute to economic development without threatening the sustainability of local businesses. In addition, improving the quality of human resources and technological innovation in the domestic industry are also aspects that must be considered to strengthen national competitiveness. The government must continue to encourage strategic partnerships between local and foreign business actors in order to accelerate technology transfer and increase domestic business capacity. With a combination of transparent policies, targeted incentives, and effective oversight, Indonesia can create a conducive, sustainable investment environment that can drive inclusive economic growth for all people.

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